

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

Amendment No. 2 to  
**FORM S-1**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**Stran & Company, Inc.**  
(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**7311**  
(Primary Standard Industrial  
Classification Code Number)

**04-3297200**  
(I.R.S. Employer  
Identification Number)

**2 Heritage Drive, Suite 600**  
**Quincy, MA 02171**  
**800-833-3309**  
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Andrew Shape**  
**Chief Executive Officer**  
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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for comply with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Proposed maximum aggregate offering price <sup>(1)</sup>	Amount of registration fee
Units <sup>(2)(3)</sup>	\$ 17,250,000	\$ 1,599.08

Common Stock, par value \$0.0001 per share, included in the units <sup>(4)</sup>	-	-
Warrants included in the units <sup>(4)</sup>	-	-
Common Stock, par value \$0.0001 per share, underlying the warrants included in the units	\$ 17,250,000	\$ 1,599.08
Representative's Warrants <sup>(5)</sup>	-	-
Common Stock Underlying Representative's Warrants <sup>(5)(6)</sup>	\$ 646,875	\$ 59.97
<b>TOTAL</b>	<b>\$ 35,146,875</b>	<b>\$ 3,258.12(*)</b>

- (1) There is no current market for the securities or price at which the shares are being offered. Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
- (2) Each unit consists of one share of common stock and a warrant to purchase one share of common stock at an exercise price per share equal to 125% of the unit offering price.
- (3) Includes shares of common stock and/or warrants to purchase shares of common stock that may be purchased by the underwriters pursuant to their over-allotment option.
- (4) Included in the price of the units. No separate registration fee required pursuant to Rule 457(g) under the Securities Act of 1933, as amended.
- (5) We have agreed to issue to the representative of the several underwriters warrants to purchase the number of shares of common stock in the aggregate equal to three percent (3%) of the shares of common stock to be issued and sold in this offering (including any shares of common stock sold upon exercise of the over-allotment option). The warrants are exercisable for a price per share equal to 125% of the public offering price. The warrants are exercisable at any time and from time to time, in whole or in part, during the four-and-a-half-year period commencing six (6) months from the date of commencement of sales of the offering. This registration statement also covers shares of common stock issuable upon the exercise of the representative's warrants. As estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g) under the Securities Act, the proposed maximum aggregate offering price of the representative's warrants is \$646,875, which is equal to 125% of \$517,500 (3% of \$17,250,000). See "Underwriting."
- (6) Pursuant to Rule 416 under the Securities Act of 1933, as amended, there is also being registered hereby such indeterminate number of additional shares as may be issued or issuable because of stock splits, stock dividends and similar transactions.

\* Previously paid.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.**

**The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.**

**PRELIMINARY PROSPECTUS**

**SUBJECT TO COMPLETION, DATED OCTOBER 29, 2021**



**Stran & Company, Inc.**  
3,333,333 Units

**Each Unit Consisting of One Share of Common Stock and One Warrant to Purchase One Share of Common Stock**

This is our initial public offering. We are offering 3,333,333 units, each unit consisting of one share of common stock, par value \$0.0001 per share, and a warrant to purchase one share of common stock, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). We currently estimate that the initial public offering price will be between \$4.00 and \$5.00 per unit. Each whole share exercisable pursuant to the warrants will have an exercise price per share at \$5.63, equal to 125% of the initial public offering price. The warrants will be immediately exercisable and will expire on the fifth anniversary of the original issuance date. The units will not be certificated. The shares of common stock and related warrants are immediately separable and will be issued separately, but must be purchased together as a unit in this offering.

Currently, there is no public market for our common stock. We have applied to list our common stock under the symbol "STRN" and our warrants under the symbol "STRNW," both on the Nasdaq Capital Market. The closing of this offering is contingent upon the successful listing of our common stock and warrants on the Nasdaq Capital Market.

Our key officers and directors will beneficially own approximately 75% of our outstanding common stock following this offering, or approximately 72% if the underwriters exercise the over-allotment option in full, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). As a result, they may have the ability to approve all matters submitted to our shareholders for approval.

**We are an "emerging growth company" under applicable federal securities laws and as such, we have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.**

**Investing in our shares of common stock and the warrants (collectively, "securities") involves a high degree of risk. See the section of this prospectus entitled "Risk Factors" beginning on page 15 for a discussion of information that should be considered in connection with an investment in our securities.**

**Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

	<b>Per Unit</b>	<b>Total</b>
Initial public offering price	\$	\$
Underwriting discounts and commissions <sup>(1)</sup>	\$	\$
Proceeds, before expenses, to Stran & Company, Inc.	\$	\$

(1) Does not include the following additional compensation payable to the underwriters: We have agreed to pay the representative of the underwriters, EF Hutton, division of Benchmark Investments, LLC, which we refer to as EF Hutton or the representative, a non-accountable expense allowance equal to one-half of one percent (0.50%) of the total proceeds raised and to reimburse the underwriters for certain expenses incurred relating to this offering. In addition, we will issue to EF Hutton warrants to purchase in the aggregate the number of shares of our common stock equal to three percent (3%) of the number of shares sold in this offering. The registration statement of which this prospectus forms a part also registers the issuance of the shares of common stock issuable upon exercise of the representative's warrants. See also "Underwriting" for a description of compensation and other items of value payable to the underwriters.

We have granted a 45-day option to the underwriters to purchase up to 500,000 additional shares of common stock and/or up to 500,000 additional warrants (equal to 15% of the shares of common stock and warrants underlying the units sold in the offering) in any combination thereof, solely to cover over-allotments, if any, at the public offering price less the underwriting discounts.

The underwriters are offering the units for sale on a firm commitment basis. The underwriters expect to deliver the units to the purchasers on or about \_\_\_\_\_, 2021.

*Lead Book Running Manager*

*Joint Book Running Manager*

**EF HUTTON**

division of Benchmark Investments, LLC

**TIGER BROKERS**

, 2021

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**STRÄN**  
promotional solutions

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Please read this prospectus carefully. It describes our business, financial condition, results of operations and prospects, among other things. We are responsible for the information contained in this prospectus and in any free-writing prospectus we have authorized. Neither we nor the underwriters have authorized anyone to provide you with different information, and neither we nor the underwriters take responsibility for any other information others may give you. Neither we nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date on the front of this prospectus, regardless of the time of delivery of this prospectus or any sale of units. You should not assume that the information contained in this prospectus is accurate as of any date other than its date.

#### TRADEMARKS, TRADE NAMES AND SERVICE MARKS

We use various trademarks, trade names and service marks in our business, including “STRÄN,” “STRÄN promotional solutions” and “Stran Promotional Solutions”. For convenience, we may not include the SM, ® or ™ symbols, but such omission is not meant to indicate that we would not protect our intellectual property rights to the fullest extent allowed by law. Any other trademarks, trade names or service marks referred to in this prospectus are the property of their respective owners.

#### INDUSTRY AND MARKET DATA

This prospectus includes industry data and forecasts that we obtained from industry publications and surveys including but not limited to certain publications of the promotional products member groups Advertising Specialty Institute (ASI) and the Promotional Products Association International (PPAI), as well as public filings and internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the included information. Statements as to our ranking, market position and market estimates are based on third-party forecasts, management’s estimates and assumptions about our markets and our internal research. We have not independently verified such third-party information, nor have we ascertained the underlying economic assumptions relied upon in those sources, and we cannot assure you of the accuracy or completeness of such information contained in this prospectus. Such data involve risks and uncertainties and is subject to change based on various factors, including those discussed under “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements.”

#### PROSPECTUS SUMMARY

*This summary highlights selected information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in our securities. You should carefully read the entire prospectus, including the risks associated with an investment in our company discussed in the “Risk Factors” section of this prospectus, before making an investment decision. Some of the statements in this prospectus are forward-looking statements. See the section titled “Cautionary Statement Regarding Forward-Looking Statements.”*

*In this prospectus, “we,” “us,” “our,” “our company” and similar references refer to Stran & Company, Inc.*

*On May 24, 2021, we completed a 100,000-for-1 forward stock split of our outstanding common stock through our reincorporation merger in Nevada. References to number of shares of our common stock after May 24, 2021, including the shares offered in this offering and future issuances, have given effect to this split.*

#### Our Company

##### Overview

We are an outsourced marketing solutions provider, working closely with our customers to develop sophisticated marketing programs that leverage our promotional products and loyalty incentive expertise. It is our mission to develop long term relationships with our customers, enabling them to connect with both their customers and employees in order to build lasting brand loyalty.

We purchase products and branding through various third-party manufacturers and decorators and resell the finished goods to customers. In addition to selling branded products, we offer our clients:

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

These valuable services, as well as the deep level of commitment we have to the business operations of our customers, have resulted in a strong and stable position within the industry.

We specialize in managing complex promotional marketing programs to help recognize the value of promotional products and branded merchandise as a tool to drive awareness, build brands and impact sales. This form of advertising is very powerful and impactful and particularly effective at building brand loyalty because it typically uses products that are considered useful and appreciated by recipients and are retained and used or seen repeatedly, repeating the imprinted message many times without adding cost to the advertiser. We have built the tools, processes, relationships and the blueprint to maximize the potential of these products and deliver the most value to our customers.

For over 25 years we have grown into a leader in the promotional products industry, ranking 18th overall and tied for 7th fastest-growing in the United States on *Print+Promo's* 2020 Top 50 Distributors list, and 32<sup>nd</sup> from over 40,000 businesses based on ASI's *Counselor* magazine 2021 Top 40 Distributors list. Since our first year of operations in 1995, our annual revenues have gradually grown from approximately \$240,000 to over \$37.7 million in 2020, a compound annual growth rate of approximately 22%, and between 2017 and 2020, our revenues grew at a compound annual growth rate of approximately 24%. During 2017 through 2020, we had consistent gross margins of approximately 30%, and processed over 25,000 customer orders per year.

Our 2019 and 2020 revenues and gross margins include non-recurring revenues representing 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively, as a subcontractor for the 2020 U.S. Census. The customer that engaged us in this regard will not renew their engagement with us due to the U.S. Census only occurring once every ten years. As a result, these non-recurring revenue increases are not expected to recur in fiscal year 2021 or beyond and do not represent our long-term growth expectations.

As of June 30, 2021, we had total assets of \$14.1 million with total shareholder equity of \$1.2 million.

We serve a highly diversified customer base across many industry verticals including pharmaceutical and healthcare, manufacturing, technology, finance, construction and consumer goods. Many of our customers are household names and include some of the largest corporations in the world.

Our sales declined 19.8% year-over-year in the first six months of 2021 compared to the first six months of 2020, which we believe was due to 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 in 2021 as a result of the COVID-19 pandemic. Nevertheless, we expect that by the fourth quarter of 2021 pent-up demand from more widespread immunity to the COVID-19 virus and societal reopening will help compensate for lower sales during the first two quarters of 2021. For further discussion, see "*COVID-19 Pandemic*" below.

Our headquarters are located at Quincy, Massachusetts, with remote offices located in Fairfield, Connecticut and Warsaw, Indiana. In addition, we have sales representatives in 12 additional locations across the United States and a network of service providers in the United States and abroad, including factories, decorators, printers, logistics firms, and warehouses.

### **Our Corporate History and Structure**

Our company was incorporated in the State of Massachusetts on November 17, 1995 under the name "Stran & Company, Inc." We also use the registered trade name "Stran Promotional Solutions".

On September 26, 2020, we acquired certain assets including the customer account managers and customer base of the Wildman Imprints division ("Wildman Imprints") of Wildman Business Group, LLC ("WBG").

On May 24, 2021, we changed our state of incorporation to the State of Nevada by merging into Stran & Company, Inc., a Nevada corporation, and changed the spelling of our name to "Stran & Company, Inc." On the same date, our authorized capital stock changed from 200,000 shares of common stock, \$0.01 par value, to 350,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.0001 per share, and 50,000,000 shares of "blank check" preferred stock, par value \$0.0001 per share. At the same time, we also completed a 100,000-for-1 forward stock split of our outstanding common stock through the merger by issuing 100,000 shares of our common stock for each previously outstanding share of common stock of our predecessor Massachusetts company. As a result of this stock split, our issued and outstanding common stock increased from 100 shares to 10,000,000 shares, all of which were then held by our Executive Chairman, Andrew Stranberg.

Following our reincorporation in Nevada, on May 24, 2021, a number of stock transfers by Mr. Stranberg resulted in Mr. Stranberg, Andrew Shape, our Chief Executive Officer, President and Director, Randolph Birney, our Executive Vice President, and Theseus Capital Ltd., owning 5,100,000, 3,400,000, 800,000 and 700,000 shares of our common stock, respectively. These share transfers are subject to certain repurchase and lockup conditions. In addition, immediately after the consummation of this offering, we will file a Registration Statement on Form S-8 to register restricted stock and options to purchase stock issuable to certain of our executive officers, directors and employees under the Stran & Company, Inc. Amended and Restated 2021 Equity Incentive Plan (the "Equity Incentive Plan" or "Plan"). We plan to grant options to purchase a total of approximately 1,337,500 shares of our common stock and 73,667 shares of restricted stock under the Plan, including options to purchase 954,000 shares of common stock and 30,667 restricted shares to certain of our executive officers and directors, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus), as well as approximately 383,500 options to purchase common stock and 43,000 restricted shares to approximately 59 other employees. These restricted shares and options will be subject to certain vesting conditions. For a complete description of these transactions, please see the sections "*Corporate History and Structure*" and "*Executive Compensation – Employment Agreements*" in this prospectus.

As of the date of this prospectus, we have no subsidiaries.

### **Our Opportunity**

The promotional products industry is large yet highly-fragmented, with thousands of smaller participants and indications of a lack of market power in any one firm or group of firms. The industry has generally experienced growth as businesses continuously invest in sophisticated marketing campaigns involving multiple types of advertising. Promotional products are items used to promote a product, service or company program including advertising specialties, premiums, incentives, business gifts, awards, prizes, commemoratives and other imprinted or decorated items. They are usually given away by companies to consumers or employees. The largest promotional products

trade organizations are the Advertising Specialty Institute (ASI) and Promotional Products Association International (PPAI).

According to the ASI, the largest membership organization for the promotional products industry, the U.S. market for promotional products and services had grown to \$25.8 billion as of 2019 and includes over 40,000 firms in its member ranks. The industry has grown at an annual compound growth rate of 4.96% from 2009 to 2019. Moreover, the promotional products market is only one segment of a total addressable market of possibly up to \$387 billion based on the size of the product packaging market (\$180 billion as of 2019, according to Statista, a leading provider of market and consumer data); the loyalty incentive programs market (\$90 billion annually according to the Incentive Marketing Association, the umbrella organization for suppliers in the incentive marketplace); the printing market (\$75 billion as of 2021, according to IBISWorld, an industry research provider); and the tradeshow market (\$17 billion projected for 2021, according to MarketingCharts.com, a provider of marketing data, graphics, and analyses).

We believe that U.S. promotional products spending was significantly impacted by the COVID-19 pandemic. According to ASI, promotional product distributor sales decreased about 20% in 2020 to \$20.7 billion by the end of 2020. During the second quarter of 2021, distributors' sales increased, on average, by 27.3% compared to the second quarter of 2020, according to ASI. In addition, 77% of distributors expect 2021 sales to exceed 2020 sales, and nearly half (48%) of distributors expect 2021 sales to match or exceed their performance in 2019, according to ASI.

The promotional products industry is relatively insulated from other forms of advertising such as television and digital advertising. Although promotional products compete for space within an advertising budget with other forms of advertising, particularly online advertising, they offer distinct benefits, particularly due to their physical nature, which may help distributors and suppliers continue to sell these products and related services despite these budgetary pressures. Data shows that promotional products are more effective in generating brand recognition and sales than other forms of advertising, including television and online advertisements. These factors help shield established industry firms like ours from the technological and competitive disruption experienced by other types of media advertisers.

The promotional products industry is also highly fragmented and includes over 40,000 firms. As of 2019 the firm with the greatest percentage of industry sales generated \$839 million revenues but made up less than 3.3% of the promotional products market. As a group, the top 50 distributors had less than 24% market share as of 2019, based on the total sales of approximately \$6.8 billion of the top 50 distributors according to *Promo Marketing's* 2020 Top Distributors report and the total promotional products industry value of \$25.8 billion according to ASI for 2019.

Unlike our company, which provides comprehensive solutions to complex promotional and branding challenges, we view most of our competitors as generally falling into one of the five categories below:

- **Online e-tailer.** Heavy reliance on marketing and online advertising to sell directly to businesses, offering little or no strategic support or program infrastructure.
- **Franchise Model.** Consists of many smaller firms or independent representatives without a consistent strategic vision. They do not offer consistent pricing and have fragmented service capabilities.
- **Large and Inflexible.** Focus on large enterprise customers, struggling to serve the needs of smaller spend opportunities (less than \$3 million annually). They tend to lack in delivering a high level of service and are limited in their ability to react to changes in the market.
- **Non-Core Offering.** Offer promotional merchandise as an add-on to their core business or have grown through acquisition without any unification strategy.
- **Small Mom-and-Pop.** Little or no infrastructure or executive oversight. Do not have the financial backing, technology, or infrastructure to support growth or ability to execute comprehensive marketing programs or large opportunities.

## Our Products and Services

Our value to our customers is to be an extension of their own teams. We work to understand the different business and marketing goals of each customer and provide solutions that incorporate technology, human capital, and physical branded goods to solve their business challenges. This model of outsourced combined marketing and program-management services is unique in the promotional products industry, which is dominated by online e-tailers, franchisees, and mom-and-pop businesses. To achieve this value, we have built the internal resources, knowledge, and processes to support our clients with more than just commodity items.

We are both program managers and creative marketers, having developed multiple teams within our organization to specialize and focus our efforts on supporting customers with the specific support that they need:

- Operations and e-commerce teams create custom tailored technology solutions that enable our clients to view, manage and distribute branded merchandise to their appropriate audience in an efficient and cost-effective manner.
- Account teams work with client stakeholders to understand goals, objectives, marketing and human-resources initiatives, and the ongoing management of the account.
- In-house creative agency and product merchandising teams support the account team to provide unique and custom product ideas along with additional design services such as billboards, annual reports, and digital ad assets.
- Merchandising team as well as members of our account teams attend trade shows domestically and internationally across a variety of markets, allowing us to provide a diverse assortment of product offerings to our clients.
- Technology and program teams offer technology solutions to help efficiently manage the order process, view products and inventory available, distribute products in the most cost-effective manner, and provide reports and metrics on the activity of the account.

We work closely with industrial designers of several of our key business collaborators to understand the research and trends that are influencing product development in the six- to 18-month window ensuring that our team is up-to-date on trends in the industry.

## Our Competitive Strengths

We believe our key competitive strengths include:

- **Superior and Distinctive Technology.** We have invested in sophisticated, efficient ordering and logistics technology that provides order processing, warehousing and fulfillment functions. We continue to invest in our technology infrastructure, including many customized solutions developed on Adobe Inc.'s open-source e-commerce platform, Magento. We have also invested in a new Enterprise Resource Planning (ERP) system, Oracle's NetSuite, which will consolidate the process of gathering and organizing business data of our company through an integrated software suite, and is expected to be implemented by the end of 2021.
- **Leading Market Position.** Our over 25 years' history and size make us a leader in the U.S. promotional products industry. We believe that the key benefits of our scale include an ability to efficiently implement large and intensive programs; an ability to invest in sales tools and technologies to support our customers; and operating efficiencies from our scalable infrastructure. We believe our market position and scale enhances our ability to increase sales to existing customers, attract new customers and enter into new markets.
- **Extensive Network.** We have developed a deep network of collaborator factories, decorators, printers, and warehouses around the globe. This network helps us find the right solution to meet our customer's needs, whether they are financial, timing, geographic, or brand goals. This model provides the flexibility to proactively manage our customers' promotional needs efficiently. As a result, we believe that we have an excellent reputation with our customers for providing a high level of prompt customer service.

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- **Customer-Centric Approach.** Our customer-centric approach is what has fueled our growth since our inception, and our early adoption of technology to solve challenges for our clients set us apart in our early growth. We strive to understand the goals and challenges that our customers face, building unique solutions and seeing each campaign through to completion as an extension of their team.
- **Diversified Customer Base.** We sell our products to over 2,000 active customers and over 30 Fortune 500 companies, including long-standing programs with recurring revenue coming from well recognized brands and companies. During 2019-2020, we were engaged by a Washington, D.C.-based advertising and marketing company leading a nationwide awareness-generating initiative for the 2020 U.S. Census. During this period, this contract represented approximately 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively. This customer will not renew their engagement with us due to the U.S. Census only occurring once every ten years. As a result, these non-recurring revenue increases are not expected to recur in fiscal year 2021 or beyond and do not represent our long-term growth expectations. Other than this one-time customer, our largest customer accounted for 10.1% of overall revenue during 2020. Our top 10 customers in 2020, including the 2020 U.S. Census program customer, consisted of 56.85% of revenue. Excluding the 2020 U.S. Census program customer, our top 10 customers consisted of 31.20% of revenue. Our customers span many industries, including pharmaceutical and healthcare, manufacturing, technology, finance, construction and consumer goods.
- **Experienced Senior Management Team.** Our senior management team, led by our co-founder and Chief Executive Officer, Andrew Shape, is comprised of seasoned industry professionals and veterans of our company. Our senior management has an average of over 20 years of experience in the promotional products industry.
- **Asset Acquisition Experience.** In September 2020, we acquired all of the customers of the promotional products business Wildman Imprints in an asset purchase. In 2019, that business recorded over \$10 million in revenue. We continue to explore and pursue additional acquisition opportunities that are appropriate. Please see "*Growth Strategies – Selectively Pursue Acquisitions*" below for a discussion of our asset acquisition experience and strategy.

#### Our Growth Strategies

The key elements of our strategy to grow our business include:

- **Selectively Pursue Acquisitions.** We believe that we are well-suited to capitalize on opportunities to acquire businesses with key customer relationships or have other value-added products or services that complement our current offerings. Our acquisition strategy consists of increasing our share in existing markets, adding a presence in new or complementary regions, utilizing our scale to realize cost savings, and acquiring businesses offering synergistic services such as printing, packaging, point of sale (POS) displays, loyalty and incentive program management, and decoration, or offering additional differentiators. In September 2020, we acquired all the customer account managers and customer accounts of the promotional products business Wildman Imprints in Warsaw, Indiana. As a result, we gained approximately over 1,400 customer accounts, including over 120 customer programs with higher repeat-business potential; inventory worth approximately \$650,000 with a majority covered by contractual customer purchase guarantees; and additional revenues of over \$10 million as of 2019. This allowed us to extend our geographical reach into the Midwest and further diversify our customer base. We believe that this experience will help us to pursue suitable acquisition opportunities in the future and integrate them successfully.

Consistent with this strategy, we continue to evaluate potential acquisition targets (although no such acquisition target has yet been identified), particularly with the following attributes:

- Geographic balance, with a focus on acquiring a company in the branded merchandise space based in the Western United States (including Texas, California, Colorado, Oregon, or Washington state) in the \$5-10 million revenue range;
- Smaller promotional companies in the \$2-5 million revenue range who lack the programmatic capabilities but have a minimum of 30% gross margins and comparable or improved profitability; and
- Businesses with complimentary offerings to increase Stran's portfolio of services and depth of expertise in these additional industries: Packaging; Loyalty & Incentive; Decorators (for screen printer, embroidery, direct-to-garment, rub-on transfers, etc.); and Event/Tradeshaw Services.
- **Innovate and Invest in Technology.** During 2020, we continued to invest in upgrades to our platform for customers' promotional e-commerce objectives, including customizable and scalable features, developed on Adobe Inc.'s open-source e-commerce platform, Magento. We have also invested in a new Enterprise Resource Planning (ERP) system on Oracle's NetSuite platform which will consolidate the process of gathering and organizing business data of our company through an integrated software suite, which is expected to be implemented by the end of 2021. We believe that it is necessary to continue focusing on the buildout of our technology offerings in order to meet the evolving needs of our customers. Additionally, our strong technology platform will support our acquisition strategy to integrate acquired businesses into our existing platforms. We intend to continue making significant investments in research and development and hiring top technical talent.

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- **New Client Development.** Our sales teams are tasked with continuously growing their books of business by nurturing existing business relationships while actively seeking new opportunities with new customers. We will continue to promote and ask for referrals from satisfied customers who often refer us to other potential clients. We continuously seek to build our sales forces through hiring of experienced individuals with established books of business as well as hiring less experienced individuals that we hope to develop into productive sales reps. As we continue to grow, we are hiring sales reps in different geographies across the U.S. that further diversifies our customer base and attracts new customers. Currently we have employees or sales reps located in offices or remotely Massachusetts, Indiana, Connecticut, New York, New Jersey, Pennsylvania, Florida, South Carolina, Tennessee, and Illinois. In addition to direct sales and marketing efforts, we will continue to build sales and marketing campaigns to promote Stran, including social media, search engine optimization (SEO), HubSpot Inbound Marketing, and other alternative platforms. We also plan to continue to identify and exhibit at appropriate tradeshows, conferences, and events where we have had success.
- **Develop and Penetrate Customer Base.** We plan to further expand and leverage our sales force and broad product and service offering to upsell and cross-sell to both develop new clients and further penetrate our existing customer base. Many of our services work together and build on each other to offer greater control and consistency of our customers' brands as well as improved efficiency and ease of use for their team. Our goal is to become an extension of our customers' team and to support their organizations in using physically branded products in the most effective means possible. For example, we can offer a one-stop solution for all tradeshow and event asset management objectives. From pre-show mailings to special event uniforms, we can help design as well as produce and manage all tradeshow materials and processes from start to finish. With multiple warehouses strategically located throughout the United States, we offer logistics solutions and expertise to effectively fulfill customers' events needs across the country. The internal inventory-management version of our e-Commerce platform provides the ability to manage not only a customer's assets for its booth or event setup, but also its literature, giveaways, uniforms, and more. We will ship out all assets with return labels for post-show logistics and establish standard operating procedures for every asset to be returned back into inventory.

Other strategies that we plan to implement to expand our customer base with expanded sales staff and technology resources include:

- **Convert Transactional Customers to Programs.** The majority of our revenues derived from program business, although only a small percentage of our customers are considered programmatic. For the years 2019 and 2020, program clients accounted for 70.2% and 77.6% of total revenue, respectively. For the six months ended June 30, 2020 and 2021, program clients accounted for 79.3% and 68.2% of total revenue, respectively. Less than 350 of our more than 2,000 active customers are considered to be program clients. With a larger sales force and other resources, we believe we can convert more of our customer base from transactional customers into program clients with much greater revenue potential. We define transactional customers as customers that place an order with us and do not have an agreement with us covering ongoing branding requirements. We define program clients as clients that have a contractual obligation for specific ongoing branding needs. Program offerings include ongoing inventory, use of technology platform, warehousing, creative services, and additional client support. Those program customers are geared towards longer-lasting relationships that helps secure recurring revenue well into the future.
- **Strengthen Marketing and Social Media Outreach.** We plan to expand sales and marketing tools and campaigns to promote the Company, including social media platforms such as Instagram, and other alternative marketing platforms.
- **SEO and Inbound Marketing.** We plan to enhance our SEO tools to increase web traffic to our website and use of HubSpot Inbound Marketing and similar tools to deliver content and data to drive interest in Stran.
- **Tradeshows and Events.** We plan to increase our exhibitor presence at appropriate shows and events such as ProcureCon, the National Beer Wholesalers Association (NBWA)'s Annual Convention and Trade Show, and EXHIBITOR LIVE.
- **Extend Relationships.** We plan to identify and approach more print, fulfillment, and agency collaborators to sell into their customer base.
- **Referrals.** We believe we will generate more customer referrals by offering an enhanced loyalty and customer incentive program.

## COVID-19 Pandemic

As in many other industries, we believe that the COVID-19 pandemic has weakened many promotional products distributors and their suppliers. According to ASI's 2020 State of the Industry report, the promotional industry was projected to experience a 34.9% decrease in sales for 2020, and over a quarter of distributors and suppliers expected their revenue to fall by at least 50% in 2020. But at the same time, *Promo Marketing's* 2020 Top Distributors report, which ranked the top 50 distributors, found that 44 (88%) grew sales over the prior year. That compares favorably to its 2019 report, which ranked the top 65 distributors, where 50 (77%) grew sales. In terms of the top five vertical markets, the most opportunities for *Promo Marketing's* 2020 Top Distributors were those in Health Care (listed 27 times), Financial (listed 21 times), Tech (listed 17 times), Manufacturing (listed 16 times), and Retail (listed 14 times). A recent forecast from global advertising corporation WPP plc's ad-buying unit GroupM found that there appears to be a "K-shaped" recovery for the advertising industry as well as the overall U.S. economy. The "K" shape indicates a quick rebound for some marketers and a continued downward trajectory for others. For example, e-commerce and advanced digital services such as telehealth and remote learning have exploded during the COVID-19 pandemic. On the other hand, restaurants, bars, travel, entertainment and nonessential businesses have all suffered. Overall, those dependent on traditional media including radio, newspapers and outdoor advertising, and those whose clients were largely nonessential services such as restaurants, bars, travel, entertainment have all suffered. On the other hand, demand for e-commerce and advanced digital services such as telehealth and remote learning, and home refinancings and the banking industry in general, have massively accelerated and saw record volumes during the COVID-19 pandemic.

In this economic environment, as of July 2020 ASI reported that the largest distributors in the industry have been increasingly grabbing market share. In ASI's report, prominent industry executives went on record to say that they expected the trend to continue as weakened firms become prime acquisition targets. Many top distributors have also been able to pivot their supplier orders to take advantage of the recent trends away from live events and gatherings and towards digital promotions, personal protective equipment, and delivery services. As a result, distributors with strong balance sheets, flexibility to meet changing customer demands, and the drive to grow through strategic acquisitions have the greatest prospects to thrive despite the pandemic's challenges.

We believe that the COVID-19 pandemic has impacted Stran's operational and financial performance. Although our sales and net earnings increased by 24.5% and 164.0%, respectively, from 2019 to 2020, the short-term effects from the COVID-19 pandemic on our industry were reflected in our results of operations for the first six months of 2021. Our 2019 and 2020 revenues include non-recurring revenues representing 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively, as a subcontractor for the 2020 U.S. Census. Sales from the U.S. Census program increased \$5.5 million, or 110.3%, from \$5.0 million for the year ended December 31, 2019 to \$10.5 million for the year ended December 31, 2020. Investors may not rely on these results as indicative of future revenue growth, as discussed further under "*Risk Factors - Risks Related to Our Business and Industry - There is a risk of dependence on one or a group of customers or market expectations of unsustainable growth.*" Moreover,

our sales declined 19.8% year-over-year during the first six months of 2021 compared to the same period of the prior year. The decrease was primarily due to 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 in 2021 as a result of the COVID-19 pandemic. The U.S. Census program contributed \$8.0 million of sales, or 39.6% of total sales, for the six months ended June 30, 2020 compared to less than \$2,000 of sales, or 0.0% of total sales, for the six months ended June 30, 2021. Additionally, sales of personal protective equipment totaled \$2.1 million for the six months ended June 30, 2020 compared to less than \$105,000 for the six months ended June 30, 2021. As has been typical for other firms in the promotional products industry, from March 2020 and into 2021 operational and supply chain disruptions combined with decreased demand for promotional products caused sharp reductions in sales opportunities. We believe that relevant factors included businesses not being fully opened, a lack of in-person events, and decreased marketing budgets leading to decreased demand for promotional products and services such as ours. Although we were able to capitalize on the demand for personal protective equipment such as masks, hand sanitizer, and gowns, these sales are not expected to fully offset the overall decreased demand for promotional products.

We have responded to the challenges resulting from the COVID-19 pandemic by developing a clear company-wide strategy and sticking to our hardworking culture and core value of delivering creative merchandise solutions that effectively promote brands. We continue to focus on our core group of customers while providing additional value-added services, including our e-commerce platform for order processing, warehousing and fulfillment functions, and propose alternative product offerings based on their unique needs. We also continue to solicit and market ourselves to long-term prospects that have shown interest in Stran. We have remained committed to being a high-touch customer-focused company that provides our customers with more than just products. Below are some of the specific ways we have responded to the current pandemic.

- Adhered to all state and federal social distancing requirements while prioritizing health and safety for our employees. We allow team members to work remotely, allowing us to continue providing uninterrupted sales and service to our customers throughout the year.
- Emphasized and established cost savings initiatives, cost control processes, and cash conservation to preserve liquidity.
- Explored acquisition opportunities and executed the acquisition of the customer base of Wildman Imprints with historical revenue exceeding \$10 million annually.

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- Retained key customers through constant communication, making proactive product or program suggestions, driving program efficiencies, and delivering value-added solutions to help them market themselves more effectively.
- Concentrated and succeeded in earning business from clients in specific verticals that have spent more during the pandemic including customers in the entertainment, beverage, retail, consumer packaged goods, and cannabis industries.
- Retained key employees by continuing to provide them with competitive compensation and the tools required to be successful in their jobs.
- Successfully applied for and received Paycheck Protection Program loans and government assistance.
- Refocused our marketing activities on more client-specific revenue generating activities that reduced spend while remaining effective.

We believe that we have seen encouraging signs of recovery from the effects of the COVID-19 pandemic. There has been a significant increase in the amount of requests for proposal and other customer inquiries beginning in the first quarter of 2021, which leads us to believe that companies are starting to prepare to spend at previous or increased levels. We expect that by the fourth quarter of 2021 there will be a significant amount of pent-up demand that may compensate for slower earlier numbers in the year.

For a further discussion of the impact of the COVID-19 pandemic on our business, please see *Management's Discussion and Analysis of Financial Condition and Results of Operations – Impact of COVID-19 Pandemic*.

#### **Implications of Being an Emerging Growth Company**

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

- have an auditor report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”);
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- submit certain executive compensation matters to shareholder advisory votes, such as “say-on-pay” and “say-on-frequency;” and
- disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer’s compensation to median employee compensation.

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

We will remain an emerging growth company for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our total annual gross revenues exceed \$1.07 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act,”) which would occur if the market value of our securities that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period.

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## Corporate Information

Our principal executive offices are located at 2 Heritage Drive, Suite 600, Quincy, MA 02171 and our telephone number is 800-833-3309. We maintain a website at <https://www.stran.com/>. Information available on our website is not incorporated by reference in and is not deemed a part of this prospectus.

## Changes to our Capitalization

On May 24, 2021, we changed our state of incorporation to the State of Nevada by merging into Stran & Company, Inc., a Nevada corporation, and changed the spelling of our name to “Stran & Company, Inc.” On the same date, our authorized capital stock changed from 200,000 shares of common stock, \$0.01 par value, to 350,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.0001 per share, and 50,000,000 shares of “blank check” preferred stock, par value \$0.0001 per share. At the same time, we also completed a 100,000-for-1 forward stock split of our outstanding common stock through the merger by issuing 100,000 shares of our common stock for each previously outstanding share of common stock of our predecessor Massachusetts company. As a result of this stock split, our issued and outstanding common stock increased from 100 shares to 10,000,000 shares, all of which were then held by our Executive Chairman, Andrew Stranberg. Following our reincorporation in Nevada, on May 24, 2021, a number of stock transfers by Mr. Stranberg resulted in Mr. Stranberg, Andrew Shape, our Chief Executive Officer, President and Director, Randolph Birney, our Executive Vice President, and Theseus Capital Ltd., owning 5,100,000, 3,400,000, 800,000 and 700,000 shares of our common stock, respectively. These share transfers are subject to certain repurchase and lockup conditions. Immediately after the consummation of this offering, we will file a Registration Statement on Form S-8 to register restricted stock and options to purchase stock issuable to certain of our executive officers, directors and employees under our Equity Incentive Plan. We plan to grant options to purchase a total of approximately 1,337,500 shares of our common stock and 73,667 shares of restricted stock, including options to purchase 954,000 shares of common stock and 30,667 restricted shares to certain of our executive officers and directors, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus), as well as options to purchase approximately 383,500 shares of common stock and 43,000 shares of restricted stock to approximately 59 other employees. These restricted shares and options will be subject to certain vesting conditions. For a complete description of these transactions, please see the section “Corporate History and Structure” and “Executive Compensation – Employment Agreements” in this prospectus.

## The Offering

Units offered:	\$15,000,000 of units (or \$17,250,000 of units if the underwriters exercise the over-allotment option to purchase additional units in full), each unit consisting of one share of common stock and a warrant to purchase one share of common stock at an exercise price of \$5.63, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus), equal to 125% of the initial public offering price, which will be immediately exercisable and will expire on the fifth anniversary of the original issuance date. The shares and warrants that are part of the units are immediately separable and will be issued separately in this offering.
Offering price:	We currently estimate that the initial public offering price will be between \$4.00 and \$5.00 per share.
Common stock offered by us:	Up to 3,333,333 shares of common stock, assuming an initial public offering price of \$4.50 per unit
Warrants offered by us:	Up to 3,333,333 warrants to purchase up to 3,333,333 shares of common stock, assuming an initial public offering price of \$4.50 per unit. Each share of common stock is being sold together with one warrant to purchase one share of common stock. Each whole share exercisable pursuant to the warrants will have an exercise price per share equal to \$5.63, equal to 125% of the initial public offering price, will be immediately exercisable and will expire on the fifth anniversary of the original issuance date. Warrants may be exercised only for a whole number of shares. The shares of common stock and warrants are immediately separable and will be issued separately, but must be purchased together in this offering as units. This prospectus also relates to the offering of the shares issuable upon exercise of the warrants.
Shares outstanding immediately before the offering:	10,000,000 shares of common stock
Shares outstanding immediately after the offering:	13,333,333 shares of common stock (or 13,833,333 shares if the underwriters exercise the over-allotment option in full), assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus).
Over-allotment option:	We have granted to the underwriters a 45-day option to purchase from us up to an additional 15% of the shares of common stock and/or warrants sold in the offering in any combination thereof, solely to cover over-allotments, if any, at the initial public offering price, less the underwriting discounts.
Representative’s warrants:	We have agreed to issue to the representative warrants to purchase a number of shares of common stock equal in the aggregate to 3% of the total number of shares issued in this offering. The representative’s warrant will be exercisable at a per share exercise price equal to 125% of the public offering price per share of common stock sold in this offering. The representative’s warrant is exercisable at any time and from time to time, in whole or in part, during the four-and-a-half-year period commencing six months after the effective date of the registration statement of which this prospectus forms a part. The registration statement of which this prospectus forms a part also registers the issuance of the shares of common stock issuable upon exercise of the representative’s warrant. See “Underwriting” for more information.

Use of proceeds:

We expect to receive net proceeds of approximately \$13,329,969.85 from this offering, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus) and no exercise of the underwriters' over-allotment option, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, or approximately \$15,388,719.85 if the underwriters exercise the over-allotment option in full. We plan to use the net proceeds of this offering for acquisitions and partnerships, investments in technology and expanding corporate infrastructure, expansion of our sales team and marketing efforts, and general working capital and other corporate purposes. See "Use of Proceeds" for more information on the use of proceeds.

Risk factors:

Investing in our securities involves a high degree of risk. As an investor, you should be able to bear a complete loss of your investment. You should carefully consider the information set forth in the "Risk Factors" section beginning on page 15 before deciding to invest in our common stock and warrants.

Lock-up

We, all of our directors and officers and all of our shareholders have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or dispose of, directly or indirectly, any of our common stock or securities convertible into or exercisable or exchangeable for our common stock for a period of six months after the closing of this offering. See "Underwriting" for more information.

Proposed trading market and symbol

In connection with this offering, we have filed an application to list our shares of common stock under the symbol "STRN" and our warrants under the symbol "STRNW," both on the Nasdaq Capital Market. We do not intend that the units trade and we will not apply for listing of the units on any securities exchange or other nationally recognized trading system. Without an active trading market, the liquidity of the units will be limited. The closing of this offering is contingent upon the successful listing of our common stock and warrants on the Nasdaq Capital Market.

The number of shares of common stock outstanding immediately following this offering is based on 10,000,000 shares outstanding as of the date of this prospectus and is based on an assumed public offering price of \$4.50 per unit, which is the midpoint of the estimated offering range set forth on the cover page of this prospectus. This amount excludes:

- approximately 1,337,500 total shares of common stock issuable upon the exercise of options which we intend to grant to our employees and directors under the Stran & Company, Inc. Amended and Restated 2021 Equity Incentive Plan, or the Equity Incentive Plan, or the Plan, pursuant to a Registration Statement on Form S-8 to be filed immediately after the consummation of this offering, at an exercise price equal to the offering price of the shares in this offering, or \$4.50 per share;
- approximately 73,667 total shares of restricted common stock which we intend to grant to our employees and directors under the Plan pursuant to a Registration Statement on Form S-8 to be filed immediately after the consummation of this offering;
- 3,000,000 shares of common stock that are reserved for issuance under the Plan, which is inclusive of the approximately 1,337,500 shares issuable upon the exercise of options and 73,667 restricted common shares referred to above that will be issued under the Plan;
- up to 3,333,333 shares of common stock issuable upon exercise of warrants included in the units being offered in this offering; and
- up to 100,000 shares of common stock issuable upon exercise of the representative's warrants issued in connection with this offering.

**Summary Financial Information**

The following tables summarize certain financial data regarding our business and should be read in conjunction with our financial statements and related notes contained elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our summary financial data as of December 31, 2020 and 2019 are derived from our audited financial statements included elsewhere in this prospectus. Our summary financial data as of June 30, 2021 and 2020 are derived from our unaudited financial statements included elsewhere in this prospectus. All financial statements included in this prospectus are prepared and presented in accordance with generally accepted accounting principles in the United States ("GAAP"). The summary financial information is only a summary and should be read in conjunction with the historical financial statements and related notes contained elsewhere herein. The financial statements contained elsewhere fully represent our financial condition and operations; however, they are not indicative of our future performance.

	Six Months Ended		Years Ended	
	June 30,		December 31,	
	2021	2020	2020	2019
	(unaudited)	(unaudited)		
<b>Statements of Operations Data</b>				
Sales	\$ 16,127,392	\$ 20,098,656	\$ 37,752,173	\$ 30,316,831
Cost of sales	11,690,977	13,547,036	26,267,309	21,356,640
Gross profit	4,436,415	6,551,620	11,484,864	8,960,191
Operating expenses	5,644,031	4,636,064	9,993,991	8,366,437
Earnings (loss) from operations	(1,207,616)	1,915,556	1,490,873	593,754
Other income and (expense)	730,256	(31,619)	(39,457)	(32,140)
Earnings (loss) before income taxes	(477,360)	1,883,937	1,451,416	561,614
Current income taxes	109,889	105,559	422,236	171,751
Deferred income taxes	(128,275)	-	-	-
Net earnings (loss)	(458,974)	1,778,378	1,029,180	389,863

Retained earnings, beginning	1,627,655	598,533	598,474	208,611
Retained earnings, ending	1,168,681	2,376,911	1,627,654	598,474

	As of As of June 30, December 31,		
	2021	2020	2019
<b>Balance Sheet Data</b>	(unaudited)		
Cash and cash equivalents	\$ 234,540	\$ 647,235	\$ 2,438,260
Total current assets	10,007,530	9,273,307	10,024,206
Total assets	14,082,150	13,304,672	12,104,352
Total current liabilities	10,397,750	8,000,377	10,202,337
Total liabilities	12,913,369	11,676,918	11,505,778
Total shareholder's equity	1,168,781	1,627,754	598,574
Total liabilities and shareholder's equity	\$ 14,082,150	13,304,672	12,104,352

### Summary of Risk Factors

An investment in our securities involves a high degree of risk. You should carefully consider the risks summarized below. These risks are discussed more fully in the "Risk Factors" section immediately following this Prospectus Summary. These risks include, but are not limited to, the following:

#### Risks Related to Our Business and Industry

- Our business could be materially adversely impacted by the COVID-19 pandemic.
- Our customers may cancel or decrease the quantity of their orders, which could negatively impact our operating results.
- We may be unable to identify or to complete acquisitions or to successfully integrate the businesses we acquire.
- We face intense competition to gain market share, which may lead some competitors to sell substantial amounts of goods at prices against which we cannot profitably compete.
- The promotional products, uniforms, trade show and events marketplace, loyalty and program management business industries are subject to pricing pressures that may cause us to lower the prices we charge for our products and services that adversely affect our financial performance.
- Increases in the price of merchandise and raw materials used to manufacture our products could materially increase our costs and decrease our profitability.
- Implementation of technology initiatives could disrupt our operations in the near term and fail to provide the anticipated benefits.
- Failure to preserve positive labor relationships with our employees could adversely affect our results of operations.
- The apparel industry, including uniforms and corporate identity apparel, is subject to changing fashion trends and if we misjudge consumer preferences, the image of one or more of our brands may suffer and the demand for our products may decrease.
- If our information technology systems suffer interruptions or failures, including as a result of cyber-attacks, our business operations could be disrupted and our reputation could suffer.
- We rely on software and services from other parties. Defects in or the loss of access to software or services from third parties could increase our costs and adversely affect the quality of our products.
- Failure to comply with data privacy and security laws and regulations could adversely affect our operating results and business.

#### Risks Related to This Offering and Ownership of Our Securities

- There has been no public market for our common stock and warrants prior to this offering, and an active market in which investors can resell their shares of our common stock and warrants may not develop.
- The market price of our common stock and warrants may fluctuate, and you could lose all or part of your investment.
- We may not be able to maintain a listing of our common stock and warrants on Nasdaq.
- Our key officers and directors will beneficially own approximately 75% of our outstanding common stock following this offering, or approximately 72% if the underwriters exercise the over-allotment option in full, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). As a result, they may have the ability to approve all matters submitted to our shareholders for approval.

- We have considerable discretion as to the use of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.
- You will experience immediate and substantial dilution as a result of this offering.

- We do not expect to declare or pay dividends in the foreseeable future.
- Future issuances of our common stock or securities convertible into, or exercisable or exchangeable for, our common stock, or the expiration of lock-up agreements that restrict the issuance of new common stock or the trading of outstanding common stock, could cause the market price of our securities to decline and would result in the dilution of your holdings.
- Future issuances of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future issuances of preferred stock, which could rank senior to our common stock for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our common stock and warrants.

## RISK FACTORS

*An investment in our securities involves a high degree of risk. You should carefully consider the following risk factors, together with the other information contained in this prospectus, before purchasing our securities. We have listed below (not necessarily in order of importance or probability of occurrence) what we believe to be the most significant risk factors applicable to us, but they do not constitute all of the risks that may be applicable to us. Any of the following factors could harm our business, financial condition, results of operations or prospects, and could result in a partial or complete loss of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section titled "Cautionary Statement Regarding Forward-Looking Statements".*

### **Risks Related to Our Business and Industry**

#### ***Our business could be materially adversely impacted by the COVID-19 pandemic.***

COVID-19 was declared a pandemic by the World Health Organization and the Centers for Disease Control and Prevention in March of 2020. We believe that the global spread of COVID-19 has created significant volatility and uncertainty and economic disruption. We believe the extent to which the COVID-19 pandemic ultimately impacts our business, financial condition, results of operations or cash flows will depend on numerous evolving factors that we may not be able to accurately predict, including, without limitation: the duration and scope of the pandemic; the success in delivering and efficacy of vaccines; governmental, business and individuals' actions that have been and will be taken in response to the pandemic (including restrictions on travel and transport and workforce pressures); the effect on our suppliers and customers and customer demand for our core products and services within certain industries such as the restaurant, transportation, hospitality and entertainment industries; the effect on our sources of supply; the impact of the pandemic on economic activity and actions taken in response; closures of our and our suppliers' and customers' offices and facilities; the ability of our customers to pay for our products and services; financial market volatility; commodity prices; and the pace of recovery when the COVID-19 pandemic subsides.

The spreading of COVID-19 that we believe is impacting global economic activity and market conditions could lead to changes in customer purchasing patterns. We believe we have seen disruptions in our customers' businesses, including, but not limited to, our customers' willingness and ability to spend, layoffs and furloughs of our customers' employees, and temporary or permanent closures of businesses that consume our products and services. Prolonged periods of difficult conditions could have material adverse impacts on our business, financial condition, results of operations and cash flows.

We believe the potential effects of COVID-19 also could impact us in a number of other ways, including, but not limited to, reductions to our revenue and profitability, costs associated with complying with new or amended laws and regulations affecting our business, declines in the price of our securities, reduced availability and less favorable terms of future borrowings, valuation of our pension assets and obligations, reduced credit-worthiness of our customers, and potential impairment of the carrying value of goodwill or other indefinite-lived intangible assets.

Any of these events could materially adversely affect our business, financial condition, results of operations and cash flows.

#### ***Our customers may cancel or decrease the quantity of their orders, which could negatively impact our operating results.***

Sales to many of our customers are on an order-by-order basis. If we cannot fill customers' orders on time, orders may be cancelled and relationships with customers may suffer, which could have an adverse effect on us, especially if the relationship is with a major customer. Furthermore, if any of our customers experience a significant downturn in their business, or fail to remain committed to our programs or brands, the customer may reduce or discontinue purchases from us. The reduction in the amount of our products purchased by customers could have a material adverse effect on our business, results of operations or financial condition.

In addition, some of our customers have experienced significant changes and difficulties, including consolidation of ownership, increased centralization of buying decisions, buyer turnover, restructurings, bankruptcies and liquidations. A significant adverse change in a customer relationship or in a customer's financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's receivables or limit our ability to collect amounts related to previous purchases by that customer, all of which could have a material adverse effect on our business, results of operations or financial condition.

#### ***We may be unable to identify or to complete acquisitions or to successfully integrate the businesses we acquire.***

We have evaluated, and may continue to evaluate, potential acquisition transactions. We attempt to address the potential risks inherent in assessing the attractiveness of acquisition candidates, as well as other challenges such as retaining the employees and integrating the operations of the businesses we acquire. Integrating acquired operations involves significant risks and uncertainties, including maintenance of uniform standards, controls, policies and procedures; diversion of management's attention from normal business operations during the integration process; unplanned expenses associated with integration efforts; and unidentified issues not discovered in due diligence, including legal contingencies. Acquisition valuations require us to make certain estimates and assumptions to determine the fair value of the acquired entities (including the underlying assets and liabilities). If our estimates or assumptions to value the acquired assets and liabilities are not accurate, we may be exposed to losses, and/or unexpected usage of cash flow to fund the operations of the acquired operations that may be material.

Even if we are able to acquire businesses on favorable terms, managing growth through acquisition is a difficult process that includes integration and training of personnel, combining facility and operating procedures, and additional matters related to the integration of acquired businesses within our existing organization. Unanticipated issues related to integration may result in additional expense and disruption to our operations, and may require a disproportionate amount of our management's attention, any of which could negatively impact our ability to achieve anticipated benefits, such as revenue and cost synergies. Growth of our business through acquisition generally increases our operating complexity and the level of responsibility for both existing and new management personnel. Managing and sustaining our growth and expansion may require

substantial enhancements to our operational and financial systems and controls, as well as additional administrative, operational and financial resources. We may be required to invest in additional support personnel, facilities and systems to address the increased complexities associated with business or segment expansion. These investments could result in higher overall operating costs and lower operating profits for the business as a whole. There can be no assurance that we will be successful in integrating acquired businesses or managing our expanding operations.

In addition, although we conduct due diligence investigations prior to each acquisition, there can be no assurance that we will discover or adequately protect against all material liabilities of an acquired business for which we may be responsible as a successor owner or operator. The failure to identify suitable acquisitions, successfully integrate these acquired businesses, successfully manage our expanding operations, or to discover liabilities associated with such businesses in the diligence process, could adversely affect our business, results of operations or financial condition.

In order to finance such acquisitions, we may need to obtain additional funds either through public or private financings, including bank and other secured and unsecured borrowings and/or the issuance of equity or debt securities. There can be no assurance that such financings would be available to us on reasonable terms. Any future issuances of equity securities or debt securities with equity features may be dilutive to our shareholders.

***If our information technology systems suffer interruptions or failures, including as a result of cyber-attacks, our business operations could be disrupted and our reputation could suffer.***

We rely on information technology systems to process transactions, communicate with customers, manage our business and process and maintain information. The measures we have in place to monitor and protect our information technology systems might not provide sufficient protection from catastrophic events, power surges, viruses, malicious software (including ransomware), attempts to gain unauthorized access to data or other types of cyber-based attacks. As cyber-attacks become more frequent, sophisticated, damaging and difficult to predict, any such event could negatively impact our business operations, such as by product disruptions that result in an unexpected delay in operations, interruptions in our ability to deliver products and services to our customers, loss of confidential or otherwise protected information, corruption of data and expenses related to the repair or replacement of our information technology systems. Compromising and/or loss of information could result in loss of sales or legal or regulatory claims which could adversely affect our revenues and profits or damage our reputation.

***We rely on software and services from other parties. Defects in or the loss of access to software or services from third parties could increase our costs and adversely affect the quality of our products.***

We rely on technologies from third parties to operate critical functions of our business, including cloud infrastructure services, payment processing services, certain aspects of distribution center automation and customer relationship management services. Our business would be disrupted if any of the third-party software or services we utilize, or functional equivalents thereof, were unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices. In each case, we would be required to either seek licenses to software or services from other parties and redesign our business and marketplace to function with such software or services or develop these components ourselves, which would result in increased costs and could result in delays in the launch of new offerings on our marketplace until equivalent technology can be identified, licensed or developed, and integrated into our business and marketplace. Furthermore, we might be forced to limit the features available in our current or future products. These delays and feature limitations, if they occur, could harm our business, results of operations and financial condition.

***Failure to comply with data privacy and security laws and regulations could adversely affect our operating results and business.***

In the ordinary course of our business, we might collect and store in our internal and external data centers, cloud services and networks sensitive data, including our proprietary business information and that of our customers, suppliers and business collaborators, as well as personal information of our customers and employees. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. The number and sophistication of attempted attacks and intrusions that companies have experienced from third parties has increased over the past few years. Despite our security measures, it is impossible for us to eliminate this risk.

A number of U.S. states have enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of personal information, such as social security numbers, financial information and other sensitive personal information. For example, all 50 states and several U.S. territories now have data breach laws that require timely notification to affected individuals, and at times regulators, credit reporting agencies and other bodies, if a company has experienced the unauthorized access or acquisition of certain personal information. Other state laws, such as the California Consumer Privacy Act, as amended (“CCPA”), among other things, contain disclosure obligations for businesses that collect personal information about residents in their state and affords those individuals new rights relating to their personal information that may affect our ability to collect and/or use personal information. Meanwhile, several other states and the federal government have considered or are considering privacy laws like the CCPA. We will continue to monitor and assess the impact of these laws, which may impose substantial penalties for violations, impose significant costs for investigations and compliance, allow private class-action litigation and carry significant potential liability for our business.

Outside of the U.S., data protection laws, including the EU General Data Protection Regulation (the “GDPR”), also might apply to some of our operations or business collaborators. Legal requirements in these countries relating to the collection, storage, processing and transfer of personal data/information continue to evolve. The GDPR imposes, among other things, data protection requirements that include strict obligations and restrictions on the ability to collect, analyze and transfer EU personal data/information, a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances, and possible substantial fines for any violations (including possible fines for certain violations of up to the greater of 20 million Euros or 4% of total company revenue). Other governmental authorities around the world have enacted or are considering similar types of legislative and regulatory proposals concerning data protection.

The interpretation and enforcement of the laws and regulations described above are uncertain and subject to change, and may require substantial costs to monitor and implement and maintain adequate compliance programs. Failure to comply with U.S. and international data protection laws and regulations could result in government enforcement actions (which could include substantial civil and/or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business.

***The Consumer Product Safety Improvement Act and other existing or future government regulation could harm our business or may cause us to incur additional costs associated with compliance.***

We are subject to various federal, state and local laws and regulations, including but not limited to, laws and regulations relating to labor and employment, U.S. customs and consumer product safety, including the Consumer Product Safety Improvement Act, or the “CPSIA.” The CPSIA created more stringent safety requirements related to lead and phthalates content in children’s products. The CPSIA regulates the future manufacture of these items and existing inventories and may cause us to incur losses if we offer for sale or sell any non-compliant items. Failure to comply with the various regulations applicable to us may result in damage to our reputation, civil and criminal liability, fines and penalties and increased cost of regulatory compliance. These current and any future laws and regulations could harm our business, results of operations and financial condition.

***We are subject to international, federal, national, regional, state, local and other laws and regulations, and failure to comply with them may expose us to potential liability.***

We are subject to international, federal, national, regional, state, local and other laws and regulations affecting our business, including those promulgated under the Occupational Safety and Health Act, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the rules and regulations of the Consumer Products Safety Commission, the Food, Drug, and Cosmetic Act, the rules and regulations of the Food and Drug Administration (FDA), the Foreign Corrupt Practices Act of 1977 (FCPA), various securities laws and regulations including but not limited to the Securities Exchange Act of 1934, the Securities Exchange Act of 1933, and the Nasdaq Stock Market LLC Rules, various labor, workplace and related laws, and environmental laws and regulations. Failure to comply with such laws and regulations may expose us to potential liability and have an adverse effect on our results of operations.

***Shortages of supply of merchandise from suppliers, interruptions in our manufacturing, and local conditions in the countries in which we operate could adversely affect our results of operations.***

As a distributor, we buy merchandise both from multiple supply sources and from a network of factories in which we have developed direct relationships around the globe over the past 25 years. However, an unexpected interruption in any of the sources or facilities could temporarily adversely affect our results of operations until alternate sources or facilities can be secured. We rely on the supply of different types of raw materials as well as textiles, including plastic, glass, fabric and metal for our promotional products. Further, our suppliers generally source or manufacture finished goods in parts of the world that may be affected by economic uncertainty, political unrest, labor disputes, health emergencies, or the imposition of duties, tariffs or other import regulations by the United States.

***Implementation of technology initiatives could disrupt our operations in the near term and fail to provide the anticipated benefits.***

As our business grows, we continue to make significant investments in our technology, including in the areas of warehouse management, enterprise risk management and product design. The costs, potential problems and interruptions associated with the implementation of technology initiatives could disrupt or reduce the efficiency of our operations in the near term. They may also require us to divert resources from our core business to ensure that implementation is successful. In addition, new or upgraded technology might not provide the anticipated benefits, might take longer than expected to realize the anticipated benefits, might fail or might cost more than anticipated.

***Failure to preserve positive labor relationships with our employees could adversely affect our results of operations.***

Our operations rely heavily on our employees, and any labor shortage, disruption or stoppage caused by poor relations with our employees could reduce our operating margins and income. While we believe that our employee relations are good, have no knowledge of any employees as subject to collective bargaining agreements, and unions have not traditionally been active in the U.S. marketing industry, unionization of our workforce could increase our operating costs or constrain our operating flexibility.

***We are exposed to the risk of non-payment by our customers on a significant amount of our sales.***

We allow many of our customers to pay us within 30 days of service, also known as net 30 credit terms. Our extension of credit involves considerable judgment and is based on an evaluation of each customer's financial condition and payment history. We monitor our credit risk exposure by periodically obtaining credit reports and updated financials on our customers. We generally see a heightened amount of bankruptcies by our customers during economic downturns. In particular, we believe that the COVID-19 pandemic, and its impact on our customers, could have a negative impact on our collection efforts. While we maintain an allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, in times of economic turmoil, there is heightened risk that our historical indicators may prove to be inaccurate. The inability to collect on sales to significant customers or a group of customers could have a material adverse effect on our results of operations.

***There is a risk of dependence on one or a group of customers or market expectations of unsustainable growth.***

During 2019-2020, we were engaged by a Washington, D.C.-based advertising and marketing contractor as subcontractor on a nationwide awareness-generating initiative for the 2020 U.S. Census. During this period, this contract represented approximately 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively. This customer is not expected to renew its engagement with us due to the U.S. Census only occurring once every ten years. As a result, these non-recurring revenue increases are not expected to recur in fiscal year 2021 or beyond and do not represent our long-term growth expectations. Although we do not have a concentration of business in any particular customer or group of customers and do not view the revenues from these contracts to characterize our long-term steady growth expectations, the additional revenues cannot be excluded from our revenues under United States Generally Accepted Accounting Principles, and investors that are unsophisticated or otherwise unaware of the likely moderating effect on our future income, may have an expectation of much faster revenue growth. If we are unable to meet these expectations by finding new major customers or gain major new engagements from existing customers to replace these nonrecurring contracts, there may be material adverse effects on the price of our securities due to the reactions of disillusioned investors, negative media coverage, damage to our reputation, and other effects that may have a material adverse effect on our financial condition or results of operations. If on the other hand we successfully source major new contracts, the risk that we may become dependent on one or a few customers may increase. This potential dependency could threaten the sustainability of our growth and have a material adverse effect on our financial condition or results of operations if we are unable to retain such major contracts or replace them with similarly major contracts on a regular basis.

***Our business incurs significant freight and transportation costs. Any changes in our shipping arrangements or any interruptions in shipping could harm our business, results of operations and financial condition.***

We incur transportation expenses to ship our products to our customers. Significant increases in the costs of freight and transportation could have a material adverse effect on our results of operations, as there can be no assurance that we could pass on these increased costs to our customers. Government regulations can and have impacted the availability of drivers, which will be a significant challenge to the industry. Costs to employ drivers have increased and transportation shortages have become more prevalent.

If we are not able to negotiate acceptable pricing and other terms with these vendors or they experience performance problems or other difficulties, such as the increased volume of deliveries due to shelter-in-place orders associated with the COVID-19 pandemic, it could negatively impact our business and results of operations and negatively affect the experiences of our customers, which could affect the degree to which they continue to do business with us. Disruption to delivery services due to inclement weather could result in delays that could adversely affect our reputation, business and results of operations. If our products are not delivered in a timely fashion or are damaged or lost during the supply or the delivery process, our customers could become dissatisfied and cease doing business with us, which could adversely affect our business and results of operations.

***Our business may be impacted by unforeseen or catastrophic events, including the emergence of pandemics or other widespread health emergencies, terrorist attacks, extreme weather events or other natural disasters and other unpredicted events.***

The occurrence of unforeseen or catastrophic events, such as the emergence of pandemics or other widespread health emergencies (or concerns over the possibility of such pandemics or emergencies), terrorist attacks, extreme weather events or other natural disasters or other unpredicted events, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair our ability to source and supply products and services and manage our businesses, and could negatively impact our customers' ability or willingness to purchase our products and services.



For example, our corporate headquarters is located in Massachusetts, which does have earthquakes and experiences other less frequent natural hazards such as flooding, coastal erosion and an occasional nuisance landslide; should any of these unforeseen or catastrophic events occur, the possibly resulting infrastructure damage and disruption to the area could negatively affect our company, such as by damage to or total destruction of our headquarters, surrounding transportation infrastructure, network communications and other forms of communication. Some of our other locations and those of our suppliers, such as those located in the U.S. and Central America, also are exposed to hurricanes, earthquakes, floods and other extreme weather events; the damage that such events could produce could affect the supply of our products and services.

Additionally, while the extent of the impact on our business and financial condition is unknown at this time, we believe we have been negatively affected by actions taken to address and limit the spread of COVID-19, such as travel restrictions and limitations affecting the supply of labor and the movement of raw materials and finished products. Although we have not experienced any significant shortage or delay in obtaining raw materials or finished product, our shipping costs for importing raw materials from overseas have increased significantly over the past 12 months. We believe further reduced manufacturing capacity or increased freight costs as a result of COVID-19 could have an increased negative affect on the timely supply and pricing of finished products and have a material adverse effect on our results of operations.

***We face intense competition within our industries and our revenue and/or profits may decrease if we are not able to respond to this competition effectively.***

Customers in the promotional products, uniforms, tradeshow and event marketplace, loyalty and program management business process outsourcing industries choose suppliers primarily based upon the quality, price and breadth of products and services offered. We encounter competition from a number of companies in the geographic areas we serve. Majority of our revenue is derived from the sale of promotional products. Our major competitors for our promotional products business include companies such as 4Imprint Group plc, Brand Addition (The Pebble Group plc), BAMKO (Superior Group of Companies, Inc.), Staples, Inc., Boundless Network Inc and HALO Branded Solutions, Inc. We also compete with a multitude of foreign, regional and local competitors that vary by market. If our existing or future competitors seek to gain or retain market share by reducing prices, we may be required to lower our prices, which would adversely affect our operating results. Similarly, if customers or potential customers perceive the products or services offered by our existing or future competitors to be of higher quality than ours or part of a broader product mix, our revenues may decline, which would adversely affect our operating results.

***We face intense competition to gain market share, which may lead some competitors to sell substantial amounts of goods at prices against which we cannot profitably compete.***

Our marketing strategy is to differentiate ourselves by providing quality service and quality products to our customers. Even if this strategy is successful, the results may be offset by reductions in demand or price declines due to competitors' pricing strategies or other micro or macro-economic factors. We face the risk of our competition following a strategy of selling its products at or below cost in order to cover some amount of fixed costs, especially in stressed economic times.

***Global, national or regional economic slowdowns, high unemployment levels, fewer jobs, changes in tax laws or cost increases might have an adverse effect on our operating results.***

Our primary products within our promotional products are used by workers and, as a result, our business prospects are dependent upon levels of employment and overall economic conditions on a global, national and regional level, among other factors. Our revenues are impacted by our customers' opening and closing of locations and reductions and increases in headcount, including from voluntary turnover and increased automation, which affect the quantity of uniform orders on a per-employee basis. If we are unable to offset these effects, such as through the addition of new customers, the penetration of existing customers with a broader mix of product and service offerings, or decreased production costs that can be passed on in the form of lower prices, our revenue growth rates will be negatively impacted. Likewise, increases in tax rates or other changes in tax laws or other regulations can negatively affect our profitability.

While we do not believe that our exposure is greater than that of our competitors, we could be adversely affected by increases in the prices of fabric, natural gas, gasoline, wages, employee benefits, insurance costs and other components of product cost unless we can recover such increases through proportional increases in the prices for our products and services. Competitive and general economic conditions might limit our ability and that of our competitors to increase prices to cover any increases in our product cost.

***The promotional products, uniforms, trade show and events marketplace, loyalty and program management business industries are subject to pricing pressures that may cause us to lower the prices we charge for our products and services that adversely affect our financial performance.***

Many of our competitors also source their product requirements from developing countries to achieve a lower cost operating environment, possibly with lower costs than our offshore facilities, and those manufacturers may use these cost savings to reduce prices. Some of our competitors have more purchasing power than we do, which may enable them to obtain products at lower costs. To remain competitive, we may adjust our product and service prices and margins from time-to-time in response to these industry-wide pricing pressures. Additionally, increased customer demands for allowances, incentives and other forms of economic support could reduce our margins and affect our profitability. Our financial performance will be negatively affected by these pricing pressures if we are forced to reduce our prices and we cannot reduce our product costs proportionally or if our product costs increase and we cannot increase our prices proportionally.

***Increases in the price of merchandise and raw materials used to manufacture our products could materially increase our costs and decrease our profitability.***

The principal components in our promotional products are plastic, glass, fabric and metal. The prices we pay for these fabrics and components and our merchandise are dependent on the market price for the raw materials used to produce them, primarily cotton and chemical components of synthetic fabrics including raw materials such as chemicals and dyestuffs. These finished goods and raw materials are subject to price volatility caused by weather, supply conditions, government regulations, economic and political climate, currency exchange rates, labor costs, and other unpredictable factors. Fluctuations in petroleum prices also may influence the prices of related items such as chemicals, dyestuffs and polyester yarn.

Although we have not experienced any significant shortage or delay in obtaining raw materials or finished product, our shipping costs for importing raw materials from overseas have increased significantly over the past 12 months. Any increase in raw material prices or shipping costs increases our cost of sales and can decrease our profitability unless we are able to pass the costs on to our customers in the form of higher prices. In addition, if one or more of our competitors is able to reduce their production costs by taking advantage of any reductions in raw material prices or favorable sourcing agreements, we may face pricing pressures from those competitors and may be forced to reduce our prices or face a decline in revenues, either of which could have a material adverse effect on our business, results of operations and financial condition.

***Changes to trade regulation, quotas, duties, tariffs or other restrictions caused by the changing U.S. and geopolitical environments or otherwise, such as those with respect to China, may materially harm our revenue and results of operations, such as by increasing our costs and/or limiting the amount of products that we can import.***

Our operations are subject to various international trade agreements and regulations, such as the Dominican Republic–Central America Free Trade Agreement (CAFTA-DR), Caribbean Basin Trade Partnership Act (CBTPA), Haitian Hemispheric Opportunity through Partnership Encouragement Act, as amended (HOPE), the Food Conservation and Energy Act of 2008 (HOPE II), the Haiti Economic Lift Program of 2010 (HELP), the African Growth and Opportunity Act (AGOA), the Middle East Free Trade Area Initiative (MEFTA) and the activities and regulations of the World Trade Organization (WTO). Generally, these trade agreements and regulations benefit our business by

reducing or eliminating the quotas, duties and/or tariffs assessed on products manufactured in a particular country. However, trade agreements and regulations can also impose requirements that have a material adverse effect on our business, revenue and results of operations, such as limiting the countries from which we can purchase raw materials, limiting the products that qualify as duty free, and setting quotas, duties and/or tariffs on products that may be imported into the United States from a particular country. Certain inbound products to the United States are subject to tariffs assessed on the manufactured cost of goods at the time of import. As a result, we have had to increase prices for certain products and may be required to raise those prices further, or raise our prices on other products, which may result in the loss of customers and harm our operating performance. In response, in part, to tariffs levied on products imported from China we have shifted some production out of China and may seek to shift additional production out of China, which may result in additional costs and disruption to our operations.

The countries in which our products are manufactured or into which they are imported may from time-to-time impose new quotas, duties, tariffs and requirements as to where raw materials must be purchased to qualify for free or reduced duty. These countries also may create additional workplace regulations or other restrictions on our imports or adversely modify existing restrictions. Adverse changes in these costs and restrictions could harm our business. We cannot assure that future trade agreements or regulations will not provide our competitors an advantage over us or increase our costs, either of which could have a material adverse effect on our business, results of operations or financial condition. Nor can we assure that the changing geopolitical and U.S. political environments will not result in a trade agreement or regulation being altered which adversely affects our company. The U.S. government may decide to impose or alter existing import quotas, duties, tariffs or other restrictions on products or raw materials sourced from those countries, which include countries from which we import raw materials or in which we manufacture our products. Any such quotas, duties, tariffs or restrictions could have a material adverse effect on our business, results of operations or financial condition.

***The apparel industry, including uniforms and corporate identity apparel, is subject to changing fashion trends and if we misjudge consumer preferences, the image of one or more of our brands may suffer and the demand for our products may decrease.***

The apparel industry, including uniforms and corporate identity apparel for promotional products, is subject to shifting customer demands and evolving fashion trends and our success is also dependent upon our ability to anticipate and promptly respond to these changes. Failure to anticipate, identify or promptly react to changing trends or styles may result in decreased demand for our products, as well as excess inventories and markdowns, which could have a material adverse effect on our business, results of operations and financial condition. In addition, if we misjudge consumer preferences, our brand image may be impaired. We believe our products are, in general, less subject to fashion trends compared to many other apparel manufacturers because the majority of what we manufacture and sell are uniforms, scrubs, corporate identity apparel and other accessories.

***Our success depends upon the continued protection of our intellectual property rights and we may be forced to incur substantial costs to maintain, defend, protect and enforce our intellectual property rights.***

Our owned intellectual property and certain of our licensed intellectual property have significant value and are instrumental to our ability to market our products. We cannot assure that our owned or licensed intellectual property or the operation of our business does not infringe on or otherwise violate the intellectual property rights of others. We cannot assure that third parties will not assert claims against us on any such basis or that we will be able to successfully resolve such claims. In addition, the laws of some foreign countries do not allow us to protect, defend or enforce our intellectual property rights to the same extent as the laws of the United States. We could also incur substantial costs to defend legal actions relating to use of our intellectual property or prosecute legal actions against others using our intellectual property, either of which could have a material adverse effect on our business, results of operations or financial condition. There also can be no assurance that we will be able to negotiate and conclude extensions of existing license agreements on similar economic terms or at all.

#### **General Risk Factors**

***Some of the products that we design or otherwise assist customers with producing create exposure to potential product liability, warranty liability or personal injury claims and litigation.***

Some of the products that we design or otherwise assist customers with producing are used in applications and situations that involve risk of personal injury and death. Our services expose us to potential product liability, warranty liability, and personal injury claims and litigation relating to the use or misuse of our products including allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product or activities associated with the product, negligence and strict liability. If successful, such claims could have a material adverse effect on our business.

***Defects in the products that we design or otherwise assist customers with producing could reduce demand for our products and result in a decrease in sales and market acceptance and damage to our reputation.***

Although we carry certain standard commercial insurance, including products-completed operations coverage, we do not currently maintain separate product liability insurance, and we may not be able to obtain and maintain such insurance on acceptable terms, if at all, in the future. Even if we have purchased product liability insurance in the future, product liability claims may exceed the amount of our insurance coverage. In addition, our reputation may be adversely affected by such claims, whether or not successful, including potential negative publicity about our products.

***We are subject to periodic litigation in both domestic and international jurisdictions that may adversely affect our financial position and results of operations.***

From time to time we may be involved in legal or regulatory actions regarding product liability, employment practices, intellectual property infringement, bankruptcies and other litigation or enforcement matters. These proceedings may be in jurisdictions with reputations for aggressive application of laws and procedures against corporate defendants. We are impacted by trends in litigation, including class-action allegations brought under various consumer protection and employment laws. Due to the inherent uncertainties of litigation in both domestic and foreign jurisdictions, we cannot accurately predict the ultimate outcome of any such proceedings. These proceedings could cause us to incur costs and may require us to devote resources to defend against these claims and could ultimately result in a loss or other remedies, such as product recalls, which could adversely affect our financial position and results of operations.

***Volatility in the global financial markets could adversely affect results.***

In the past, global financial markets have experienced extreme disruption, including, among other things, volatility in securities prices, diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. There can be no assurance that there will not be further change or volatility, which could lead to challenges in our business and negatively impact our financial results. Any future tightening of credit in financial markets could adversely affect the ability of our customers and suppliers to obtain financing for significant purchases and operations and could result in a decrease in orders and spending for our products and services. We are unable to predict the likely duration and severity of any disruption in financial markets and adverse economic conditions and the effects they may have on our business and financial condition.

***Inability to attract and retain key management or other personnel could adversely impact our business.***

Our success is largely dependent on the skills, experience and efforts of our senior management and other key personnel, such as our Chief Executive Officer and President, Andrew Shape, our Executive Chairman, Andrew Stranberg, our Executive Vice President, Randolph Birney. If, for any reason, one or more senior executives or key personnel were not to remain active in our company, or if we were unable to attract and retain senior management or key personnel, our results of operations could be adversely affected.

***Failure to achieve and maintain effective internal controls could adversely affect our business and price of our securities.***

Effective internal controls are necessary for us to provide reliable financial reports. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the consolidated financial statement preparation and presentation. While we continue to evaluate our internal controls, we cannot be certain that these measures will ensure that we implement and maintain adequate internal control over financial reporting in the future. If we fail to maintain the adequacy of our internal controls or if we or our independent registered public accounting firm were to discover material weaknesses in our internal controls, as such standards are modified, supplemented or amended, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Failure to achieve and maintain an effective internal control environment could cause us to be unable to produce reliable financial reports or prevent fraud. This may cause investors to lose confidence in our reported financial information, which could have a material adverse effect on the price of our securities.

***Increases in the cost of employee benefits could impact our financial results and cash flow.***

Our expenses relating to employee health benefits are significant. Unfavorable changes in the cost of such benefits could impact our financial results and cash flow. Healthcare costs have risen significantly in recent years, and recent legislative and private sector initiatives regarding healthcare reform could result in significant changes to the U.S. healthcare system. Additionally, we believe the ongoing COVID-19 pandemic may result in temporary or permanent healthcare reform measures, would result in significant cost increases and other negative impacts to our business. While the Company has various cost control measures in place and employs an outside consultant to review on larger claims, employee health benefits have been and are expected to continue to be a significant cost to the Company. Medical costs will continue to be a significant expense to the Company and may increase due to factors outside the Company's control.

***We may recognize impairment charges, which could adversely affect our financial condition and results of operations.***

We assess our goodwill, intangible assets and long-lived assets for impairment when required by generally accepted accounting principles in the United States (GAAP). These accounting principles require that we record an impairment charge if circumstances indicate that the asset carrying values exceed their estimated fair values. The estimated fair value of these assets is impacted by general economic conditions in the locations in which we operate. Deterioration in these general economic conditions may result in: declining revenue, which can lead to excess capacity and declining operating cash flow; reductions in management's estimates for future revenue and operating cash flow growth; increases in borrowing rates and other deterioration in factors that impact our weighted average cost of capital; and deteriorating real estate values. If our assessment of goodwill, intangible assets or long-lived assets indicates an impairment of the carrying value for which we recognize an impairment charge, this may adversely affect our financial condition and results of operations.

***Environmental regulations may impact our future operating results.***

We are subject to extensive and changing federal, state and foreign laws and regulations establishing health and environmental quality standards, concerning, among other things, wastewater discharges, air emissions and solid waste disposal, and may be subject to liability or penalties for violations of those standards. We are also subject to laws and regulations governing remediation of contamination at facilities currently or formerly owned or operated by us or to which we have sent hazardous substances or wastes for treatment, recycling or disposal. We may be subject to future liabilities or obligations as a result of new or more stringent interpretations of existing laws and regulations. In addition, we may have liabilities or obligations in the future if we discover any environmental contamination or liability at any of our facilities, or at facilities we may acquire.

***If we are unable to accurately predict our future tax liabilities, become subject to increased levels of taxation or our tax contingencies are unfavorably resolved, our results of operations and financial condition could be adversely affected.***

Changes in tax laws or regulations in the jurisdictions in which we do business, including the United States, or changes in how the tax laws are interpreted, could further impact our effective tax rate, further restrict our ability to repatriate undistributed offshore earnings, or impose new restrictions, costs or prohibitions on our current practices and reduce our net income and adversely affect our cash flows.

We are also subject to tax audits in the United States and other jurisdictions and our tax positions may be challenged by tax authorities. Although we believe that our current tax provisions are reasonable and appropriate, there can be no assurance that these items will be settled for the amounts accrued, that additional tax exposures will not be identified in the future or that additional tax reserves will not be necessary for any such exposures. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions could result in a material adverse effect on our business, results of operations and financial condition.

***Failure of our secured line of credit to renew could strain our ability to pay other obligations.***

We have a \$3,500,000 secured line of credit with Bank of America. At December 31, 2020 and 2019, borrowings on this line of credit amounted to \$1,650,000 and \$2,150,000, respectively. The line bears interest at the LIBOR Daily Floating Rate plus 2.75%. At December 31, 2020 and 2019, interest rates were 4.20% and 4.55%, respectively. The line is reviewed annually and is due on demand. This line of credit is secured by substantially all assets of the Company. We do not expect that this line of credit will be renewed beyond November 30, 2021 and are seeking alternative bank financing to replace it. If we are unable to renegotiate, extend or refinance this line of credit with an equivalent line of credit or other financing from another bank, then we may default on the line of credit as well as our other obligations. Although Andrew Stranberg, our Executive Chairman and majority shareholder, is a guarantor on the line of credit, there is a potential for conflicts of interest between his personal interests and ours whether his guaranty is called upon or not. No assurance can be given that material conflicts will not arise that could be detrimental to our operations and financial prospects. In that event, Bank of America could enforce its security interest in all of our assets, potentially resulting in a material adverse effect on our business, results of operations and financial condition.

**Risks Related to This Offering and Ownership of Our Securities**

***There has been no public market for our common stock and warrants prior to this offering, and an active market in which investors can resell their shares of our common stock and warrants may not develop.***

Prior to this offering, there has been no public market for our common stock and warrants. We have filed an application to list our shares of common stock under the symbol

“STRN” and our warrants under the symbol “STRNW,” both on the Nasdaq Capital Market. The closing of this offering is contingent upon the successful listing of our common stock and warrants on the Nasdaq Capital Market. There is no guarantee that Nasdaq, or any other exchange or quotation system, will permit our common stock and warrants to be listed and traded.

Even if our common stock and warrants are approved for listing on Nasdaq, a liquid public market for our common stock and warrants may not develop. The initial public offering price for our securities has been determined by negotiation between us and the underwriters based upon several factors, including prevailing market conditions, our historical performance, estimates of our business potential and earnings prospects, and the market valuations of similar companies. The price at which our securities are traded after this offering may decline below the initial public offering price, meaning that you may experience a decrease in the value of your common stock and warrants regardless of our operating performance or prospects.

***The market price of our securities may fluctuate, and you could lose all or part of your investment.***

After this offering, the market price for our securities are likely to be volatile, in part because our shares and warrants have not been traded publicly. In addition, the market price of our securities may fluctuate significantly in response to several factors, most of which we cannot control, including:

- actual or anticipated variations in our periodic operating results;
- increases in market interest rates that lead investors of our common stock and warrants to demand a higher investment return;
- changes in earnings estimates;
- changes in market valuations of similar companies;
- actions or announcements by our competitors;
- adverse market reaction to any increased indebtedness we may incur in the future;
- additions or departures of key personnel;
- actions by shareholders;
- speculation in the media, online forums, or investment community; and
- our intentions and ability to maintain the listing of our common stock and warrants on Nasdaq.

The public offering price of our securities has been determined by negotiations between us and the underwriters based upon many factors and may not be indicative of prices that will prevail following the closing of this offering. Volatility in the market price of our securities may prevent investors from being able to sell their securities at or above the initial public offering price. As a result, you may suffer a loss on your investment.

***We may not be able to maintain a listing of our common stock and warrants on Nasdaq.***

Assuming that our common stock and warrants are listed on Nasdaq, we must meet certain financial and liquidity criteria to maintain such listing. If we violate Nasdaq’s listing requirements, or if we fail to meet any of Nasdaq’s listing standards, our common stock and warrants may be delisted. In addition, our board of directors may determine that the cost of maintaining our listing on a national securities exchange outweighs the benefits of such listing. A delisting of our common stock and warrants from Nasdaq may materially impair our shareholders’ ability to buy and sell our common stock and warrants and could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock and warrants. The delisting of our common stock and warrants could significantly impair our ability to raise capital and the value of your investment.

***Our key officers and directors may own a majority of our outstanding common stock after this offering. As a result, they may have the ability to approve all matters submitted to our shareholders for approval.***

Our key officers and directors will beneficially own approximately 75% of our outstanding common stock following this offering, or approximately 72% if the underwriters exercise the over-allotment option in full, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). They therefore may have the ability to approve all matters submitted to our shareholders for approval including:

- election of our board of directors;
- removal of any of our directors;
- any amendments to our articles of incorporation or our bylaws; and
- adoption of measures that could delay or prevent a change in control or impede a merger, takeover or other business combination involving us.

In addition, this concentration of ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce the price of our securities or prevent our shareholders from realizing a premium over the prices of our securities.

***We have considerable discretion as to the use of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.***

We intend to use the proceeds from this offering to make acquisitions and obtain partnerships, invest in technology, expand our sales team and marketing efforts, and general working capital and other corporate purposes. However, we have considerable discretion in the application of the proceeds. Because of the number and variability of factors that will determine our use of our net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. You will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate or other purposes with which you do not agree or that do not improve our profitability or increase our share price. The net proceeds from this offering may also be placed in investments that do not produce income or that lose value. Please see “*Use of Proceeds*” below for more information.

***The warrants may not have any value.***

The warrants will be exercisable for five years from the date of initial issuance at an initial exercise price equal to 125% of the public offering price per unit set forth on the cover page of this prospectus. There can be no assurance that the market price of our shares of common stock will ever equal or exceed the exercise price of the warrants. In the event that the stock price of our shares of common stock does not exceed the exercise price of the warrants during the period when the warrants are exercisable, the warrants may not have any value.

***Holders of warrants purchased in this offering will have no rights as shareholders until such holders exercise their warrants and acquire our shares of common stock.***

Until holders of the warrants purchased in this offering acquire shares of common stock upon exercise thereof, such holders will have no rights with respect to the shares of common stock underlying the warrants. Upon exercise of the warrants, the holders will be entitled to exercise the rights of a shareholder only as to matters for which the record date occurs after the date they were entered in the register of members of the Company as a shareholder.

***You will experience immediate and substantial dilution as a result of this offering.***

As of June 30, 2021, our net tangible book value was approximately \$(972,224), or approximately \$(0.10) per share. Since the effective price per share of our common stock being offered in this offering is substantially higher than the net tangible book value per share of our common stock, you will suffer substantial dilution with respect to the net tangible book value of the common stock included in the units that you purchase in this offering. Based on the assumed public offering price of \$4.50 per unit being sold in this offering, which is the midpoint of the estimated offering range set forth on the cover page of this prospectus, and our net tangible book value per share as of June 30, 2021, and assuming no exercise of the warrants being offered in this offering, if you purchase units in this offering, you will suffer immediate and substantial dilution of \$.57 per share (or \$3.46 per share if the underwriters exercise the over-allotment option to purchase additional shares of common stock and warrants in full) with respect to the net tangible book value of the common stock included in the units. See the section titled “Dilution” for a more detailed discussion of the dilution you will incur if you purchase securities in this offering.

In addition, following our reincorporation in Nevada on May 24, 2021, a number of stock transfers by our Executive Chairman, Andrew Stranberg, resulted in our Chief Executive Officer, President and Director Andrew Shape, our Executive Vice President Randolph Birney, and Theseus Capital Ltd., receiving from Mr. Stranberg 3,400,000, 800,000 and 700,000 shares of our common stock, respectively. The transfers to Mr. Shape and Mr. Birney were agreed to be paid at a price per share that is equal to \$0.1985 per share, being the price of our shares as of December 31, 2020 determined through an independent valuation of the Company dated April 27, 2021, in accordance with Section 409A of the Internal Revenue Code of 1986, as amended. Each of Messrs. Shape and Birney paid the purchase price for their shares to Mr. Stranberg through the delivery to Mr. Stranberg of a promissory note. Pursuant to a different arrangement with Mr. Stranberg, Theseus paid Mr. Stranberg a nominal cash purchase price of \$100 for its 700,000 shares of stock, or approximately \$0.0001429 per share. Theseus does not have any relationship with the Company other than as a shareholder after the transfer by Mr. Stranberg, and its payment for Mr. Stranberg’s stock was made to Mr. Stranberg and not to the Company.

In addition, we plan to grant restricted stock to certain employees and directors of the Company totaling approximately 73,667 shares for no consideration and options to purchase up to approximately 1,337,500 shares at an exercise price equal to the offering price of the shares in this offering, or \$4.50 per share, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus), as soon as possible after the consummation of this offering. The weighted average price per share for these share transfers and grants will be approximately \$1.09. The dilutive effect of these share transfers and grants on the value of the shares included in the units may therefore be substantial.

***We have negative working capital.***

Our net working capital (current assets less current liabilities) was a negative \$390,220 at June 30, 2021 compared to a positive working capital of \$1,272,930 at December 31, 2020. Additionally, any significant declines in our revenues could result in decreases in our working capital, which would further reduce our cash balances. Our failure to generate sufficient revenues or profits or to obtain additional financing or raise additional capital could have a material adverse effect on our operations and on our ability to meet our obligations as they become due. The occurrence of any of the foregoing risks would have a material adverse effect on our financial results, business and prospects.

***A recent independent valuation of our stock and recent stock purchase prices are lower than the purchase price in this offering, which means that our securities may be worth less than the purchase price.***

The per unit purchase price of our units in this offering has been arbitrarily determined by us without regard to an independent valuation of the common stock or warrants included in the units being offered in this offering. On May 24, 2021, our Executive Chairman, Andrew Stranberg, transferred 3,400,000, 800,000 and 700,000 shares of our common stock to our Chief Executive Officer, President and Director Andrew Shape, our Executive Vice President Randolph Birney, and Theseus Capital Ltd., respectively. The price per share in the transfers of our common stock by Mr. Stranberg to Mr. Shape and Mr. Birney was \$0.1985 per share, being the value of our shares as of December 31, 2020 determined through an independent valuation of the Company dated April 27, 2021, in accordance with Section 409A of the Internal Revenue Code of 1986, as amended. The aggregate purchase price of \$100 paid by Theseus was nominal and was pursuant to a different arrangement with Mr. Stranberg. Theseus does not have any relationship with the Company other than as a shareholder after the transfer by Mr. Stranberg, and its payment for Mr. Stranberg’s stock was made to Mr. Stranberg and not to the Company. None of these purchase prices was based on the perceived current market value, book value, or other established criteria and has no relationship to the price per unit in this offering. We did not obtain an independent appraisal opinion on the valuation of our units as of the date of this offering. Accordingly, our units may have a value significantly less than the offering price, and our common stock and warrants included in the units may never obtain a value equal to or greater than the offering price.

#### **Risks Related to our Common Stock and Warrants**

***We do not expect to declare or pay dividends in the foreseeable future.***

We do not expect to declare or pay dividends in the foreseeable future, as we anticipate that we will invest future earnings in the development and growth of our business. Therefore, holders of our common stock included in the units being offered in this offering will not receive any return on their investment unless they sell their securities, and holders may be unable to sell their securities on favorable terms or at all.

***If securities industry analysts do not publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our securities could be negatively affected.***

Any trading market for our common stock and warrants may be influenced in part by any research reports that securities industry analysts publish about us. We do not currently have and may never obtain research coverage by securities industry analysts. If no securities industry analysts commence coverage of us, the market price and market trading volume of our securities could be negatively affected. In the event we are covered by analysts, and one or more of such analysts downgrade our securities, or otherwise reports on us unfavorably, or discontinues coverage of us, the market price and market trading volume of our securities could be negatively affected.

***Future issuances of our common stock or securities convertible into, or exercisable or exchangeable for, our common stock, or the expiration of lock-up agreements that restrict the issuance of new common stock or the trading of outstanding common stock, could cause the market price of our securities to decline and would result in the dilution of your holdings.***

Future issuances of our common stock or securities convertible into, or exercisable or exchangeable for, our common stock, or the expiration of lock-up agreements that restrict the issuance of new common stock or the trading of outstanding common stock, could cause the market price of our common stock to decline. We cannot predict the effect, if any, of future issuances of our securities, or the future expirations of lock-up agreements, on the price of our securities. In all events, future issuances of our securities would result in the dilution of your holdings. In addition, the perception that new issuances of our securities could occur, or the perception that locked-up parties will sell their securities when the lock-ups expire, could adversely affect the market price of our securities. In connection with this offering, we will enter into a lock-up agreement that prevents us, subject to certain exceptions, from offering additional shares of capital stock for up to six months after the closing of this offering, as further described in the section titled “Underwriting.” In addition to any adverse effects that may arise upon the expiration of these lock-up agreements, the lock-up provisions in these agreements may

be waived, at any time and without notice. If the restrictions under the lock-up agreements are waived, our securities may become available for resale, subject to applicable law, including without notice, which could reduce the market price for our common stock.

***Future issuances of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future issuances of preferred stock, which could rank senior to our common stock for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our securities.***

In the future, we may attempt to increase our capital resources by offering debt securities. Upon bankruptcy or liquidation, holders of our debt securities, and lenders with respect to other borrowings we may make, would receive distributions of our available assets prior to any distributions being made to holders of our common stock. Moreover, if we issue preferred stock, the holders of such preferred stock could be entitled to preferences over holders of common stock in respect of the payment of dividends and the payment of liquidating distributions. Because our decision to issue debt or preferred stock in any future offering, or borrow money from lenders, will depend in part on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any such future offerings or borrowings. Holders of our securities must bear the risk that any future offerings we conduct or borrowings we make may adversely affect the level of return, if any, they may be able to achieve from an investment in our securities.

***We are authorized to issue “blank check” preferred stock without stockholder approval, which could adversely impact the rights of holders of our securities.***

Our articles of incorporation authorize us to issue up to 50,000,000 shares of blank check preferred stock. Any preferred stock that we issue in the future may rank ahead of our securities in terms of dividend priority or liquidation premiums and may have greater voting rights than our securities. In addition, such preferred stock may contain provisions allowing those shares to be converted into shares of common stock, which could dilute the value of our securities to current stockholders and could adversely affect the market price, if any, of our securities. In addition, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of our company. Although we have no present intention to issue any shares of authorized preferred stock, there can be no assurance that we will not do so in the future.

***If our securities become subject to the penny stock rules, it would become more difficult to trade our shares.***

The Securities and Exchange Commission, or the SEC, has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain a listing on Nasdaq or another national securities exchange and if the price of our securities is less than \$5.00, our securities could be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our securities, and therefore shareholders may have difficulty selling their securities.

***We will be subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not emerging growth companies and our shareholders could receive less information than they might expect to receive from more mature public companies.***

Upon the completion of this offering, we will be required to publicly report on an ongoing basis as an “emerging growth company” (as defined in the JOBS Act) under the reporting rules set forth under the Exchange Act. For so long as we remain an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other Exchange Act reporting companies that are not emerging growth companies, including but not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;

- being permitted to comply with reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and
- being exempt from the requirement to hold a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

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

We expect to take advantage of these reporting exemptions until we are no longer an emerging growth company. We would remain an emerging growth company for up to five years, although if the market value of our securities that is held by non-affiliates exceeds \$700 million as of any June 30 before that time, we would cease to be an emerging growth company as of the following December 31.

Because we will be subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not emerging growth companies, our shareholders could receive less information than they might expect to receive from more mature public companies. We cannot predict if investors will find our securities less attractive if we elect to rely on these exemptions, or if taking advantage of these exemptions would result in less active trading or more volatility in the price of our securities.

#### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to us. All statements other than statements of historical facts are forward-looking statements. The forward-looking statements are contained principally in, but not limited to, the sections entitled

“Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- expected changes in our revenue, costs or expenditures;
- growth of and competition trends in our industry;
- our expectations regarding demand for, and market acceptance of, our products;
- our expectations regarding our relationships with investors, institutional funding partners and other parties with whom we collaborate;
- our expectation regarding the use of proceeds from this offering;
- fluctuations in general economic and business conditions in the markets in which we operate; and
- relevant government policies and regulations relating to our industry.

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

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Although we will become a public company after this offering and have ongoing disclosure obligations under United States federal securities laws, we do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise.

#### USE OF PROCEEDS

After deducting the estimated underwriters’ discounts and commissions and offering expenses payable by us, we expect to receive net proceeds of approximately \$13,329,969.85 from this offering (or approximately \$15,388,719.85 if the underwriters exercise the over-allotment option in full), based on an assumed public offering price of \$4.50 per share, which is the midpoint of the estimated offering range set forth on the cover page of this prospectus.

We plan to use the net proceeds of this offering as follows:

- 25% of the net proceeds (approximately \$3.3 million without the over-allotment option, or approximately \$3.8 million with the over-allotment option) for acquisitions and partnerships (although no such acquisition target has yet been identified), particularly with the following attributes:
  - Geographic balance, with a focus on acquiring a company in the branded merchandise space based in the Western United States (including Texas, California, Colorado, Oregon, or Washington state) in the \$5-10 million revenue range;
  - Smaller promotional companies in the \$2-5 million revenue range who lack the programmatic capabilities but have a minimum of 30% gross margins and comparable or improved profitability; and
  - Businesses with complimentary offerings to increase Stran’s portfolio of services and depth of expertise in these additional industries: Packaging; Loyalty & Incentive; Decorators (for screen printer, embroidery, direct-to-garment, rub-on transfers, etc.); and Event/Tradeshaw Services;
- 20% of the net proceeds (approximately \$2.7 million without the over-allotment option, or approximately \$3.1 million with the over-allotment option) for investments in technology and expanding corporate infrastructure;
- 15% of the net proceeds (approximately \$2.0 million without the over-allotment option, or approximately \$2.3 million with the over-allotment option) for expansion of our sales team and marketing efforts; and
- 40% of the net proceeds (approximately \$5.3 million without the over-allotment option, or approximately \$6.2 million with the over-allotment option) for general working capital and other corporate purposes.

The foregoing represents our current intentions to use and allocate the net proceeds of this offering based upon our present plans and business conditions. Our management, however, will have broad discretion in the way that we use the net proceeds of this offering. Pending the final application of the net proceeds of this offering, we intend to invest the net proceeds of this offering in short-term, interest-bearing, investment-grade securities. See “Risk Factors—Risks Related to This Offering and Ownership of Our Securities—We have considerable discretion as to the use of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.”

#### DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any cash dividends on our common stock in the near future. We may also enter into credit agreements or other borrowing arrangements in

the future that will restrict our ability to declare or pay cash dividends on our common stock. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, contractual restrictions, general business conditions and other factors that our board of directors may deem relevant. See also “Risk Factors—Risks Related to This Offering and Ownership of Our Securities—We do not expect to declare or pay dividends in the foreseeable future.”

## CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2021:

- on an actual basis;
- on a pro forma basis to give effect to the increase in authorized stock, change in par value and forward split that was completed on May 24, 2021;
- on a pro forma basis to reflect the sale of 3,333,333 shares by us in this offering at an assumed price to the public of \$4.50 per share, which is the midpoint of the estimated offering range set forth on the cover page of this prospectus, resulting in net proceeds to us of \$13,329,969.85 after deducting (i) underwriter commissions and non-accountable expenses of \$1,275,000.00 and (ii) our estimated other offering expenses of \$395,030.15; and
- on a pro forma basis to reflect the sale of 3,833,333 shares by us in this offering, assuming the underwriters elect to exercise the over-allotment option in full, at an assumed price to the public of \$4.50 per share, which is the midpoint of the estimated offering range set forth on the cover page of this prospectus, resulting in net proceeds to us of \$15,388,719.85 after deducting (i) underwriter commissions and non-accountable expenses of \$1,466,250.00 and (ii) our estimated other offering expenses of \$395,030.15. The table below assumes no exercise by the underwriters of their option to purchase additional shares of common stock and/or warrants from us and no exercise of the warrants included in the units.

The pro forma information below is illustrative only and our capitalization following the completion of this offering is subject to adjustment based on the initial public offering price of our units and other terms of this offering determined at pricing. You should read this table together with our financial statements and the related notes included elsewhere in this prospectus and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	<b>As of June 30, 2021:</b> <b>(unaudited)</b>			
	<b>Actual</b>	<b>Pro Forma</b>	<b>Post-Offering Pro Forma without Over- Allotment Option</b>	<b>Post-Offering Pro Forma with Over-Allotment Option</b>
Cash and cash equivalents	\$ 234,540	\$ 234,540	\$ 13,564,509.85	\$ 15,623,259.85
Long-term liabilities:				
Long-Term Debt, Net of Current Portion	\$ 146,042	\$ 146,042	\$ 146,042	\$ 146,042
Long-Term Wildman Contingent Earn-Out Liability	1,426,573	1,426,573	1,426,573	1,426,573
Long-Term Obligation under Right of Use Asset – Office Leases	\$ 942,728	\$ 942,728	\$ 942,728	\$ 942,728
Total long-term liabilities	2,515,343	2,515,343	2,515,343	2,515,343
Total liabilities	\$ 12,913,369	\$ 12,913,369	\$ 12,913,369	\$ 12,913,369
Shareholders’ equity (deficit):				
Preferred stock, none authorized or issued and outstanding on an actual basis; \$0.0001 par value, 50,000,000 shares authorized and no shares issued and outstanding on a pro forma basis (prior to this offering)				
Common stock, \$0.50 par value, 200,000 (pre-split) shares authorized and 100 (pre-split) shares issued and outstanding on an actual basis; \$0.0001 par value, 300,000,000 shares authorized and 10,000,000 shares issued and outstanding on a pro forma basis (prior to this offering)	100	100	433	483
Retained Earnings	1,168,681	1,168,681	1,168,681	1,168,681
Total shareholders’ equity (deficit)	1,168,781	1,168,781	14,498,750.85	16,557,500.85
Total liabilities and shareholders’ equity	<u>\$ 14,082,150</u>	<u>\$ 14,082,150</u>	<u>\$ 27,412,119.85</u>	<u>\$ 29,470,869.85</u>

Each \$1.00 increase or decrease in the assumed offering price per share of \$4.50, assuming no change in the number of shares to be sold, would increase or decrease the net proceeds that we receive in this offering and each of total shareholders’ equity and total capitalization by approximately \$2.0 million (or \$2.2 million if the underwriters exercise the over-allotment option in full), after deducting (i) estimated underwriter commissions and (ii) offering expenses, in each case, payable by us.

The table above excludes the following shares:

- approximately 1,337,500 total shares of common stock issuable upon the exercise of options which we intend to grant to our employees and directors under the Plan, pursuant to a Registration Statement on Form S-8 to be filed immediately after the consummation of this offering, at an exercise price equal to the offering price of the shares in this offering, or \$4.50 per share, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus);
- approximately 73,667 total shares of restricted common stock which we intend to grant to our employees and directors under the Plan pursuant to a Registration Statement on Form S-8 to be filed immediately after the consummation of this offering;
- 3,000,000 shares of common stock that are reserved for issuance under the Plan, which is inclusive of the approximately 1,337,500 shares issuable upon the exercise of options and 73,667 restricted common shares referred to above that will be issued under the Plan;



- up to 3,333,333 shares of common stock issuable upon exercise of warrants included in the units being offered in this offering; and
- up to 100,000 shares of common stock issuable upon exercise of the representative's warrants issued in connection with this offering.

## DILUTION

Dilution in net tangible book value per share to new investors in our securities, assuming no value is attributed to the related warrants, is the amount by which the offering price paid by the purchasers of the shares of our common stock included in the unit sold in this offering exceeds the pro forma net tangible book value per share of common stock immediately after this offering. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of common stock deemed to be outstanding at that date.

The net tangible book value of our common stock as of June 30, 2021 was approximately \$(972,224), or approximately \$(0.10) per share.

Pro forma as adjusted net tangible book value dilution per share included in the unit to new investors represents the difference between the amount per share included in the unit paid by purchasers of units in this offering and the pro forma as adjusted net tangible book value per share of our common stock immediately after completion of this offering. Investors participating in this offering will incur immediate, substantial dilution. After giving effect to our sale of 3,333,333 units of our common stock in this offering at an assumed initial public offering price of \$4.50 per unit, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses, and assuming no exercise of the warrants contained in the units to be sold in this offering, our pro forma as adjusted net tangible book value as of June 30, 2021 would have been approximately \$12,357,745.85, or approximately \$0.93 per share. This amount represents an immediate increase in pro forma net tangible book value of \$1.03 per share to existing shareholders and an immediate dilution in pro forma net tangible book value of \$3.57 per share to purchasers of our common stock in this offering, as illustrated in the following table.

Assumed initial public offering price per unit	\$	4.50
Net tangible book value per share at June 30, 2021	\$	(0.10)
Pro forma net tangible book value per share after this offering	\$	0.93
Increase in net tangible book value per share to the existing shareholders	\$	1.03
Dilution in net tangible book value per share to new investors in this offering	\$	3.57

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value per share of our common stock, as adjusted to give effect to this offering, would be \$1.04 per share, and the dilution in pro forma net tangible book value per share to new investors purchasing units in this offering would be \$3.46 per share.

The following table sets forth, assuming the sale of 3,333,333 shares of our common stock in this offering, as of June 30, 2021, the total number of shares of common stock previously issued and sold by us to existing investors, the total consideration paid for the foregoing and the average price per unit, before deducting estimated underwriter commissions and offering expenses (assuming no exercise of the over-allotment option to purchase additional shares of common stock and warrants and assuming no exercise of the representative's warrants), in each case payable by us. As the table shows, new investors purchasing shares of our common stock in this offering may in certain circumstances pay an average price per share substantially higher than the average price per share paid by our existing shareholders.

	Shares Purchased		Total Consideration		Average
	Number	Percent	Amount	Percent	Price Per Share
Existing shareholders <sup>(1)</sup>	10,000,000	75%	-	-	-
New investors	3,333,333	15%	\$ 15,000,000	100.00%	\$ 4.50
<b>Total</b>	<b>13,333,333</b>	<b>100%</b>	<b>\$ 15,000,000</b>	<b>100.00%</b>	<b>\$ 4.50</b>

(1) As of the date of this prospectus, we have issued new shares only to our founder and Executive Chairman, Andrew Stranberg. Prior to May 24, 2021, our sole shareholder, our Executive Chairman, Andrew Stranberg, held 100 shares of common stock for which he paid no or nominal consideration. On May 24, 2021, among other corporate changes, we completed a 100,000-for-1 forward stock split of our outstanding common stock through our reincorporation merger in Nevada. As a result of this stock split, our issued and outstanding common stock increased from 100 shares to 10,000,000 shares, all of which were then held by Mr. Stranberg. Following our reincorporation, on May 24, 2021, a number of stock transfers by our Executive Chairman, Andrew Stranberg, resulted in our Chief Executive Officer, President and Director, Andrew Shape, our Executive Vice President, Randolph Birney, and Theseus Capital Ltd., receiving from Mr. Stranberg 3,400,000, 800,000 and 700,000 shares of our common stock, respectively. The transfers to Mr. Shape and Mr. Birney were agreed to be paid at a price per share that is equal to \$0.1985 per share, being the price of our shares as of December 31, 2020 determined through an independent valuation of the Company dated April 27, 2021, in accordance with Section 409A of the Internal Revenue Code of 1986, as amended. Each of Messrs. Shape and Birney paid the purchase price for their shares to Mr. Stranberg through the delivery to Mr. Stranberg of a promissory note. Pursuant to a different arrangement with Mr. Stranberg, Theseus paid Mr. Stranberg a nominal cash purchase price of \$100 for its stock. Theseus does not have any relationship with the Company other than as a shareholder after the transfer by Mr. Stranberg, and its payment for Mr. Stranberg's stock was made to Mr. Stranberg and not to the Company. For a complete description of these transactions, please see "Corporate History and Structure".

The table above excludes the following shares:

- approximately 1,337,500 total shares of common stock issuable upon the exercise of options which we intend to grant to our employees and directors under the Plan, pursuant to a Registration Statement on Form S-8 to be filed immediately after the consummation of this offering, at an exercise price equal to the offering price of the shares in this offering, or \$4.50 per share, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus);
- approximately 73,667 total shares of restricted common stock which we intend to grant to our employees and directors under the Plan pursuant to a Registration Statement on Form S-8 to be filed immediately after the consummation of this offering;
- 3,000,000 shares of common stock that are reserved for issuance under the Plan, which is inclusive of the approximately 1,337,500 shares issuable upon the exercise of options and 73,667 restricted common shares referred to above that will be issued under the Plan;
- up to 3,333,333 shares of common stock issuable upon exercise of warrants included in the units being offered in this offering; and

- up to 100,000 shares of common stock issuable upon exercise of the representative's warrants issued in connection with this offering.

To the extent that any outstanding options or warrants are exercised, new options, restricted stock units or other securities are issued under our stock-based compensation plans, or new shares of preferred stock are issued, or we issue additional shares of common stock or warrants in the future, there will be further dilution to investors participating in this offering.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis summarizes the significant factors affecting our operating results, financial condition, liquidity and cash flows of our company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with our financial statements and the related notes thereto included elsewhere in this prospectus. The discussion contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly in the sections titled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements".*

### Overview

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

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

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

The majority of our revenue is derived from program business, although only a small percentage of our customers are considered programmatic. For the years 2019 and 2020, program clients accounted for 70.2% and 77.6% of total revenue, respectively. For the six months ended June 30, 2020 and 2021, program clients accounted for 79.3% and 68.2% of total revenue, respectively. Less than 350 of our more than 2,000 active customers are considered to be program clients. With a larger sales force and other resources, we believe we can convert more of our customer base from transactional customers into program clients with much greater revenue potential. We define transactional customers as customers that place an order with us and do not have an agreement with us covering ongoing branding requirements. We define program clients as clients that have a contractual obligation for specific ongoing branding needs. Program offerings include ongoing inventory, use of technology platform, warehousing, creative services, and additional client support. Those program customers are geared towards longer-lasting relationships that helps secure recurring revenue well into the future.

Our sales declined 19.8% year-over-year in the first six months of 2021 compared to the first six months of 2020 due to 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 in 2021 as a result of the COVID-19 pandemic. Nevertheless, we expect that by the fourth quarter of 2021 that pent-up demand from more widespread immunity to the COVID-19 virus and societal reopening will help compensate for lower sales during the first two quarters of 2021. However, this will be partially offset by increases in expenses, especially higher freight charges, raw material costs and a more challenging supply chain such as port congestion. According to a global pricing index by London-based Drewry Shipping Consultants Ltd, the average price worldwide to ship a 40-foot shipping container has more than quadrupled from July 2020 to July 2021. According to Denmark-based shipping research group Sea-Intelligence ApS, a "staggering" 695 ships were more than a week late in arrivals at U.S. West Coast ports in the first five months of 2021. That compares with 1,535 such late arrivals during the entire period from 2012 to 2020, the group said. According to the U.S. Bureau of Labor Statistics, the Producer Price Index, on an unadjusted basis, the final demand index moved up 7.8 percent for the 12 months ended in July 2021, the largest advance since 12-month data were first calculated in November 2010.

We have also noted that some of our customers have indicated that a greater number of their employees work from home than in past periods. We believe this increase may be partially a result of the relatively new risk to office work from the COVID-19 pandemic, and that this trend may continue due to the growing spread of the more contagious Delta variant of the COVID-19 virus. In addition, many customers appear to be continuing to shift their promotional marketing efforts from in-person events and meetings towards a more targeted approach that includes direct mail, kits, and personalized products. For example, instead of traditional holiday parties, many customers have indicated that they are planning on using at least some of their holiday party budgets to promote employee recognition and engagement by sending gifts and promotional items to those employees. As a result, we have been, and expect to continue to, drop-ship more materials directly to people at their homes than in periods before the advent of the COVID-19 pandemic. We expect that this trend will continue to yield increased freight service fees and fulfillment revenue as well as associated costs.

For additional discussion, see "Impact of COVID-19 Pandemic" below.

As of June 30, 2021, we had \$14.1 million of total assets with \$1.2 million of total shareholder equity.

### Recent Developments

On May 24, 2021, we changed our state of incorporation to the State of Nevada by merging into Stran & Company, Inc., a Nevada corporation, and changed the spelling of our name to "Stran & Company, Inc." On the same date, our authorized capital stock changed from 200,000 shares of common stock, \$0.01 par value, to 350,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.0001 per share, and 50,000,000 shares of "blank check" preferred stock, par value \$0.0001 per share. At the same time, we also completed a 100,000-for-1 forward stock split of our outstanding common stock through the merger by issuing 100,000 shares of our common stock for each previously outstanding share of common stock of our predecessor Massachusetts company. As a result of this stock split, our issued and outstanding common stock increased from 100 shares to 10,000,000 shares, all of which were then held by our Executive Chairman, Andrew Stranberg. Following our reincorporation in Nevada, on May 24, 2021, a number of stock transfers by Mr. Stranberg resulted in Mr. Stranberg, Andrew Shape, our Chief Executive Officer, President and Director, Randolph Birney, our Executive Vice President, and Theseus Capital Ltd., owning 5,100,000, 3,400,000, 800,000 and 700,000 shares of our common stock, respectively. The transfers to Mr. Shape and Mr. Birney were agreed to be paid at a price per share that is equal to \$0.1985 per share, being the price of our shares as of December 31, 2020 determined through an independent valuation of the Company dated April 27, 2021, in accordance with Section 409A of the Internal Revenue Code of 1986, as amended. Each of Messrs. Shape and

Birney paid the purchase price for their shares to Mr. Stranberg through the delivery to Mr. Stranberg of a promissory note. Pursuant to a different arrangement with Mr. Stranberg, Theseus paid Mr. Stranberg a nominal cash purchase price of \$100 for its stock. Theseus also executed an irrevocable proxy providing that Mr. Stranberg may vote and exercise all voting and related rights with respect to the shares. The irrevocable proxy will automatically terminate with respect to any shares that Theseus sells in a transaction or series of transactions on any national securities exchange or other trading market on which the shares then trade. Theseus does not have any relationship with the Company other than as a shareholder after the transfer by Mr. Stranberg, and its payment for Mr. Stranberg's stock was made to Mr. Stranberg and not to the Company. These share transfers are subject to certain repurchase and lockup conditions. Please see "*Corporate History and Structure*" in this prospectus.

We plan to file a Registration Statement on Form S-8 immediately after the consummation of this offering to register restricted stock and options to purchase stock issuable to certain of our executive officers, directors and employees pursuant to our 2021 Equity Incentive Plan. We plan to grant options to purchase a total of approximately 1,337,500 shares of our common stock and 73,667 shares of restricted stock, of which approximately 383,500 of the options to purchase common stock and 43,000 of the restricted shares will be granted to approximately 59 non-executive employees, an aggregate of 20,000 of the restricted shares and 134,000 options will be granted to two executive officers, and a total of 10,667 of the restricted shares and 20,000 options will be granted to our director nominees, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). The options will have an exercise price equal to the price per share at which our common stock is being sold in this offering, and a term of ten years. 10,000 of the restricted shares and approximately 458,000 options will both be subject to vesting over a three (3) year period with one-third (1/3) of the restricted stock and options vesting on each of the first, second and third anniversaries of the date of grant. Another 10,000 restricted shares and 81,000 options will be subject to vesting over a two (2) year period with one-third (1/3) vesting upon date of grant and the remainder (sixty-seven percent (67%)) vesting monthly over the following two (2) years at a rate of 1/24 per month. Options to be granted to certain of our executive officers and directors, which in aggregate will be exercisable to purchase 800,000 shares, will vest over a four-year period with 25% of the options vesting on the first anniversary of the date of grant and the balance of the options (75%) vesting monthly over the following three years after the first anniversary of the date of grant at a rate of 1/36 per month. Our director nominees' options will vest in twelve (12) equal monthly installments over the first year following the date of grant, subject to continued service, and their restricted shares will vest in four (4) equal quarterly installments commencing in the first quarter following the effectiveness date of the registration statement of which this prospectus forms a part. The restricted stock and option grants will be treated as employee compensation for accounting purposes and will be reported as compensation expense based on the fair value of the stock on the grant date allocated over the service period. Please see "*Corporate History and Structure*" and "*Executive Compensation – Employment Agreements*" in this prospectus. For more information regarding determinations of the fair value of equity interests as components of equity compensation, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Stock-Based Compensation*".

Since 2018 we have also borrowed funds from Mr. Stranberg during periods when Mr. Stranberg did not already owe funds to us. The loans are unsecured, non-interest bearing, and there is no formal repayment plan. At December 31, 2020, 2019 and 2018, the amounts due to Mr. Stranberg were \$0, \$38,207 and \$2,097, respectively. In September 2021, Mr. Stranberg loaned us \$500,000 on the same unsecured, non-interest bearing basis with no formal repayment plan.

### **Impact of COVID-19 Pandemic**

The current global pandemic of a novel strain of coronavirus, or COVID-19, and the global measures taken to combat it, have had, and may in the future continue to have, an adverse effect on our business. Public health authorities and governments at local, national and international levels have announced various measures to respond to the pandemic. Some measures that directly or indirectly impact our business include voluntary or mandatory quarantines, restrictions on travel and limiting gatherings of people in public places.

We believe that the COVID-19 pandemic has impacted Stran's operational and financial performance. Our sales declined 19.8% year-over-year during the first six months of 2021 compared to the same period of the prior year. The decrease was primarily due to 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 in 2021 as a result of the COVID-19 pandemic. The U.S. Census program contributed \$8.0 million of sales, or 39.6% of total sales, for the six months ended June 30, 2020 compared to less than \$2,000 of sales, or 0.0% of total sales, for the six months ended June 30, 2021. Additionally, sales of personal protective equipment totaled \$2.1 million for the six months ended June 30, 2020 compared to less than \$105,000 for the six months ended June 30, 2021. As has been typical for other firms in the promotional products industry, from March 2020 and into 2021 operational and supply chain disruptions combined with decreased demand for promotional products to cause sharp reductions in sales opportunities. We believe that relevant factors included businesses not being fully opened, a lack of in-person events, and decreased marketing budgets leading to decreased demand for promotional products and services such as ours. Although we were able to capitalize on the demand for personal protective equipment such as masks, hand sanitizer, and gowns, these sales are not expected to fully offset the overall decreased demand for promotional products.

We have responded to the challenges resulting from the COVID-19 pandemic by developing a clear company-wide strategy and sticking to our hardworking culture and core value of delivering creative merchandise solutions that effectively promote brands. We continue to focus on our core group of customers while providing additional value-added services, including our e-commerce platform for order processing, warehousing and fulfillment functions, and propose alternative product offerings based on their unique needs. We also continue to solicit and market ourselves to long-term prospects that have shown interest in Stran. We have remained committed to being a high-touch customer-focused company that provides our customers with more than just products. Below are some of the specific ways we have responded to the current pandemic:

- Adhered to all state and federal social distancing requirements while prioritizing health and safety for our employees. We allow team members to work remotely, allowing us to continue providing uninterrupted sales and service to our customers throughout the year.
- Emphasized and established cost savings initiatives, cost control processes, and cash conservation to preserve liquidity.
- Explored acquisition opportunities and executed the acquisition of the customer base of Wildman Imprints with historical revenue exceeding \$10 million annually.
- Retained key customers through constant communication, making proactive product or program suggestions, driving program efficiencies, and delivering value-added solutions to help them market themselves more effectively.
- Concentrated and succeeded in earning business from clients in specific verticals that have spent more during the pandemic including customers in the entertainment, beverage, retail, consumer packaged goods, and cannabis industries.
- Retained key employees by continuing to provide them with competitive compensation and the tools required to be successful in their jobs.
- Successfully applied for and received PPP loans and government assistance.
- Refocused our marketing activities on more client-specific revenue generating activities that reduced spend while remaining effective.

We believe that we have seen encouraging signs of recovery from the effects of the COVID-19 pandemic. There has been a significant increase in the amount of requests for proposal and other customer inquiries beginning in the first quarter of 2021, which leads us to believe that companies are starting to prepare to spend at previous or increased levels. We expect that by the fourth quarter of 2021 there will be a significant amount of pent-up demand that may compensate for slower earlier numbers in the year.

We believe that we have fully complied with all state and local requirements relating to COVID-19. As described above, we have undertaken various measures in an effort to mitigate the spread of COVID-19, including encouraging employees to work remotely if possible. We also have enacted business continuity plans, which may make maintaining

our normal level of corporate operations, quality controls and internal controls difficult. Moreover, the COVID-19 pandemic may cause temporary or long-term disruptions in our supply chains and/or delays in the delivery of our inventory. Further, the COVID-19 pandemic and mitigation efforts may also adversely affect our customers' financial condition, resulting in reduced spending for the products we sell.

As events are rapidly changing, we do not know how long the COVID-19 pandemic and the measures that have been introduced to respond to it will disrupt our operations or the full extent of that disruption. Further, once we are able to restart normal business hours and operations doing so may take time and will involve costs and uncertainty. We also cannot predict how long the effects of the COVID-19 pandemic and the efforts to contain it could continue to impact our business after the pandemic is under control. Governments could take additional restrictive measures to combat the pandemic that could further impact our business or the economy in the geographies in which we operate. We believe it is also possible that the impact of the pandemic and response on our suppliers, customers and markets will persist for some time after governments ease their restrictions. These measures have negatively impacted, and may continue to impact, our business and financial condition as the responses to control COVID-19 continue.

The extent to which the pandemic may continue to impact our results will depend on future developments, which are highly uncertain and cannot be predicted as of the date of this prospectus, including new information that may emerge concerning the severity of the pandemic and steps taken to contain the pandemic or treat its impact, among others. Nevertheless, the pandemic and the current financial, economic and capital markets environment, and future developments in the global supply chain and other areas present material uncertainty and risk with respect to our performance, financial condition, results of operations and cash flows. See also "Risk Factors" above.

## Principal Factors Affecting Our Financial Performance

Our operating results are primarily affected by the following factors:

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

## Emerging Growth Company

We qualify as an "emerging growth company" under the JOBS Act. As a result, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. For so long as we are an emerging growth company, we will not be required to:

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

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

We will remain an emerging growth company for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our total annual gross revenues exceed \$1.07 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our securities that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period.

## Results of Operations

### Comparison of Six Months Ended June 30, 2021 and 2020

Consolidated Operations Data	Six Months Ended	
	June 30, 2021	June 30, 2020
Sales	\$ 16,127,392	\$ 20,098,656
Cost of Sales:		
Purchases	10,073,333	12,647,566
Freight	1,617,644	899,470
Total Cost of Sales	11,690,977	13,547,036

Gross Profit	4,436,415	6,551,620
Operating Expenses:		
Bad Debt Expense	82,045	15,899
General and Administrative Expenses	5,561,986	4,620,165
Total Operating Expenses	5,644,031	4,636,064
Earnings (Loss) from Operations	(1,207,616)	1,915,556
Other Income and (Expense):		
Interest Expense	(39,806)	(41,619)
Interest Income	-	-
Other Income	770,062	10,000
Total Other Income and (Expense)	730,256	(31,619)
Earnings (Loss) Before Income Taxes	(477,360)	1,883,937
Income Taxes:		
Current		
State	76,338	29,575
Federal	33,551	75,984
Total Current Income Taxes	109,889	105,559
Deferred Income Taxes		
State	(34,000)	-
Federal	(94,275)	-
Total Deferred Income Taxes	(128,275)	-
Net Earnings (Loss)	(458,974)	1,778,378
Retained Earnings, Beginning	1,627,655	598,533
Retained Earnings, Ending	1,168,681	2,376,911

### Sales

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

Our sales decreased 19.8% from \$20.1 million for the six months ended June 30, 2020 to \$16.1 million for the six months ended June 30, 2021. The decrease was primarily due to 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 in 2021 as a result of the COVID-19 pandemic. The U.S. Census program contributed \$8.0 million of sales, or 39.6% of total sales, for the six months ended June 30, 2020 compared to less than \$2,000 of sales, or 0.0% of total sales, for the six months ended June 30, 2021. Additionally, sales of personal protective equipment totaled \$2.1 million for the six months ended June 30, 2020 compared to less than \$105,000 for the six months ended June 30, 2021. However, these decreases in sales were partially offset by the acquisition of the Wildman Imprints assets, which generated \$4.4 million of sales for the six months ended June 30, 2021 compared to \$0 sales in the six months ended June 30, 2020. Our organic sales, defined as those sales excluding the U.S. Census program, revenue from the Wildman Imprints asset acquisition, and personal protective equipment, increased 16.4%, or \$1.6 million, from \$10.0 million in the six months ended June 30, 2020 to \$11.7 million in the six months ended June 30, 2021. Further, investors may not rely on these results as indicative of future revenue growth, as discussed further under “Risk Factors - Risks Related to Our Business and Industry - There is a risk of dependence on one or a group of customers or market expectations of unsustainable growth.”

### Cost of Sales

Cost of sales consists of the costs of purchasing inventory and freight charges. Our total cost of sales decreased 13.7% from \$13.5 million for the six months ended June 30, 2020 to \$11.7 million for the six months ended June 30, 2021. More specifically, cost of purchases decreased from \$12.6 million in the six months ended June 30, 2020 to \$10.1 million in the six months ended June 30, 2021, or 20.4%, while freight costs increased from \$0.9 million in the six months ended June 30, 2020 to \$1.6 million in the six months ended June 30, 2021, or 79.8%. The decrease in cost of purchases was primarily due to a decrease in sales of 19.8% during that same period, while the increase in freight costs was primarily due to a general increase in freight costs, both domestic and international, we believe as a result of the COVID-19 pandemic.

### Operating Expenses

Operating expenses consist of bad debt expense and general and administrative expenses. Our operating expenses increased 21.7%, or \$1.0 million, to \$5.6 million for the six months ended June 30, 2021 compared to \$4.6 million for the six months ended June 30, 2020. This increase was primarily due to an increase in general and administrative expenses of \$0.9 million, or 20.4%, from \$4.6 million in the six months ended June 30, 2020 to \$5.6 million in the six months ended June 30, 2021, which in turn was primarily due to additional expenses related to the acquisition of the Wildman Imprint assets and organic growth in our business.

### Other Income and Expense

Other income and expense consists of interest expense, interest income and other income. During the first six months of 2020 and 2021, we had interest expense and other income. Our interest expense decreased \$1,813 from \$41,619 in the six months ended June 30, 2020 to \$39,806 in the six months ended June 30, 2021, or 4.4%. This decrease was primarily due to a decrease in borrowings on our bank’s line of credit. Our other income increased \$0.76 million from \$0.01 million in the six months ended June 30, 2020 to \$0.77 million in the six months ended June 30, 2021, or 7,600.6%. This increase was primarily due to the forgiveness of the Company’s Payment Protection Program (“PPP”) PPP loan.

### Income Taxes

Our effective income tax rate was (3.9)% and 5.6% for the six months ended June 30, 2021 and 2020, respectively. For the six months ended June 30, 2021, our effective income tax rate was 23.0% and (26.9)% for current and deferred taxes, respectively. For the six months ended June 30, 2020, our effective tax rate was 5.6% for current taxes. The decrease in the effective tax rate was driven by a decrease from 4.0% to (12.7)% in our effective federal income tax rate offset by an increase from 1.6% to 8.9% in our effective state income tax rate. For further discussion of changes in the effective tax rate, refer to Notes A.11. and A.12. to our Financial Statements.

## Net Earnings and Losses

Our net earnings decreased 125.8% from \$1.8 million for the six months ended June 30, 2020 to net losses of \$0.5 million for the six months ended June 30, 2021. This decrease was due primarily to reduced revenue of \$8.0 million caused by the completion of the U.S. Census program in 2020 and \$2.0 million caused by the decline in sales of personal protective equipment, and only partially offset by the increase in sales from the Wildman Imprints asset purchase of \$4.4 million.

## Comparison of Years Ended December 31, 2020 and 2019

Consolidated Operations Data	Fiscal Years Ended	
	December 31, 2020	December 31, 2019
Sales	\$ 37,752,173	\$ 30,316,831
Cost of Sales:		
Purchases	24,167,798	19,395,199
Freight	2,099,511	1,961,441
Total Cost of Sales	26,267,309	21,356,640
Gross Profit	11,484,864	8,960,191
Operating Expenses:		
Bad Debt Expense	67,899	140,292
General and Administrative Expenses	9,926,092	8,226,145
Total Operating Expenses	9,993,991	8,366,437
Earnings from Operations	1,490,873	593,754
Other Income and (Expense):		
Interest Expense	(49,457)	(109,117)
Interest Income	-	977
Other Income	\$ 10,000	\$ 76,000
Total Other Income and (Expense)	(39,457)	(32,140)
Earnings Before Income Taxes	1,451,416	561,614
Income Taxes:		
State	\$ 118,300	\$ 59,011
Federal	303,936	112,740
Total Income Taxes	422,236	171,751
Net Earnings	\$ 1,029,180	\$ 389,863
Retained Earnings, Beginning	598,474	208,611
Retained Earnings, Ending	\$ 1,627,654	\$ 598,474

## Sales

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

Our 2019 and 2020 revenues include non-recurring revenues representing 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively, as a subcontractor for the 2020 U.S. Census. The customer that engaged us in this regard will not renew their engagement with us due to the U.S. Census only occurring once every ten years. As a result, these non-recurring revenue increases are not expected to recur in fiscal year 2021 or beyond and do not represent our long-term growth expectations.

Our sales increased 24.5% from \$30.3 million for the year ended December 31, 2019 to \$37.8 million for the year ended December 31, 2020. The increase was primarily due to the U.S. Census program, acquisition of the Wildman Imprints assets, and the sale of personal protective equipment in 2020. Sales from the U.S. Census program increased \$5.5 million, or 110.3%, from \$5.0 million for the year ended December 31, 2019 to \$10.5 million for the year ended December 31, 2020. Sales from the purchase of the Wildman Imprints assets increased \$2.2 million, from \$0 in the year ended December 31, 2019 to \$2.2 million in the year ended December 31, 2020. Sales of personal protective equipment increased \$4.2 million, from \$0 for the year ended December 31, 2019 to \$4.2 million for the year ended December 31, 2020. Further, investors may not rely on these results as indicative of future revenue growth, as discussed further under “*Risk Factors - Risks Related to Our Business and Industry - There is a risk of dependence on one or a group of customers or market expectations of unsustainable growth.*”

## Cost of Sales

Cost of sales consists of the costs of purchasing inventory and freight charges. Our total cost of sales increased 23.0% from \$21.4 million for the year ended December 31, 2019 to \$26.3 million for the year ended December 31, 2020. More specifically, cost of purchases increased from \$19.4 million in 2019 to \$24.2 million in 2020, or 24.6%. This part of the increase was primarily due to an increase in sales of 24.5%. However, investors may not rely on these results as indicative of future revenue growth, as discussed further under “*Risk Factors - Risks Related to Our Business and Industry - There is a risk of dependence on one or a group of customers or market expectations of unsustainable growth.*” In addition, freight costs increased from \$2.0 million in 2019 to \$2.1 million in 2020, or 7.0%. This part of the increase was primarily due to a general increase in freight costs, both domestic and international, which we believe was as a result of the COVID-19 pandemic.

## Operating Expenses

Operating expenses consist of bad debt expense and general and administrative expenses. Our operating expenses increased 19.5%, or \$1.6 million, to \$10.0 million for the year ended December 31, 2020 compared to \$8.4 million for the year ended December 31, 2019. This increase was primarily due to an increase in general and administrative expenses of \$1.7 million, or 20.7%, from \$8.2 million in 2019 to \$9.9 million in 2020, which in turn was primarily due to increased sales and commissions; and was partly offset by a decrease in bad debt expense of \$0.7 million or 51.6%, from \$0.14 million in 2019 to \$0.07 million in 2020, which in turn was primarily due to a decrease in write-off of uncollectable receivables.

## Other Income and Expense

Other income and expense consist of interest expense, interest income and other income. Our other income and expense increased \$0.01 million from \$0.03 million in 2019 to \$0.04 million in 2020, or 22.8%. Our interest expense decreased \$0.06 million to \$0.05 million for the year ended December 31, 2020 from \$0.11 million for the year ended December 31, 2019, or 54.7%. This decrease was primarily due to a decrease in borrowings on our bank's line of credit. Our interest income decreased from \$0.01 million to \$0 from 2019 to 2020, respectively. This decrease was primarily due to the final payment of an employee loan. Our other income decreased from \$0.08 million in 2019 to \$0.01 million in 2020, or 86.8%. This decrease was primarily due to the recovery of a previously written-off customer receivable in 2019 and the receipt of the Economic Injury Disaster Loan ("EIDL") advance loan in 2020.

## Income Taxes

Our effective income tax rate was 29.1% and 30.6% for the years ended December 31, 2020 and 2019, respectively. The decrease in the effective tax rate was driven by a decrease from 10.5% to 8.2% in our effective state income tax rate offset by an increase from 20.1% to 20.9% in our effective federal income tax rate. For further discussion of changes in the effective tax rate, refer to Notes A.11. and A.12. to the Financial Statements.

## Net Earnings

Our 2019 and 2020 net earnings include non-recurring revenues representing 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively, as a subcontractor for the 2020 U.S. Census. The customer that engaged us in this regard will not renew their engagement with us due to the U.S. Census only occurring once every ten years. As a result, these non-recurring revenue increases are not expected to recur in fiscal year 2021 or beyond and do not represent our long-term growth expectations.

Our net earnings increased 164.0% from \$0.4 million for the year ended December 31, 2019 to \$1.0 million for the year ended December 31, 2020. This increase was due primarily to the majority of U.S. Census program revenue being recognized in 2020 along with revenue from the acquisition of the Wildman Imprints assets and the sale of personal protective equipment in the second half of 2020 that helped to offset a decline in our traditional business due to the lack of in-person events.

## Liquidity and Capital Resources

As of June 30, 2021, we had cash and cash equivalents of \$234,540. To date, we have financed our operations primarily through revenue generated from operations and bank borrowings, including a \$3.5 million line of credit held with Bank of America. Our line of credit agreement with Bank of America has been extended through November 30, 2021 and we do not expect that it will be renewed. We are currently in discussions with other banks and believe that we will secure substantially equivalent financing.

We believe that our current levels of cash, either with or without the proceeds of this offering, will be sufficient to meet our anticipated cash needs for our operations for at least the next 12 months, including our anticipated costs associated with becoming a public reporting company. We may, however, in the future require additional cash resources due to changing business conditions, implementation of our strategy to expand our business, or other investments or acquisitions we may decide to pursue. If our own financial resources are insufficient to satisfy our capital requirements, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that would restrict our operations. Financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to expand our business operations and could harm our overall business prospects.

## Summary of Cash Flow

The following table provides detailed information about our net cash flow for all financial statement periods presented in this prospectus:

### Cash Flow

	Six Months Ended		Year Ended	
	June 30, 2021	June 30, 2020	December 31, 2020	December 31, 2019
Net cash provided by (used in) operating activities	\$ (1,216,793)	\$ 627,522	\$ (1,989,565)	\$ 872,655
Net cash (used in) investing activities	(218,321)	(93,913)	(176,467)	(117,880)
Net cash provided by (used in) financing activities	1,022,419	(1,341,109)	375,007	(326,437)
Net increase (decrease) in cash and cash equivalents	(412,695)	(807,500)	(1,791,025)	428,338
Cash and cash equivalents at beginning of period	647,235	2,438,260	2,438,260	2,009,922
Cash and cash equivalent at end of period	\$ 234,540	\$ 1,630,760	\$ 647,235	\$ 2,438,260

Net cash used by operating activities was \$1,216,793 for the six months ended June 30, 2021, as compared to net cash provided by operating activities of \$627,522 for the six months ended June 30, 2020. For the six months ended June 30, 2021, increases in both inventory and accounts payable accompanied by a one-time gain on extinguishment of debt were the primary drivers of the net cash used by operating activities. For the six months ended June 30, 2020, decreases in both accounts receivable and accounts payable were the primary drivers of the net cash provided by operating activities.

Net cash used in operating activities was \$1,989,565 for the year ended December 31, 2020, as compared to net cash provided by operating activities of \$872,655 for the year ended December 31, 2019. For the year ended December 31, 2020, increases in accounts receivable and decreases in accounts payable and reward program liability were the primary drivers of the net cash used in operating activities. For the year ended December 31, 2019, increases in accounts receivable, accounts payable and reward program liability were the primary drivers of the net cash provided by operating activities.

Net cash used in investing activities was \$218,321 for the six months ended June 30, 2021, and \$93,913 for the six months ended June 30, 2020, primarily for additions to software-related property and equipment in both periods.

Net cash used in investing activities was \$176,467 for the year ended December 31, 2020, and \$117,880 for the year ended December 31, 2019, primarily for additions to software-related property and equipment in both years.

Net cash provided by financing activities was \$1,022,419 for the six months ended June 30, 2021, as compared to net cash used in financing activities of \$1,341,109 for the six months ended June 30, 2020. For the six months ended June 30, 2021, net cash provided by financing activities primarily consisted of borrowings and reductions on our line of credit and stockholder loan. For the six months ended June 30, 2020, net cash used in financing activities consisted of PPP and EIDL Program loans under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), offset by borrowings and reductions on our bank line of credit.

Net cash provided by financing activities was \$375,007 for the year ended December 31, 2020, as compared to net cash used in financing activities of \$326,437 for the year ended December 31, 2019. For the year ended December 31, 2020, net cash provided by financing activities consisted of PPP and EIDL Program loans under the CARES Act, offset by borrowings and reductions on our bank line of credit. For the year ended December 31, 2019, net cash used in financing activities primarily consisted of borrowings and reductions on our bank line of credit.

On April 15, 2020, the Company received loan proceeds from Bank of America in the amount of approximately \$770,062 under the PPP. The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average qualifying monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

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The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1% with a deferral of payments for the first six months. Subsequent to year (quarter) end, the Company received forgiveness by the U.S. Small Business Administration (SBA) of the PPP loan in full, effective June 24, 2021. Accordingly, the entire PPP loan balance has been recorded as a liability at June 30, 2020.

On May 15, 2020, the Company received loan proceeds from the SBA in the amount of approximately \$150,000 under the EIDL Program. The EIDL Program provides loans to qualifying businesses to provide economic relief to small businesses currently experiencing a temporary loss of revenue. The loan accrues interest at a rate of 3.75% per annum. Installment payments, including principal and interest, begin 12 months from the date of the note and are payable over 30 years.

The following is a schedule by years of aggregate maturities of indebtedness at June 30 of the following years:

<b>Year</b>	<b>Aggregate Mature Debt</b>
2022	\$ 3,858
2023	3,441
2024	3,571
2025	3,704
2026	3,843
Thereafter	131,483
<b>Total</b>	<b>\$ 149,900</b>

#### **Contractual Obligations**

##### *Wildman Imprints Acquisition*

On August 24, 2020 we entered into an asset purchase agreement to acquire the inventory, select fixed assets, and a customer list of the Wildman Imprints division of WBG. In connection with the asset acquisition, the customer list was purchased using a contingent earn-out calculation. The purchase price is equal to fifteen percent (15%) of the gross profit earned from the sale of product to the customer list for year 1 and thirty percent (30%) for years 2 and 3. Payments are due on the anniversary date of the purchase. In connection with the asset acquisition, we also had an amount due to the seller under a note in the amount of \$162,358 as of June 30, 2021 for the inventory and property and equipment purchased. This amount accrues no interest, and is to be paid “as used” on a quarterly basis through the three-year earn-out period. We anticipate that the note will be paid in full in 2021. We anticipate no deficiencies in our ability to make the payments required under the asset purchase agreements. The aggregate purchase price was \$2,937,222, as follows:

##### Fair Value of Identifiable Assets Acquired:

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

##### Consideration Paid:

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

For further discussion see Notes L and M to our Financial Statements for the six months ended June 30, 2021 and 2020 and Notes M and N to our Financial Statements for the years ended December 31, 2020 and 2019.

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##### *Property Leases*

The following is a schedule by years of future minimum property lease payments at June 30, 2021:

<b>Year</b>	<b>Lease Rent Due</b>
2022	\$ 339,561
2023	347,444
2024	330,805
2025	325,776
2026	-



Rent expense for the six months ended June 30, 2021 and 2020 totaled \$189,695 and \$204,795, respectively. We anticipate no deficiencies in our ability to make these payments.

#### Off-Balance Sheet Arrangements

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

#### Critical Accounting Policies

The following discussion relates to critical accounting policies for our company. The preparation of financial statements in conformity with GAAP requires our management to make assumptions, estimates and judgments that affect the amounts reported, including the notes thereto, and related disclosures of commitments and contingencies, if any. We have identified certain accounting policies that are significant to the preparation of our financial statements. These accounting policies are important for an understanding of our financial condition and results of operation. Critical accounting policies are those that are most important to the portrayal of our financial condition and results of operations and require management's difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. We believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our financial statements:

##### Method of Accounting

The financial statements are prepared using the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. This method of accounting conforms to generally accepted accounting principles.

##### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable and deposits in excess of federally insured limits. These risks are managed by performing ongoing credit evaluations of customers' financial condition and by maintaining all deposits in high quality financial institutions.

#### Inventory

Inventory is stated at the lower of cost or market value.

#### Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred whereas major betterments are capitalized. Depreciation is provided using straight-line and accelerated methods over five years.

#### Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and notes payable. The recorded values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and notes payable approximate their fair values based on their short-term nature.

#### Revenue Recognition

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

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

#### Performance Obligations

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

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

#### Product Sales

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

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the six months ended June 30, 2021:

Performance Obligations Satisfied at a Point in Time	\$ 16,127,392
Performance Obligations Satisfied Over Time	\$ -
Total Revenue	\$ 16,127,392

## Freight

The Company includes freight charges as a component of cost of goods sold.

## Uncertainty in Income and Other Taxes

The Company adopted the standards for *Accounting for Uncertainty in Income Taxes* (income, sales, use, and payroll), which required the Company to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of June 30, 2021, December 31, 2020 and 2019, the Company determined that it had no tax positions that did not meet the “more likely than not” threshold of being sustained by the applicable tax authority. The Company files tax and information returns in the United States Federal, Massachusetts, and other state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.

## Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are provided for differences between the basis of assets and liabilities for financial statements and income tax purposes. The Company has historically utilized accelerated tax depreciation to minimize federal income taxes.

## Sales Tax

Sales tax collected from customers is recorded as a liability, pending remittance to the taxing jurisdiction. Consequently, sales taxes have been excluded from revenues and costs. The Company remits sales, use, and goods and services taxes to Massachusetts, other state jurisdictions, and Canada, respectively.

## Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Stock-Based Compensation

The Company accounts for stock-based compensation costs under the provisions of ASC 718, Compensation—Stock Compensation, which requires the measurement and recognition of compensation expense related to the fair value of stock-based compensation awards that are ultimately expected to vest. Stock based compensation expense recognized includes the compensation cost for all stock-based payments granted to employees, officers, and directors based on the grant date fair value estimated in accordance with the provisions of ASC 718. ASC 718 is also applied to awards modified, repurchased, or cancelled during the periods reported. Stock-based compensation is recognized as expense over the employee’s requisite vesting period and over the nonemployee’s period of providing goods or services.

## Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, Leases (Topic 842) and July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases and ASU 2018-11, Targeted Improvements (collectively “Topic 842”). Topic 842 establishes a new lease model, referred to as the right-of-use model that brings substantially all leases onto the balance sheet. This standard requires lessees to recognize leased assets and lease liabilities on the balance sheet and disclose key information about the leasing arrangements in their financial statements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The Company adopted Topic 842 effective on January 1, 2019 using the modified retrospective transition approach that allows a reporting entity to use the effective date as its date of initial application and not restate the comparative periods in the period of adoption when transitioning to the new standard. Consequently, the requisite financial information and disclosures under the new standard are excluded for dates and periods prior to January 1, 2019. In addition, the Company elected to use a number of optional simplification and practical expedients (reliefs) permitted under the transition guidance within the new standard, including allowing the Company to combine fixed lease and non-lease components, apply the short-term lease exception to all leases of one year or less, and utilize the “package of practical expedients”, which permits the Company to not reassess prior accounting conclusions with respect to lease identification, lease classification and initial direct costs under Topic 842. Adoption of this new standard resulted in the recognition of \$1,243,549 of operating lease liabilities (\$300,822 in current liabilities and \$942,728 in long-term liabilities) which represented the present value of the remaining lease payments of \$1,343,586, discounted using the Company’s lease discount rate of 3% and \$1,243,549 of operating lease right-of-use assets. Refer to Note N to our financial statements for the six months ended June 30, 2021 and June 30, 2020 for the impact to our financial statements as of June 30, 2021.

In January 2017, the FASB issued ASU 2017-04, “Simplifying the Test for Goodwill Impairment.” ASU 2017-04 eliminates the two-step process that required identification of potential impairment and a separate measure of the actual impairment. Goodwill impairment charges, if any, would be determined by the difference between a reporting unit’s carrying value and its fair value (impairment loss is limited to the carrying value). This standard is effective for annual or any interim goodwill impairment tests beginning after December 15, 2019. The Company’s adoption of this standard on January 1, 2020 did not have a material impact on its financial statements.

In August 2018, the FASB issued ASU 2018-15, “Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.” The update aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The update also requires an entity to expense the capitalized implementation costs of a hosting arrangement over the term of the hosting arrangement. This update is effective for fiscal years beginning after December 15, 2019 and may be applied prospectively or retrospectively. On January 1, 2020, the Company adopted this standard on a prospective basis. The Company’s adoption of this standard did not have a material impact on its financial statements.

## Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting of Income Taxes”, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This update is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company’s adoption of this standard is not expected to have a material impact on its financial statements.

## CORPORATE HISTORY AND STRUCTURE

Our company was incorporated in the State of Massachusetts on November 17, 1995 under the name “Strän & Company, Inc.” We also use the registered trade name “Stran Promotional Solutions”.

On September 26, 2020, we acquired certain assets including the customer account managers and customer base of the Wildman Imprints division of WBG.

On May 24, 2021, we changed our state of incorporation to the State of Nevada by merging into Stran & Company, Inc., a Nevada corporation, and changed the spelling of our name to “Stran & Company, Inc.” On the same date, our authorized capital stock changed from 200,000 shares of common stock, \$0.01 par value, to 350,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.0001 per share, and 50,000,000 shares of “blank check” preferred stock, par value \$0.0001 per share. At the same time, we also completed a 100,000-for-1 forward stock split of our outstanding common stock through the merger by issuing 100,000 shares of our common stock for each previously outstanding share of common stock of our predecessor Massachusetts company. As a result of this stock split, our issued and outstanding common stock increased from 100 shares to 10,000,000 shares, all of which were then held by our Executive Chairman, Andrew Stranberg.

Following our reincorporation in Nevada, on May 24, 2021, Mr. Stranberg was our sole stockholder then holding a total of 10,000,000 shares of our common stock. On the date of the reincorporation transaction, Mr. Stranberg transferred 3,400,000 shares of common stock to Andrew Shape, our Chief Executive Officer and President and one of our directors, and 800,000 shares of common stock to Randolph Birney, our Executive Vice President. The shares were transferred to each of Mr. Shape and Mr. Birney pursuant to stock purchase agreements. The transfers to Mr. Shape and Mr. Birney were agreed to be paid at a price per share that is equal to \$0.1985 per share, being the price of our shares as of December 31, 2020 determined through an independent valuation of the Company dated April 27, 2021, in accordance with Section 409A of the Internal Revenue Code of 1986, as amended. Each of Messrs. Shape and Birney paid the purchase price for the shares to Mr. Stranberg through the delivery to Mr. Stranberg of a promissory note. Each of the promissory notes provides for 2% simple annual interest, and principal and accrued interest must be repaid by the note’s third anniversary. Each note grants a security interest to Mr. Stranberg in the transferred stock as to the repayment obligations under the note.

The stock purchase agreements between Mr. Stranberg and Messrs. Shape and Birney provide that if this offering is not consummated on or before the 240th day following the date of the stock purchase agreements, then all of the shares so transferred will become subject to repurchase. The repurchase price would be equal to the price paid by Mr. Shape and Mr. Birney, respectively (with credit, in each case, for amounts remaining due under the promissory note). In addition, unpaid principal and accrued interest under the promissory note would become immediately due. The stock is also subject to a lockup provision providing that (i) none of the shares may be sold or otherwise transferred until the expiration of Mr. Stranberg’s repurchase option and (ii) subject to the transfer restriction set forth in clause (i) above, one-half of the purchased shares may not be sold until the second anniversary of the date of the stock purchase agreement; provided, however, that such restriction on transfer will expire at a rate of 1/48<sup>th</sup> of the shares subject to the restriction per month over such two year period.

Following the reincorporation in Nevada, on May 24, 2021, Mr. Stranberg also transferred 700,000 shares of common stock to Theseus Capital Ltd. (“Theseus”), pursuant to a stock purchase agreement. Pursuant to a different arrangement with Mr. Stranberg from Mr. Shape and Mr. Birney’s, Theseus paid Mr. Stranberg a nominal cash purchase price of \$100 for its stock. Theseus does not have any relationship with the Company other than as a shareholder after the transfer by Mr. Stranberg, and its payment for Mr. Stranberg’s stock was made to Mr. Stranberg and not to the Company. Under the terms of the stock purchase agreement, Mr. Stranberg has the right to repurchase the stock from Theseus at the same nominal price if this offering is not consummated within 240 days following the date of the agreement and the Company does not otherwise become a public reporting company by such time. The repurchase right will expire upon the consummation of this offering. Theseus executed an irrevocable proxy providing that Mr. Stranberg may vote and exercise all voting and related rights with respect to the shares. The irrevocable proxy will automatically terminate with respect to any shares that Theseus sells in a transaction or series of transactions on any national securities exchange or other trading market on which the shares then trade.

Following the stock transfer transactions described above, Mr. Stranberg, Mr. Shape, Mr. Birney and Theseus each owned 5,100,000, 3,400,000, 800,000 and 700,000 shares of our common stock, respectively.

We have determined that immediately after the consummation of this offering, we will file a Registration Statement on Form S-8 covering grants of restricted stock and options to purchase stock to certain of our executive officers, directors and employees pursuant to our Equity Incentive Plan. Immediately following the consummation of this offering, we will then grant options to purchase a total of approximately 1,337,500 shares of our common stock and 73,667 shares of restricted stock, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus), including options to purchase up to 400,000 shares to our Treasurer, Secretary, Executive Chairman, and Director, Andrew Stranberg; 323,810 options to our Chief Executive Officer, President and Director, Andrew Shape; 76,190 options to our Executive Vice President, Randolph Birney; 81,000 options to our Vice President of Finance and Administration, Christopher Rollins; 53,000 options to our Vice President of Growth and Strategic Initiatives, John Audibert; and 5,000 options to each of our director nominees. 10,000 shares of the restricted stock will be granted to each of Mr. Rollins and Mr. Audibert. Approximately 383,500 options to purchase common stock and 43,000 shares of restricted stock will be granted to approximately 59 other employees. A total of 10,667 of the restricted shares and 20,000 options will be granted to our director nominees, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). The options will have an exercise price equal to the price per share at which our common stock is being sold in this offering, and a term of ten years. The restricted stock and options will be subject to vesting over a three (3) year period with one-third (1/3) of the restricted stock and options vesting on each of the first, second and third anniversaries of the date of grant, except that the options to be granted to Mr. Stranberg, Mr. Shape and Mr. Birney will vest over a four-year period with 25% of the options vesting on the first anniversary of the date of grant and the balance of the options (75%) vesting monthly over the following three years after the first anniversary of the date of grant at a rate of 1/36 per month, the restricted stock and options to be granted to Mr. Rollins will vest over a two-year period with 33% of the options vesting immediately upon issuance and the balance of the options (67%) vesting monthly over the following two years at a rate of 1/24 per month, and our director nominees’ options will vest in twelve (12) equal monthly installments over the first year following the date of grant, subject to continued service, and their restricted shares will vest in four (4) equal quarterly installments commencing in the first quarter following the effectiveness date of the registration statement of which this prospectus forms a part. For further description of the terms of the option grants to Mr. Stranberg, Mr. Shape and Mr. Birney, please see “*Executive Compensation – Employment Agreements*” in this prospectus.

As of the date of this prospectus, we have no subsidiaries.

Our principal executive offices are located at 2 Heritage Drive, Suite 600, Quincy, MA 02171 and our telephone number is 800-833-3309. We maintain a website at <https://www.stran.com/>. Information available on our website is not incorporated by reference in and is not deemed a part of this prospectus. Our fiscal year ends December 31. Neither we nor any of our predecessors have been in bankruptcy, receivership or any similar proceeding.

## BUSINESS

### Overview

We are an outsourced marketing solutions provider, working closely with our customers to develop sophisticated marketing programs that leverage our promotional products and loyalty incentive expertise. It is our mission to develop long term relationships with our customers, enabling them to connect with both their customers and employees in order to build lasting brand loyalty.

We purchase products and branding through various third-party manufacturers and decorators and resell the finished goods to customers. In addition to selling branded products, we offer our clients:

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

These valuable services, as well as the deep level of commitment we have to the business operations of our customers, have resulted in a strong and stable position within the industry.

We specialize in managing complex promotional marketing programs to help recognize the value of promotional products and branded merchandise as a tool to drive awareness, build brands and impact sales. This form of advertising is very powerful and impactful and particularly effective at building brand loyalty because it typically uses products that are considered useful and appreciated by recipients and are retained and used or seen repeatedly, repeating the imprinted message many times without adding cost to the advertiser. We have built the tools, processes, relationships and the blueprint to maximize the potential of these products and deliver the most value to our customers.

For over 25 years we have grown into a leader in the promotional products industry, ranking 18th overall and tied for 7th fastest-growing in the United States on *Print+Promo*'s 2020 Top 50 Distributors list, and 32<sup>nd</sup> from over 40,000 businesses based on ASI's *Counselor* magazine 2021 Top 40 Distributors list. Since our first year of operations in 1995, our annual revenues have gradually grown from approximately \$240,000 to over \$37.7 million in 2020, a compound annual growth rate of approximately 22%, and between 2017 and 2020, our revenues grew at a compound annual growth rate of approximately 24%. During 2017 through 2020, we had consistent gross margins of approximately 30%, and processed over 25,000 customer orders per year.

Our 2019 and 2020 revenues and gross margins include non-recurring revenues representing 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively, as a subcontractor for the 2020 U.S. Census. The customer that engaged us in this regard will not renew their engagement with us due to the U.S. Census only occurring once every ten years. As a result, these non-recurring revenue increases are not expected to recur in fiscal year 2021 or beyond and do not represent our long-term growth expectations.

As of June 30, 2021, we had total assets of \$14.1 million with total shareholder equity of \$1.2 million.

We serve a highly diversified customer base across many industry verticals including pharmaceutical and healthcare, manufacturing, technology, finance, construction and consumer goods. Many of our customers are household names and include some of the largest corporations in the world.

Our sales declined 19.8% year-over-year in the first six months of 2021 compared to the first six months of 2020, which we believe was due to 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 in 2021 as a result of the COVID-19 pandemic. Nevertheless, we expect that by the fourth quarter of 2021 pent-up demand from more widespread immunity to the COVID-19 virus and societal reopening will help compensate for lower sales during the first two quarters of 2021. For further discussion, see "*COVID-19 Pandemic*" below.

Our headquarters are located at Quincy, Massachusetts, with remote offices located in Fairfield, Connecticut and Warsaw, Indiana. In addition, we have sales representatives in 12 additional locations across the United States and a network of service providers in the United States and abroad, including factories, decorators, printers, logistics firms, and warehouses.

### Our Industry

#### *Overview of Promotional Products Market*

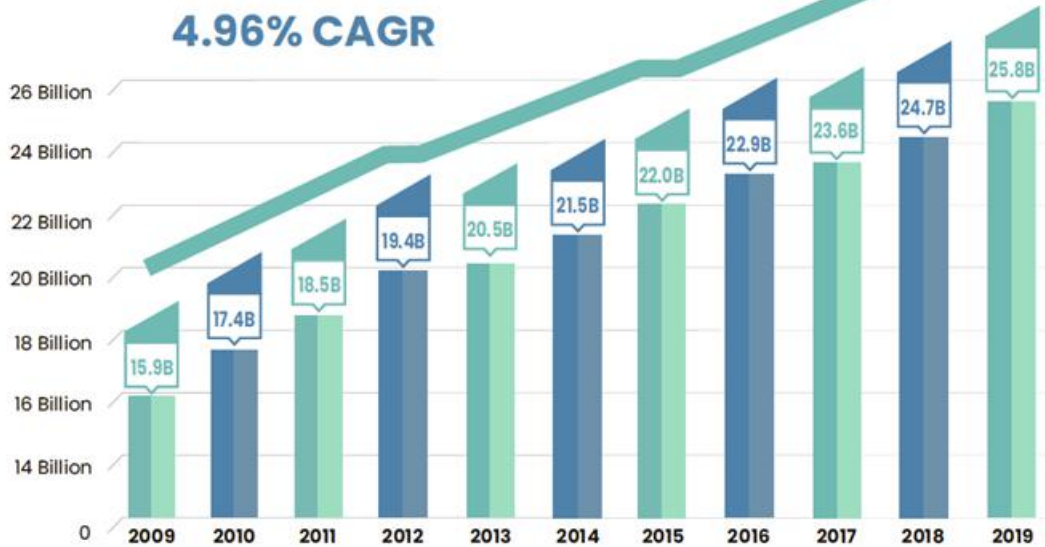
The promotional products market is large yet highly-fragmented, with thousands of smaller participants and indications of a lack of market power in any one firm or group of firms. The industry has generally experienced growth as businesses continuously invest in sophisticated marketing campaigns involving multiple types of advertising. Promotional products are items used to promote a product, service or company program including advertising specialties, premiums, incentives, business gifts, awards, prizes, commemoratives and other imprinted or decorated items. They are usually given away by companies to consumers or employees. The largest promotional products trade organizations are the Advertising Specialty Institute (ASI) and Promotional Products Association International (PPAI).



**U.S. Promotional Products is a Large and Growing Market**

According to the ASI, the U.S. market for promotional products exceeded \$25 billion in 2019 and includes over 40,000 businesses. It has grown at an annual compound growth rate of 4.96% from 2009 to 2019.

Continuous growth (4.96% CAGR from 2009-2019\*) because of a shift in advertising and brand recognition spend



\* <https://www.asicentral.com/news/web-exclusive/july-2020/state-of-the-industry-2020/>

Moreover, the promotional products market is only one segment of a total addressable market of possibly up to \$384 billion based on the size of the product packaging market (\$180 billion as of 2019, according to Statista, a leading provider of market and consumer data); the loyalty incentive programs market (\$90 billion annually according to the Incentive Marketing Association, the umbrella organization for suppliers in the incentive marketplace); the printing market (\$75 billion as of 2021, according to IBISWorld, an industry research provider); and the tradeshow market (\$17 billion projected for 2021, according to MarketingCharts.com, a provider of marketing data, graphics, and analyses).

We believe that U.S. promotional products spending was significantly impacted by the COVID-19 pandemic. According to ASI, promotional product distributor sales decreased about 20% in 2020 to \$20.7 billion by the end of 2020. During the second quarter of 2021, distributors' sales increased, on average, by 27.3% compared to the second quarter of 2020, according to ASI. In addition, 77% of distributors expect 2021 sales to exceed 2020 sales, and nearly half (48%) of distributors expect 2021 sales to match or exceed their performance in 2019, according to ASI.

**The Promotional Products Industry Is Resilient To Other Forms of Advertising**

The promotional products industry is relatively insulated from other forms of advertising such as television and digital advertising. Although promotional products compete for space within an advertising budget with other forms of advertising, particularly online advertising, they offer distinct benefits, particularly due to their physical nature, which may help distributors and suppliers continue to sell these products and related services despite these budgetary pressures. Data shows that promotional products are more effective in generating brand recognition and sales than other forms of advertising, including television and online advertisements. These factors help shield established industry firms like ours from the technological and competitive disruption experienced by other types of media advertisers.

### ***The Promotional Products Industry is Highly Fragmented***

The promotional products industry is also highly fragmented. The industry includes over 40,000 firms. As of 2019 the firm with the greatest percentage of industry sales generated \$839 million revenues but made up less than 3.3% of the promotional products market. As a group, the top 50 distributors had less than 24% market share as of 2019, based on the total sales of approximately \$6.8 billion of the top 50 distributors according to *Promo Marketing's* 2020 Top Distributors report and the total promotional products industry value of \$25.8 billion according to ASI for 2019.

Unlike our company, which provides comprehensive solutions to complex promotional and branding challenges, we view most of our competitors as generally falling into one of the five categories below:

- **Online e-tailer.** Heavy reliance on marketing and online advertising to sell directly to businesses, offering little or no strategic support or program infrastructure.
- **Franchise Model.** Consists of many smaller firms or independent representatives without a consistent strategic vision. They do not offer consistent pricing and have fragmented service capabilities.
- **Large and Inflexible.** Focus on large enterprise customers, struggling to serve the needs of smaller spend opportunities (less than \$3 million annually). They tend to lack in delivering a high level of service and are limited in their ability to react to changes in the market.
- **Non-Core Offering.** Offer promotional merchandise as an add-on to their core business or have grown through acquisition without any unification strategy.
- **Small Mom-and-Pop.** Little or no infrastructure or executive oversight. Do not have the financial backing, technology, or infrastructure to support growth or ability to execute comprehensive marketing programs or large opportunities.

		Online e-Retailers	Franchise Model	Large & Inflexible	Not Core Offering	Small Mom & Pop
Focus on Service	✓	✗	✓	✗	✗	✓
Creativity & Innovation	✓	✗	✗	✓	✗	✗
Flexible & Nimble	✓	✗	✗	✗	✗	✓
Customer Specific Technology	✓	✗	✗	✗	✗	✗
Clear Strategy	✓	✓	✗	✓	✗	✗
Program Managers	✓	✗	✗	✓	✓	✗
Financial Strength & Scalability	✓	✓	✓	✓	✓	✗

### ***Promotional Products are a High-impact, Cost-effective Advertising Medium***

Because promotional products are useful and appreciated by recipients, they are retained and used, repeating the imprinted message many times without added cost to the advertiser. ASI's Global Ad Impressions Study, 2020 Edition, reported:

- Promotional products are the most highly regarded form of advertising, more than newspapers, radio, magazine, television, Internet, or mobile ads.
- Up to 85% of promotional products recipients remember the advertiser worldwide. Recall is highest for apparel items, as 85% recall the advertiser that gave them a shirt or hat.
- 40% of consumers who own promotional products report that they have kept some for more than 10 years, suggesting that businesses using promotional products may generate long-term revenues and other valuable goodwill from them.
- Nearly one-quarter (23%) of consumers reported that they purchased a promotional product in the last year, showing one way that promotional products can be cost-effective advertising tools.

In 2018, PPAI reported that promotional products are the most impactful form of advertising across all generations. Whereas reportedly less than 55% of consumers read or watch an entire advertisement online, in an email, on television, in the mail, in a magazine, or on the radio, over 80% of consumers retain promotional products. Moreover, promotional products have been ranked the most effective form of advertising across all generations, outranking even television, online, print, and mobile forms. A 2019 PPAI report revealed additional statistics reflecting the significant impact of promotional products on consumers:

- 96% of consumers like to know ahead of time when companies offer promotional products.

- Eight out of ten consumers enjoy receiving promotional products.
- Seven in ten consumers would like to receive promotional products more often.
- 79% of consumers, including over a third of Millennials and 20% of Generation Z consumers, pass on promotional products that they no longer want, increasing their potential reach and effectiveness.

Nearly all consumers say they would go out of their way to receive promotional products.

As of 2016, PPAI reported that, overall, buyers consider promotional products mostly or always effective in achieving marketing goals. They generally consider promotional products more effective than social media and nearly as effective as all other media. Data indicates that the majority of buyers do have a budget set aside for promotional products. However, for more than 72% the allocation is less than 20% of their marketing advertising budget. When asked what their plans were for promotional products spend over the next 12 months, only 3% projected a decrease in product purchases. This data suggests that the potential for promotional products' market growth is significant.

#### ***The COVID-19 Pandemic's Effects on the Promotional Products Industry***

As in many other industries, we believe that the COVID-19 pandemic has weakened many promotional products distributors and their suppliers. According to ASI's 2020 State of the Industry report, the promotional industry was projected to experience a 34.9% decrease in sales for 2020, and over a quarter of distributors and suppliers expected their revenue to fall by at least 50% in 2020. But at the same time, *Promo Marketing's* 2020 Top Distributors report, which ranked the top 50 distributors, found that 44 (88%) grew sales over the prior year. That compares favorably to its 2019 report, which ranked the top 65 distributors, where 50 (77%) grew sales. In terms of the top five vertical markets, the most opportunities for *Promo Marketing's* 2020 Top Distributors were those in Health Care (listed 27 times), Financial (listed 21 times), Tech (listed 17 times), Manufacturing (listed 16 times), and Retail (listed 14 times). A recent forecast from global advertising corporation WPP plc's ad-buying unit GroupM found that there appears to be a "K-shaped" recovery for the advertising industry as well as the overall U.S. economy. The "K" shape indicates a quick rebound for some marketers and a continued downward trajectory for others. For example, e-commerce and advanced digital services such as telehealth and remote learning have exploded during the COVID-19 pandemic. On the other hand, restaurants, bars, travel, entertainment and nonessential businesses have all suffered. Overall, those dependent on traditional media including radio, newspapers and outdoor advertising, and those whose clients were largely nonessential services such as restaurants, bars, travel, entertainment have all suffered. On the other hand, demand for e-commerce and advanced digital services such as telehealth and remote learning, and home refinancings and the banking industry in general, have massively accelerated and saw record volumes during the COVID-19 pandemic.

In this economic environment, as of July 2020 ASI reported that the largest distributors in the industry have been increasingly grabbing market share. In ASI's report, prominent industry executives went on record to say that they expected the trend to continue as weakened firms become prime acquisition targets. Many top distributors have also been able to pivot their supplier orders to take advantage of the recent trends away from live events and gatherings and towards digital promotions, personal protective equipment, and delivery services. As a result, distributors with strong balance sheets, flexibility to meet changing customer demands, and the drive to grow through strategic acquisitions have the greatest prospects to thrive despite the pandemic's challenges.

#### ***The COVID-19 Pandemic's Effects on Our Business***

We believe that the COVID-19 pandemic has impacted Stran's operational and financial performance. Although our sales and net earnings increased by 24.5% and 164.0%, respectively, from 2019 to 2020, the short-term effects from the COVID-19 pandemic on our industry were reflected in our results of operations for the first six months of 2021. Our 2019 and 2020 revenues include non-recurring revenues representing 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively, as a subcontractor for the 2020 U.S. Census. Sales from the U.S. Census program increased \$5.5 million, or 110.3%, from \$5.0 million for the year ended December 31, 2019 to \$10.5 million for the year ended December 31, 2020. Investors may not rely on these results as indicative of future revenue growth, as discussed further under "*Risk Factors - Risks Related to Our Business and Industry - There is a risk of dependence on one or a group of customers or market expectations of unsustainable growth.*" Moreover, our sales declined 19.8% year-over-year during the first six months of 2021 compared to the same period of the prior year. The decrease was primarily due to 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 in 2021 as a result of the COVID-19 pandemic. The U.S. Census program contributed \$8.0 million of sales, or 39.6% of total sales, for the six months ended June 30, 2020 compared to less than \$2,000 of sales, or 0.0% of total sales, for the six months ended June 30, 2021. Additionally, sales of personal protective equipment totaled \$2.1 million for the six months ended June 30, 2020 compared to less than \$105,000 for the six months ended June 30, 2021. As has been typical for other firms in the promotional products industry, from March 2020 and into 2021 operational and supply chain disruptions combined with decreased demand for promotional products to cause sharp reductions in sales opportunities. We believe that relevant factors included businesses not being fully opened, a lack of in-person events, and decreased marketing budgets leading to decreased demand for promotional products and services such as ours. Although we were able to capitalize on the demand for personal protective equipment such as masks, hand sanitizer, and gowns, these sales are not expected to fully offset the overall decreased demand for promotional products.

We have responded to the challenges resulting from the COVID-19 pandemic by developing a clear company-wide strategy and sticking to our hardworking culture and core value of delivering creative merchandise solutions that effectively promote brands. We continue to focus on our core group of customers while providing additional value-added services, including our e-commerce platform for order processing, warehousing and fulfillment functions, and propose alternative product offerings based on their unique needs. We also continue to solicit and market ourselves to long-term prospects that have shown interest in Stran. We have remained committed to being a high-touch customer-focused company that provides our customers with more than just products. Below are some of the specific ways we have responded to the current pandemic:

- Adhered to all state and federal social distancing requirements while prioritizing health and safety for our employees. We allow team members to work remotely, allowing us to continue providing uninterrupted sales and service to our customers throughout the year.
- Emphasized and established cost savings initiatives, cost control processes, and cash conservation to preserve liquidity.
- Explored acquisition opportunities and executed the acquisition of the customer base of Wildman Imprints with historical revenue exceeding \$10 million annually.
- Retained key customers through constant communication, making proactive product or program suggestions, driving program efficiencies, and delivering value-added solutions to help them market themselves more effectively.
- Concentrated and succeeded in earning business from clients in specific verticals that have spent more during the pandemic including customers in the entertainment, beverage, retail, consumer packaged goods, and cannabis industries.
- Retained key employees by continuing to provide them with competitive compensation and the tools required to be successful in their jobs.
- Successfully applied for and received PPP loans and government assistance.
- Refocused our marketing activities on more client-specific revenue generating activities that reduced spend while remaining effective.

We believe that we have seen encouraging signs of recovery from the effects of the COVID-19 pandemic. There has been a significant increase in the amount of requests for proposal and other customer inquiries beginning in the first quarter of 2021, which leads us to believe that companies are starting to prepare to spend at previous or increased levels. We expect that by the fourth quarter of 2021 there will be a significant amount of pent-up demand that may compensate for slower earlier numbers in the year.

For a further discussion of the impact of the COVID-19 pandemic on our business, please see *Management's Discussion and Analysis of Financial Condition and Results of Operations – Impact of COVID-19 Pandemic*.

## Competitive Strengths

We believe our key competitive strengths include:

- **Superior and Distinctive Technology.** We have invested in sophisticated, efficient ordering and logistics technology that provides order processing, warehousing and fulfillment functions. We continue to invest in our technology infrastructure, including many customized solutions developed on Adobe Inc.'s open-source e-commerce platform, Magento. We have also invested in a new Enterprise Resource Planning (ERP) system, Oracle's NetSuite, which will consolidate the process of gathering and organizing business data of our company through an integrated software suite, and is expected to be implemented by the end of 2021.
- **Leading Market Position.** Our over 25 years' history and size make us a leader in the U.S. promotional products industry. We believe that the key benefits of our scale include an ability to efficiently implement large and intensive programs; an ability to invest in sales tools and technologies to support our customers; and operating efficiencies from our scalable infrastructure. We believe our market position and scale enhances our ability to increase sales to existing customers, attract new customers and enter into new markets.
- **Extensive Network.** We have developed a deep network of collaborator factories, decorators, printers, and warehouses around the globe. This network helps us find the right solution to meet our customer's needs, whether they are financial, timing, geographic, or brand goals. This model provides the flexibility to proactively manage our customers' promotional needs efficiently. As a result, we believe that we have an excellent reputation with our customers for providing a high level of prompt customer service.
- **Customer-Centric Approach.** Our customer-centric approach is what has fueled our growth since our inception and our early adoption of technology to solve challenges for our clients set us apart in our early growth. We strive to understand the goals and challenges that our customers face, building unique solutions and seeing each campaign through to completion as an extension of their team.
- **Diversified Customer Base.** We sell our products to over 2,000 active customers and over 30 Fortune 500 companies, including long-standing programs with recurring revenue coming from well recognized brands and companies. During 2019-2020, we were engaged by a Washington, D.C.-based advertising and marketing company leading a nationwide awareness-generating initiative for the 2020 U.S. Census. During this period, this contract represented approximately 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively. This customer will not renew their engagement with us due to the U.S. Census only occurring once every ten years. As a result, these non-recurring revenue increases are not expected to recur in fiscal year 2021 or beyond and do not represent our long-term growth expectations. Other than this one-time customer, our largest customer accounted for 10.1% of overall revenue during 2020. Our top 10 customers in 2020, including the 2020 U.S. Census program customer, consisted of 56.85% of revenue. Excluding the 2020 U.S. Census program customer, our top 10 customers consisted of 31.20% of revenue. Our customers span many industries, including pharmaceutical and healthcare, manufacturing, technology, finance, construction and consumer goods.
- **Experienced Senior Management Team.** Our senior management team, led by our co-founder and Chief Executive Officer, Andrew Shape, is comprised of seasoned industry professionals and veterans of our company. Our senior management has an average of over 20 years of experience in the promotional products industry.
- **Asset Acquisition Experience.** In September 2020, we acquired all of the customers of the promotional products business Wildman Imprints in an asset purchase. In 2019, that business recorded over \$10 million in revenue. We continue to explore and pursue additional acquisition opportunities that are appropriate. Please see *"Growth Strategies – Selectively Pursue Acquisitions"* below for a discussion of our asset acquisition experience and strategy.

## Growth Strategies

The key elements of our strategy to grow our business include:

- **Selectively Pursue Acquisitions.** We believe that we are well-suited to capitalize on opportunities to acquire businesses with key customer relationships or have other value-added products or services that complement our current offerings. Our acquisition strategy consists of increasing our share in existing markets, adding a presence in new or complementary regions, utilizing our scale to realize cost savings, and acquiring businesses offering synergistic services such as printing, packaging, point of sale (POS) displays, loyalty and incentive program management, and decoration, or offering additional differentiators. In September 2020, we acquired all the customer account managers and customer accounts of the promotional products business Wildman Imprints in Warsaw, Indiana. As a result, we gained approximately over 1,400 customer accounts, including over 120 customer programs with higher repeat-business potential; inventory worth approximately \$650,000 with a majority covered by contractual customer purchase guarantees; and additional revenues of over \$10 million as of 2019. This allowed us to extend our geographical reach into the Midwest and further diversify our customer base. We believe that this experience will help us to pursue suitable acquisition opportunities in the future and integrate them successfully.

Consistent with this strategy, we continue to evaluate potential acquisition targets (although no such acquisition target has yet been identified), particularly with the following attributes:

- Geographic balance, with a focus on acquiring a company in the branded merchandise space based in the Western United States (including Texas, California, Colorado, Oregon, or Washington state) in the \$5-10 million revenue range;
- Smaller promotional companies in the \$2-5 million revenue range who lack the programmatic capabilities but have a minimum of 30% gross margins and comparable or improved profitability; and
- Businesses with complimentary offerings to increase Stran's portfolio of services and depth of expertise in these additional industries: Packaging; Loyalty & Incentive; Decorators (for screen printer, embroidery, direct-to-garment, rub-on transfers, etc.); and Event/Tradeshaw Services.



- **Innovate and Invest in Technology.** During 2020, we continued to invest in upgrades to our platform for customers' promotional e-commerce objectives, including customizable and scalable features, developed on Adobe Inc.'s open-source e-commerce platform, Magento. We have also invested in a new Enterprise Resource Planning (ERP) system on Oracle's NetSuite platform which will consolidate the process of gathering and organizing business data of our company through an integrated software suite, which is expected to be implemented by the end of 2021. We believe that it is necessary to continue focusing on the buildout of our technology offerings in order to meet the evolving needs of our customers. Additionally, our strong technology platform will support our acquisition strategy to integrate acquired businesses into our existing platforms. We intend to continue making significant investments in research and development and hiring top technical talent.
- **New Client Development.** Our sales teams are tasked with continuously growing their books of business by nurturing existing business relationships while actively seeking new opportunities with new customers. We will continue to promote and ask for referrals from satisfied customers who often refer us to other potential clients. We continuously seek to build our sales forces through hiring of experienced individuals with established books of business as well as hiring less experienced individuals that we hope to develop into productive sales reps. As we continue to grow, we are hiring sales reps in different geographies across the U.S. that further diversifies our customer base and attracts new customers. Currently we have employees or sales reps located in offices or remotely Massachusetts, Indiana, Connecticut, New York, New Jersey, Pennsylvania, Florida, South Carolina, Tennessee, and Illinois. In addition to direct sales and marketing efforts, we will continue to build sales and marketing campaigns to promote Stran, including social media, SEO, HubSpot Inbound Marketing, and other alternative platforms. We also plan to continue to identify and exhibit at appropriate tradeshows, conferences, and events where we have had success.
- **Develop and Penetrate Customer Base.** We plan to further expand and leverage our sales force and broad product and service offering to upsell and cross-sell to both develop new clients and further penetrate our existing customer base. Many of our services work together and build on each other to offer greater control and consistency of our customers' brands as well as improved efficiency and ease of use for their team. Our goal is to become an extension of our customers' team and to support their organizations in using physically branded products in the most effective means possible. For example, we can offer a one-stop solution for all tradeshow and event asset management objectives. From pre-show mailings to special event uniforms, we can help design as well as produce and manage all tradeshow materials and processes from start to finish. With multiple warehouses strategically located throughout the United States, we offer logistics solutions and expertise to effectively fulfill customers' events needs across the country. The internal inventory-management version of our e-Commerce platform provides the ability to manage not only a customer's assets for its booth or event setup, but also its literature, giveaways, uniforms, and more. We will ship out all assets with return labels for post-show logistics and establish standard operating procedures for every asset to be returned back into inventory.

Other strategies that we plan to implement to expand our customer base with expanded sales staff and technology resources include:

- **Convert Transactional Customers to Programs.** The majority of our revenue is derived from program business, although only a small percentage of our customers are considered programmatic. For the years 2019 and 2020, program clients accounted for 70.2% and 77.6% of total revenue, respectively. For the six months ended June 30, 2020 and 2021, program clients accounted for 79.3% and 68.2% of total revenue, respectively. Less than 350 of our more than 2,000 active customers are considered to be program clients. With a larger sales force and other resources, we believe we can convert more of our customer base from transactional customers into program clients with much greater revenue potential. We define transactional customers as customers that place an order with us and do not have an agreement with us covering ongoing branding requirements. We define program clients as clients that have a contractual obligation for specific ongoing branding needs. Program offerings include ongoing inventory, use of technology platform, warehousing, creative services, and additional client support. Those program customers are geared towards longer-lasting relationships that helps secure recurring revenue well into the future.
- **Strengthen Marketing and Social Media Outreach.** We plan to expand sales and marketing tools and campaigns to promote the Company, including social media platforms such as Instagram, and other alternative marketing platforms.
- **SEO and Inbound Marketing.** We plan to enhance our SEO tools to increase web traffic to our website and use of HubSpot Inbound Marketing and similar tools to deliver content and data to drive interest in Stran.
- **Tradeshows and Events.** We plan to increase our exhibitor presence at appropriate shows and events such as ProcureCon, the National Beer Wholesalers Association (NBWA)'s Annual Convention and Trade Show, and EXHIBITOR LIVE.
- **Extend Relationships.** We plan to identify and approach more print, fulfillment, and agency collaborators to sell into their customer base.
- **Referrals.** We believe we will generate more customer referrals by offering an enhanced loyalty and customer incentive program.

## Products and Services

### Overview

Since our inception over 25 years ago, we have provided clients with marketing services that help drive sales, and make an impact using custom-branded merchandise, commercial print, loyalty and incentive programs, packaging and point of sale solutions while providing a technology solution to deliver these products and services efficiently via our warehouse and fulfillment system.

Our value to our customers is to be an extension of their own teams. We work to understand the different business and marketing goals of each customer and provide solutions that incorporate technology, human capital, and physical branded goods to solve their business challenges. This model of outsourced combined marketing and program-management services is unique in the promotional products industry, which is dominated by online e-tailers, franchisees, and mom-and-pop businesses. To achieve this value, we have built the internal resources, knowledge, and processes to support our clients with more than just commodity items.

We are both program managers and creative marketers, having developed multiple teams within our organization to specialize and focus our efforts on supporting customers with the specific support that they need:

- Operations and e-commerce teams create custom tailored technology solutions that enable our clients to view, manage and distribute branded merchandise to their appropriate audience in an efficient and cost-effective manner.
- Account teams work with client stakeholders to understand goals, objectives, marketing and human-resources initiatives, and the ongoing management of the account.
- In-house creative agency and product merchandising teams support the account team to provide unique and custom product ideas along with additional design services such as billboards, annual reports, and digital ad assets.
- Merchandising team as well as members of our account teams attend trade shows domestically and internationally across a variety of markets, allowing us to provide a diverse assortment of product offerings to our clients.

- Technology and program teams offer technology solutions to help efficiently manage the order process, view products and inventory available, distribute products in the most cost-effective manner, and provide reports and metrics on the activity of the account.

We work closely with industrial designers of several of our key collaborators to understand the research and trends that are influencing product development in the six- to 18-month window ensuring that our team is up-to-date on trends in the industry.



Creative Ideation  
& Product Development



Robust Product Sourcing  
& Established Supply Chain



Feature Rich Technology Solutions  
for both B2B and B2C application



Global Fulfillment & Distribution



Digital Print on Demand,  
Direct Mail, & Print Management



Tradeshow & Event  
Assets Management



Custom Speciality  
& Retail Packaging



Loyalty, Incentive,  
& Rewards Programs

### ***Promotional Product Programs***

We run complex corporate promotional marketing programs for clients across many different industry verticals. Most of our clients take advantage of all the services we provide; however, at the core of every program are the promotional products themselves. Our team works diligently to stay on point with the current trends so our clients' branded products are relevant. We distribute a wide variety of promotional products to our customers, with the most popular promotional products including wearables, writing utensils, drinkware, technology and events-related products.

### ***Loyalty and Incentives Programs***

We build custom solutions for customers looking to drive either customer or employee behavior. We help our customers build a customer loyalty program or an employee incentive program that meets each customer's specific needs. Our solutions can include gamification tools, social media integration, and a points-based plan that rewards clients' users with a combination of physical products, digital rewards, gift cards, and experiential rewards nurturing loyalty to their brand. For example, we worked closely with a global producer of vaccines and medicines for animals, to design and implement a two-tier incentive program in which, on one tier, veterinarians were incentivized to purchase from our customer through providing them with promotional branded products, and, on a second tier, a loyalty points program featuring prepaid debit card rewards for end-user pet owners who buy their products.

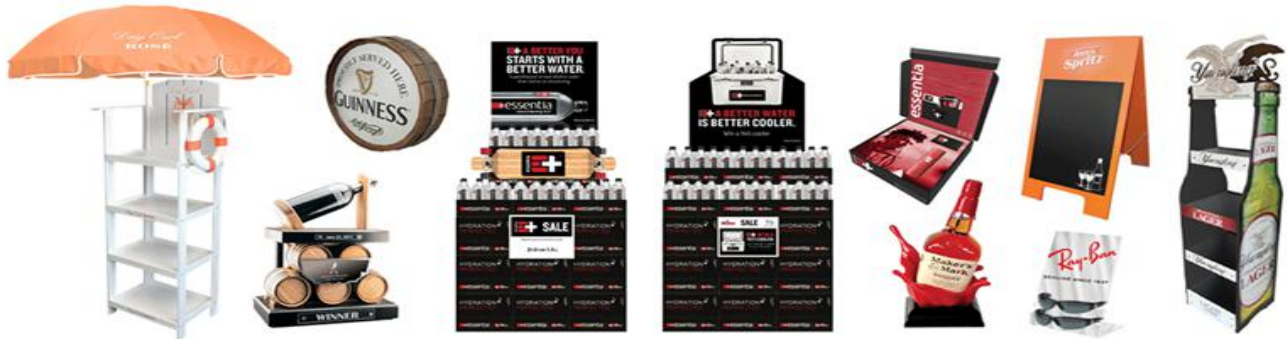
In developing our loyalty and incentive offering Stran has taken a similar approach as we have in other areas of our business. Instead of developing our own internal solutions organically, we have sought out relationships with businesses with a variety of offerings that meet the very different needs of each of our customers. In some small cases where a client is looking for a very simple solution, we may make use of our existing e-commerce platform developed with Adobe Inc.'s open-source, Magento software, and suppliers from within the promotional products industry. In other cases where the customer is looking for a more well-developed incentive program that incorporates both an incentive structure and a rewards offering, Stran has contracted with Carlton One Engagement Corporation, or CarltonOne, a large provider of Internet-based employee reward management platforms. CarltonOne's technology solutions are robust and constantly evolving to meet the changing needs of incentive users. Their model is to collaborate with value-added resellers like Stran who bring additional resources, knowledge and skill sets to create custom solutions.

Under our agreement with CarltonOne, dated as of January 20, 2021, we are an authorized reseller of CarltonOne's brands of software-as-a-solution, or SaaS, employee loyalty and incentive programs to our customers. As an authorized reseller, CarltonOne will offer exclusive rights to any contracted clients but will not prevent other authorized resellers from calling on any protected customers. We will receive commissions from CarltonOne for any customers that we successfully sign up for CarltonOne's SaaS services. The agreement is for two years and renews for consecutive one-year periods unless terminated in writing by either party. The commission percentage is generally 25%.



**Packaging and Point of Sale**

Presentation makes all the difference. Clever and custom packaging point of sale, or POS displays are essentials for elevating brand awareness and critical for driving sales. From packaging of corporate merchandise and promotional products to developing custom POS displays, clients come to us when they want to stand out and show the quality that their brands offer. We produce custom packaging and POS projects domestically as well as overseas for larger-run custom programs for many of our clients.



**Commercial and Digital Printing**

Printed informational materials used for marketing, or marketing collateral, such as business cards and brochures, are an essential component to effectively conveying information and marketing messages, and arguably all businesses use some form of marketing collateral. When a customer needs print collateral, our digital print-on-demand options route their orders through our technology platform and to our network of commercial printers to ensure that our customers can print each piece of collateral in the most effective and efficient manner. By offering print management with our promotional branded merchandise solutions, we help our customers create impactful presentations and mailings through the most efficient processes.

**Warehouse and Fulfillment**

We offer a global solution for warehousing and fulfillment through a network of fulfillment providers including a nearly ten-year relationship with industry leader Harte Hanks. These long-standing, strategic relationships provide our clients with process-driven fulfillment solutions that are scalable to meet client needs including real-time inventory reporting, climate-controlled facilities, high-value product security, storage, digital print-on-demand, and direct-mail solutions. Our custom front-end technology solution is directly integrated with the warehouse management software of our strategic global warehouse collaborators.

**Technology**

Our custom-developed e-commerce Magento platform allows our customers to manage all facets of their marketing program, linking branded merchandise, print, event assets, customer relationship management, or CRM, loyalty and incentives in a single solution. Our platform creates cost savings, increasing market efficiencies and brand consistency. With real-time accessibility to the necessary data to operate a complex demanding marketing program including hierarchy user profile groups, multi-lingual, multi-currency, multi-checkout methods and integration into any ERP (SAP, ORACLE, WORKDAY etc.). Our on-demand mobile reporting dashboard capabilities allows the ability for self-service access within our systems empowering clients with raw data to make informative decisions for their program.



## Human Capital and Culture

We are more than an efficient distributor or supplier, and we offer our customers more than just products. We help them achieve their marketing and business goals using branded merchandise supported with technology, logistics, creative services, and account support. In order to provide all of these value-added services, we must leverage and cultivate the talent of our employees.

As an organization we encourage our team to engage with professional development opportunities. These opportunities include online courses, webinars, training sessions, and participation in various networking and professional development groups. As such we currently have a member of our team who serves on the board of directors for NEPPA (New England Promotional Products Association), a regional trade association, as well as another employee who is the current Board President of SAAGNY (Specialty Advertising Association of Greater New York), another regional trade association. Empowering our team to grow their own careers helps ensure that we are more knowledgeable, experienced, and engaged.

## Pricing

As a large and growing firm with over 500 suppliers and due to our membership in Facilisgroup, Stran has the purchasing power to receive advantageous pricing, helping us with price-sensitive bids. Facilisgroup is a buying group of fewer than 1% of distributors in the industry and processed over \$1 billion of sales in 2020. Pursuant to our Sublicense Agreement, we may access Facilisgroup's @ease proprietary software tools for promotional products business management and analysis and a white labelled, managed, product website which we may use to sell promotional products under our brand. We may also access its "Signature Collection" website which Facilisgroup promises offers the best products and margins. Under our agreement we paid Facilisgroup a one-time fee of \$11,000 and make monthly payments of \$8,000.

In addition to this competitive buying power, Stran has developed factory direct relationships with multiple factories in the U.S. and overseas. These direct relationships require additional vetting, longer production times, and larger production runs. However, we work to blend production from factory direct manufacturing with our other suppliers to continue to drive costs down on commodity-based items. We compete regularly with larger competitors and maintain healthy margins using this strategy for sourcing and procuring products.

## Supplier and Fulfillment Relationships

We have formed strategic relationships with fulfillment and commercial print providers in the United States in order to effectively warehouse and distribute merchandise from one or more of our warehouse facilities depending on our customer's requirements. For over 25 years, we have developed these strategic relationships in order to offer our clients a powerful solution for their branded merchandise needs. Together, we have experience in developing custom marketing solutions for our clients and regularly kit together promotional printed items and branded product into a single package. Our expertise in product development and sourcing, technology development, and program management combined with our various collaborators' superior warehousing, logistics, fulfillment, distribution and print services are a competitive advantage.

We offer a global solution for warehousing and fulfillment through a network of fulfillment providers including a nearly ten-year relationship with industry leader Harte Hanks. We buy products and certain raw materials from a supplier network of factories, both domestic and international, as needed. We also outsource certain technology services such as web hosting and data backup. We do not believe that we are dependent on any supplier. Should any of these suppliers terminate their relationship with us or fail to provide the agreed-on services, we believe that there would be sufficient alternatives to continue to meet customer demand and comply with our contractual obligations without interruption.

## Marketing

We have a direct sales team consisting of over 18 outside sales representatives and 20 in-house sales representatives. We incentivize our representatives with a commission structure.

We use social media, email marketing, and traditional networking at trade shows and events. We also rely on referrals to maintain and expand our customer base.

## Customers and Markets

Stran's customer base includes approximately 2,000 active customers and over 30 Fortune 500 companies, servicing a diverse customer base, encompassing pharmaceutical and healthcare, manufacturing, technology, finance, construction and consumer goods. Our active customers are any organizations, businesses, or divisions of a parent organization which have purchased directly or indirectly from us within the last two years, and include organizations that have bought from other organizations for which Stran acts as an established sub-contractor. We have long-term contracts with many of our customers, though most do not have minimum guarantees. We have ongoing contracts with clientele in such industries as financial services, consumer packaged goods, retail clothing and accessories, pet food and medicine, fitness, child care, retail hardware, fast food franchises, health care, and environmental services. Contracts are often multi-year and auto-renewing. Our average contract lifespan is approximately 10 years. Alternatively, we do have inventory guarantees where the customer must purchase any inventory held by us that has been purchased on their behalf within the contractual time periods. Our active customers may be broken into two main categories, transactional clients and program clients.

We have also been retained for some very large promotional campaigns. For example, during 2019-2020, we were engaged by a Washington, D.C.-based advertising and marketing company leading a nationwide awareness-generating initiative for the 2020 U.S. Census. With our nationwide network of collaborator vendors and suppliers, we delivered a total array of approximately 16 million products printed with various logos in 15 different languages, in all 50 states and 5 U.S. territories, all aimed at increasing public participation in the U.S. Census. This campaign generated approximately \$15 million in revenues over that time period, as well as an all-time high self-response rate for the U.S. Census. During this period, this contract represented approximately 16.54% and 27.12% of our overall revenues for 2019 and 2020, respectively. However, we treat these revenues as nonrecurring. The customer that engaged us in this regard will not renew their engagement with us due to the U.S. Census only occurring once every ten years. As a result, these non-recurring revenue increases are not expected to recur in fiscal year 2021 or beyond and do not represent our long-term growth expectations.

During 2020, sales to The TJX Companies, Inc. (NYSE: TJX), or TJX, were 10.1% of total revenue. All other customers generated less than 4% of sales, and the vast majority generated less than 1% of sales.

While our customer contracts are typically auto-renewing and we have many long-term established customer relationships, most of our customer contracts do not have any minimum or exclusive purchase guarantees, other than as to inventory already ordered by them or their program participants. There is no assurance of recurring revenues. We are not dependent on any particular customer or group of customers, and our highest-grossing contracts may change from year to year due to client brand initiatives.

We do business principally with customers based in the United States, although we also provide e-store, logistical support and other promotional services for client programs in Canada and Europe.

### Online Store

We have been a leader in the use of technology to offer our clients an online platform to more efficiently manage their promotional marketing programs and to give them the ability to sell branded merchandise directly to consumers. We launched our first online store for one of our clients in 1999. Today we offer a custom-built technology platform which offers a B2C (business-to-consumer) retail shopping experience combined with all of the back-end functionality required of a powerful B2B (business-to-business) marketing services platform. Our technology platform services over 280 online stores for our clients.

Our Online Store Account Managers are responsible for ensuring that our stores are up to date with all products, images, and descriptions. As new products are approved to be added to the online store, our account manager will work the appropriate resources to prep the images, write the descriptions and upload the images. Typically, this process will take 24-48 hours. For inventoried products, we typically do not make the products live on the website until they have been received into inventory and are ready to be fulfilled.

If there is an issue with an online store order regarding payment or checkout, the user can contact the appropriate client team who will help troubleshoot the issue or manually place the order. If there is a back-order situation where an order would not be able to ship complete or on time, our Client Services team will review the order and advise the customer on the best and timeliest options to fulfill the order.

## Competition

Our major competitors for our promotional products business include larger companies such as 4Imprint Group plc, Brand Addition Limited (The Pebble Group plc), BAMKO LLC (Superior Group of Companies, Inc.), Staples Promotional Products (Staples, Inc.), Boundless Network, Inc. (Zazzle Inc.) and HALO Branded Solutions, Inc. We also compete with a multitude of foreign, regional and local competitors that vary by market. If our existing or future competitors seek to gain or retain market share by reducing prices, we may be required to lower our prices, which would adversely affect our operating results. Similarly, if customers or potential customers perceive the products or services offered by our existing or future competitors to be of higher quality than ours or part of a broader product mix, our revenues may decline, which would adversely affect our operating results.

### Our Program Management

We are experienced and industry-leading program managers who integrate all aspects of a successful program. Our program team works hand in hand with our account teams to drive the processes and procedures that ensure we are effectively managing our programs. For Stran, program management is built upon six key building blocks:

# What We Deliver

## Comprehensive Program Managers delivering results



- **Creative Products.** We approach promotion marketing, branded merchandise, and loyalty and incentives with the structure and vision of an ad agency. We have built a robust creative and merchandising team that works collaboratively with our account teams to bring fresh ideas and identify future trends for each of our program clients. We proactively develop merchandising plans, source products, offer individual personalization, understand trends, and make continuous improvements to the product offering based on user demand and marketing goals. We also offer multiple procurement methods within the same platform. These include inventoried products, made-to-order products, and personalized products. Our approach is to utilize all three procurement methods within a single program to take advantage of the benefits each method offers. In addition to these three procurement models, Stran has developed strong factory direct relationships with factories around the globe. We utilize these relationships to help drive down costs for our clients. In order to ensure that we can bring products to market quickly and reduce the possibility of backorders, Stran uses a blended approach to sourcing. We work with our domestic supply base to bookend our overseas inventory purchases. Stran purchases and owns inventory for many clients. This benefits our customers by allowing for budget flexibility and a pay-as-you-go model, resulting in reduced upfront costs and streamlined accounting and reporting.

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- **Robust Technology.** We have developed our own custom technology platform based on Magento Open Source, an open-sourced software e-commerce platform. Using Magento we have been able to build a custom solution that meets the very distinctive needs of each of our clients. Stran is constantly making improvements and enhancements to our technology offerings. Client stores feature the ability to purchase a combination of inventoried products in addition to on-demand, and personalized products. The front-end responsive design ensures an impressive mobile experience. Our platform is user-friendly and easy to use while robust enough to offer many of the requirements needed in a traditional B2B solution. The requirements can include allocation to cost centers, departments, or general ledger codes; approval hierarchies; varied product selection or pricing by user group; and robust reporting. Our custom-built platform is also tied directly into our fulfillment center system for streamlined flow of data and we are capable of tying our platform into third party software such as Salesforce as well as accounting and procurement software.
- **Global Distribution.** We offer a global solution for warehousing and fulfillment through a network of industry-leading fulfillment providers including a close working relationship with Harte Hanks, an industry leader in warehousing, fulfillment, print-on-demand, direct mail, and kitting. The relationship between Stran and Harte Hanks has been fine-tuned over a nearly ten-year period and allows Stran to do what we do best, which is the creativity, product procurement, technology and account management while allowing Harte Hanks to do what they do best, which is process-driven fulfillment. Through our longstanding relationship with Harte Hanks we have developed integrated account management teams which ensures that while the customer has a large and diverse account team to support all their program needs, they also have a single account director responsible for all aspects of their program.

Under our agreement with Harte Hanks, as amended and supplemented, we may subcontract to Harte Hanks one or multiple functions as appropriate and costs and fees depend on types of services provided and any special or custom work that we request on behalf of our customers.

- E-store website setup, hosting and ongoing website inventory management services may be subcontracted to Harte Hanks at \$65.00 per hour. For such projects, generally we design shared, base NexTouch websites for multiple, small Stran accounts. Inventory is received under unique client product lines and new order classifications are established for each client. Setup of the base site is completed and invoiced by Harte Hanks at \$65.00/hour with an estimate of three hours per website. Future NexTouch enhancements requiring Harte Hanks' development team are quoted and invoiced at \$65.00 per hour.
- Monthly account management services are \$65.00 per hour up to \$500.00 per month. These include management of program clients' contract executions; coordination of inventory and product setups and supplies management; monthly, daily or weekly inventory and usage reports and Invoicing. These services are \$65.00 per hour up to \$500.00 per month.
- Print-on-demand, warehousing, fulfillment, pick/pack/ship, and other inventory management costs and fees are serviced and billed to us by Harte Hanks at prices according to a schedule and may vary for special projects and mailings and complex customizations/personalizations.
- **Proactive Customer Services.** Customer service is a key component of the overall success of an organization. Each account is assigned a single dedicated account director who is responsible for all aspects of the customer's program. This account director is supported by an online store account manager, a special-order account manager, a fulfillment account manager, account coordinators, a merchandiser, art team support, operations team support, and accounting support. The customer's account director works with program stakeholders on weekly status calls, quarterly business reviews and an annual review. We also use customer feedback surveys periodically to gain insight from the power users of the customer's program and we have a formal corrective action process to address any issues that are not caught through our proactive efforts.
- **Compliance.** We take issues of compliance very seriously. We recognize that we are an extension of the customer's brand, and our systems are built to ensure full compliance around brand standards, quality and safety of products and the meeting of industry/firm rules. Stran has since begun a process to become rated and certified by EcoVadis (<https://ecovadis.com/>), which considers itself the world's largest and most trusted provider of business sustainability ratings. We expect that the evaluation of our policies, processes, and procedures by EcoVadis to be completed before the end of 2021.

We began the process of joining and submitting documentation to Ecovadis for review in early 2021 to replace our involvement with the Quality Certification Alliance (QCA) which folded its operations in August of 2020. In 2017, Stran was one of only 13 distributors in the United States (out of over 30,000 according to PPAI) that was voted onto the Distributor Advisory Council (DAC) of the Quality Certification Alliance (QCA). QCA was a third-party, non-profit organization whose mission was

focused solely on accrediting manufacturers' processes in the areas of product safety and quality, social responsibility, supply chain security, and environmental impact. Stran has developed a well-defined vendor management program which is taken from QCA's protocols developed from dozens of years of best practices across the industry. Once a supplier has been approved by Stran, we require regular updates to site audits and require testing on products as they are manufactured.

- **Integration.** Offering our clients an industry-leading technology platform that stands alone only adds so much value. We have worked to ensure that our platform can be easily integrated with as many other technology platforms used by our clients as possible. This helps our clients in many different ways depending on the specific integrations. We can integrate with various CRM or marketing automation platforms to help our clients track and measure who is using the marketing assets that we provide and how they are performing. We can also integrate with a number of different accounting and procurement systems. This helps our clients better control their spend as well as account for their spend. By forming a close working relationship with worldwide logistics leader Harte Hanks as our warehouse collaborator, we offer the most robust warehousing, fulfillment, kitting, and other logistics capabilities available domestically and internationally. In addition to their multiple U.S. locations for warehousing and fulfillment, Harte Hanks is a leader in print-on-demand and direct mail. Harte Hanks completes over 3 million on-time shipments of time-sensitive materials each year. Being able to integrate print, product, packaging, kitting, and direct mail, we help our client be more impactful and efficient with their promotional marketing efforts.

## **Intellectual Property**

We conduct our business using the registered trademark "STRÄN" and the registered trade name "Stran Promotional Solutions". We also use the unregistered logo "STRÄN promotional solutions".

To protect our intellectual property, we rely on a combination of laws and regulations, as well as contractual restrictions. Federal trademark law protects our registered trademark STRÄN and may protect our unregistered logo "STRÄN promotional solutions". We also rely on the protection of laws regarding unregistered copyrights for certain content we create and trade secret laws to protect our proprietary technology including our e-commerce platform and new ERP system currently under development. To further protect our intellectual property, we enter into confidentiality agreements with our executive officers and directors.

## **Facilities**

We are headquartered in Quincy, Massachusetts, where we occupy approximately 10,000 square feet of office space pursuant to a lease that is expected to expire in May 2025. Our management team, client service team, marketing, operations, and sales team are all primarily based in this office.

We lease satellite office space in Warsaw, Indiana; Southport, Connecticut; and Mt. Pleasant, South Carolina. Our employees also work remotely from nine additional locations around the United States using other facilities.

We believe that all our properties have been adequately maintained, are generally in good condition, and are suitable and adequate for our businesses.

## **Seasonality and Cyclicity**

Our business is generally not subject to seasonal fluctuations. While certain customers have seasonal businesses, the promotional products industry overall is not. Our net sales and profits sometimes are impacted by the holiday selling season.

Portions of the promotional products industry are cyclical in nature. Generally, when economic conditions are favorable, the industry tends to perform well. When the economy is weak or if there are economic disturbances that create uncertainty with corporate profits, the promotional products industry tends to experience low or negative growth.

## **Security**

We regularly receive and store information about our customers, vendors and other third parties. We have programs in place to detect, contain, and respond to data security incidents. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures. In addition, hardware, software, or applications we develop or procure from third parties or through open-source solutions may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities, or those of third parties with whom we do business, through fraud, trickery, or other forms of deceiving our team members, contractors, and vendors.

## **Employees**

As of July 23, 2021, we employed 67 employees and had one independent contractor executive officer, all of whom are full-time.

We do not believe any of our employees are represented by labor unions, and we believe that we have an excellent relationship with our employees.

## **Legal Proceedings**

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are not aware of any such legal proceedings or claims against us.

## **Regulation**

### ***Trade Regulations***

As disclosed above, our suppliers generally source or manufacture finished goods in parts of the world that may be affected by the imposition of duties, tariffs or other import regulations by the United States. The Company believes that its redundant network of suppliers provide sufficient capacity to mitigate any dependency risks on a single supplier.

We buy promotional products from suppliers or factories both domestically and internationally as needed. We do not depend on any single supplier. However, if we are unable to continue to obtain our finished products from international locations or if our suppliers are unable to source raw materials, it could significantly disrupt our business. Further, we are affected by economic, political and other conditions in the United States and internationally, including those resulting in the imposition or increase of import duties,

tariffs and other import regulations and widespread health emergencies, which could have a material adverse effect on our business.

### ***Laws and Regulations Relating to E-Commerce***

Our business is subject to a variety of laws and regulations applicable to companies conducting business on the Internet. Jurisdictions vary as to how, or whether, existing laws governing areas such as personal privacy and data security, consumer protection or sales and other taxes, among other areas, apply to the Internet and e-commerce, and these laws are continually evolving. For example, certain applicable privacy laws and regulations require us to provide customers with our policies on sharing information with third parties, and advance notice of any changes to these policies. Related laws may govern the manner in which we store or transfer sensitive information or impose obligations on us in the event of a security breach or inadvertent disclosure of such information. Additionally, tax regulations in jurisdictions where we do not currently collect state or local taxes may subject us to the obligation to collect and remit such taxes, or to additional taxes, or to requirements intended to assist jurisdictions with their tax collection efforts.

The production, distribution and sale in the United States of many of our products are subject to the Federal Food, Drug, and Cosmetic Act, the Federal Trade Commission Act, the Lanham Act, state consumer protection laws, competition laws, federal, state and local workplace health and safety laws, various federal, state and local environmental protection laws, various other federal, state and local statutes applicable to the production, transportation, sale, safety, advertising, labeling and ingredients of such products, and rules and regulations adopted pursuant to these laws. Outside the United States, the distribution and sale of our many products and related operations are also subject to numerous similar and other statutes and regulations.

A California law known as Proposition 65 requires a specific warning to appear on any product containing a component listed by the state as having been found to cause cancer or birth defects. The state maintains lists of these substances and periodically adds other substances to these lists. Proposition 65 exposes all food and beverage producers to the possibility of having to provide warnings on their products in California because it does not provide for any generally applicable quantitative threshold below which the presence of a listed substance is exempt from the warning requirement. Consequently, the detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. However, Proposition 65 does not require a warning if the manufacturer of a product can demonstrate that the use of that product exposes consumers to a daily quantity of a listed substance that is:

- below a “safe harbor” threshold that may be established;
- naturally occurring;
- the result of necessary cooking; or
- subject to another applicable exemption.

In January 2019, New York State’s governor announced the “Consumer Right to Know Act,” a proposed law that would impose similar and potentially more stringent labeling requirements than California Proposition 65. The law has not yet been adopted, and to our knowledge California Proposition 65 remains the most onerous state-level chemical exposure labeling statutory scheme. However, due in part to the large size of California’s market, promotional products sold or distributed anywhere in the United States may be subject to California Proposition 65.

We are unable to predict whether a component found in a product that we assisted a client in producing might be added to the California list in the future. Furthermore, we are also unable to predict when or whether the increasing sensitivity of detection methodology may become applicable under this law and related regulations as they currently exist, or as they may be amended.

We are subject to various federal, state and local laws and regulations, including but not limited to, laws and regulations relating to labor and employment, U.S. customs and consumer product safety, including the Consumer Product Safety Improvement Act, or the “CPSIA.” The CPSIA created more stringent safety requirements related to lead and phthalates content in children’s products. The CPSIA regulates the future manufacture of these items and existing inventories and may cause us to incur losses if we offer for sale or sell any non-compliant items. Failure to comply with the various regulations applicable to us may result in damage to our reputation, civil and criminal liability, fines and penalties and increased cost of regulatory compliance. These current and any future laws and regulations could harm our business, results of operations and financial condition.

Legal requirements apply in various jurisdictions in the United States and overseas requiring deposits or certain taxes or fees be charged for the sale, marketing and use of certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Other types of beverage container-related deposit, recycling, tax and/or product stewardship statutes and regulations also apply in various jurisdictions in the United States and overseas. We anticipate additional, similar legal requirements may be proposed or enacted in the future at local, state and federal levels, both in the United States and elsewhere.

New legislation or regulation, the application of laws from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the Internet and e-commerce generally could result in significant additional taxes on our business. Further, we could be subject to fines or other payments for any past failures to comply with these requirements. The continued growth and demand for e-commerce is likely to result in more laws and regulations that impose additional compliance burdens on e-commerce companies.

### ***Laws and Regulations Relating to Data Privacy***

In the ordinary course of our business, we might collect and store in our internal and external data centers, cloud services and networks sensitive data, including our proprietary business information and that of our customers, suppliers and business collaborators, as well as personal information of our customers and employees. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. The number and sophistication of attempted attacks and intrusions that companies have experienced from third parties has increased over the past few years. Despite our security measures, it is impossible for us to eliminate this risk.

A number of U.S. states have enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of personal information, such as social security numbers, financial information and other sensitive personal information. For example, all 50 states and several U.S. territories now have data breach laws that require timely notification to affected individuals, and at times regulators, credit reporting agencies and other bodies, if a company has experienced the unauthorized access or acquisition of certain personal information. Other state laws, particularly the California Consumer Privacy Act, as amended (“CCPA”), among other things, contain disclosure obligations for businesses that collect personal information about residents in their state and affords those individuals new rights relating to their personal information that may affect our ability to collect and/or use personal information. The Virginia Consumer Data Protection Act (“CDPA”) also establishes rights for Virginia consumers to control how companies use individuals’ personal data. The CDPA dictates how companies must protect personal data in their possession and respond to consumers exercising their rights, as prescribed by the law, regarding such personal data. The CDPA will go into effect on January 1, 2023. Meanwhile, several other states and the federal government have considered or are considering privacy laws like the CCPA. We will continue to monitor and assess the impact of these laws, which may impose substantial penalties for violations, impose significant costs for investigations and compliance, allow private class-action litigation and carry significant potential liability for our business.



Outside of the U.S., data protection laws, including the EU General Data Protection Regulation (the “GDPR”), also might apply to some of our operations or business collaborators. Legal requirements in these countries relating to the collection, storage, processing and transfer of personal data/information continue to evolve. The GDPR imposes, among other things, data protection requirements that include strict obligations and restrictions on the ability to collect, analyze and transfer EU personal data/information, a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances, and possible substantial fines for any violations (including possible fines for certain violations of up to the greater of 20 million Euros or 4% of total company revenue). Other governmental authorities around the world have enacted or are considering similar types of legislative and regulatory proposals concerning data protection.

The interpretation and enforcement of the laws and regulations described above are uncertain and subject to change, and may require substantial costs to monitor and implement and maintain adequate compliance programs. Failure to comply with U.S. and international data protection laws and regulations could result in government enforcement actions (which could include substantial civil and/or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business.

#### **Environmental Regulations**

We use certain plastic, glass, fabric, metal and other products in our business which may be harmful if released into the environment. In view of the nature of our business, compliance with federal, state, and local laws regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, has had no material effect upon our operations or earnings, and we do not expect it to have a material impact in the foreseeable future.

#### **Tax Laws and Regulations**

Changes in tax laws or regulations in the jurisdictions in which we do business, including the United States, or changes in how the tax laws are interpreted, could further impact our effective tax rate, further restrict our ability to repatriate undistributed offshore earnings, or impose new restrictions, costs or prohibitions on our current practices and reduce our net income and adversely affect our cash flows.

We are also subject to tax audits in the United States and other jurisdictions and our tax positions may be challenged by tax authorities. Although we believe that our current tax provisions are reasonable and appropriate, there can be no assurance that these items will be settled for the amounts accrued, that additional tax exposures will not be identified in the future or that additional tax reserves will not be necessary for any such exposures. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions could result in a material adverse effect on our business, results of operations and financial condition.

#### **Other Regulations**

We are subject to international, federal, national, regional, state, local and other laws and regulations affecting our business, including those promulgated under the Occupational Safety and Health Act, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the rules and regulations of the Consumer Products Safety Commission, the Food, Drug, and Cosmetic Act, the Foreign Corrupt Practices Act of 1977 (FCPA), various securities laws and regulations including but not limited to the Securities Exchange Act of 1934, the Securities Exchange Act of 1933, and the Nasdaq Stock Market LLC Rules, various labor, workplace and related laws, and environmental laws and regulations. Failure to comply with such laws and regulations may expose us to potential liability and have an adverse effect on our results of operations.

## **MANAGEMENT**

### **Directors and Executive Officers**

Set forth below is information regarding our directors and executive officers as of the date of this prospectus.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Andrew Stranberg	49	Executive Chairman, Treasurer, Secretary, and Director
Andrew Shape	48	President, Chief Executive Officer and Director
Christopher Rollins	56	Vice President of Finance and Administration and Chief Financial Officer Nominee
Randolph Birney	46	Executive Vice President
John Audibert	34	Vice President of Growth and Strategic Initiatives
Travis McCourt	38	Director Nominee
Alan Chippindale	62	Director Nominee
Alejandro Tani	48	Director Nominee
Ashley Marshall	36	Director Nominee

**Andrew Stranberg** co-founded our Company and has served as its Executive Chairman since 1995. From 1995 to January 2020, Mr. Stranberg was also our Chief Executive Officer. In 1995, Mr. Stranberg founded Stran Capital LLC, a family office, and has since been its Chief Executive Officer. From 1997 to 2016 he served as Chairman of STRAN Technologies IT Services, LLC, a U.S.-based producer of harsh environment and tactical interconnect products and services, and which was sold to Corning (NYSE:GLW) in 2016. From 2012 to November 2019, Mr. Stranberg was the founder and manager of Stran Maritime LLC for a joint venture with Atlas Maritime Ltd., an international shipping company, to conduct a joint purchase of two ships. Mr. Stranberg is a graduate of the University of New Hampshire Peter T. Paul College of Business and Economics. We believe that Mr. Stranberg is qualified to serve on our board of directors due to his deep knowledge of Stran and his long executive and board experience with us since his co-founding of the Company.

**Andrew Shape** has over 25 years of merchandising, marketing, branding, licensing, and management experience. He is our co-founder and since 1996 has served as our President, Chief Executive Officer and director. From July 2018 to February 2021, Mr. Shape also served as the Chief Executive Officer and President and a director of Long Blockchain Corp., a Delaware corporation, or LBCC, in connection with a business co-managed with LBCC for its subsidiary Stran Loyalty Group Inc., a Delaware corporation, or SLG, that was focused on co-managing our loyalty and gift card programs. Since June 2018, Mr. Shape has served as a Director for Naked Brand Group, a Nasdaq-listed leading intimate apparel and swimwear company. Prior to forming Stran, from August 1995 to September 1996, Mr. Shape worked at Copithorne & Bellows Public Relations (a Porter Novelli company) as an Account Executive covering the technology industry. Mr. Shape holds a BA degree from the University of New Hampshire. We believe that Mr. Shape is qualified to serve on our board of directors due to his deep knowledge of Stran, his industry expertise, and his experience as a director on other Nasdaq listed companies.

**Christopher Rollins** has been our Vice President of Finance and Administration since February 2016, and will be our Chief Financial Officer immediately upon the effectiveness of the registration statement of which this prospectus forms a part. Prior to joining Stran in January 2015, Mr. Rollins was Director of Accounting for Northeast Region of Toshiba Business Solutions from January 2011 through October 2014 and VP of Finance of Yardi Systems from April 2007 through December 2010. He held additional positions as Controller of Powerhouse Technology, Senior Financial Accountant for Saucony, and Portfolio Accountant for Putnam Investments. Mr. Rollins holds a B.S. in Finance, Accounting and Investments from Babson College.

**Randolph Birney** has been our Executive Vice President since 2015, and was one of our Sales Executives from 1999 to 2015. His role is focused on business development and strategic vision. In addition to these responsibilities, he is instrumental in managing the day-to-day business of multiple large retail and consumer-based program accounts. Mr. Birney holds a BA from the University of New Hampshire.

**John Audibert** has been our Vice President of Strategy and Growth Initiatives since March 2020. Mr. Audibert has over 12 years of investment banking, corporate finance and strategy consulting experience. He has been the President of Josselin Capital Advisors, Inc., since October 2019, which provides consulting services to high-growth businesses in the consumer sector. He was formerly President of Woodland Way Advisors, Inc., a consulting firm, from January 2015 through December 2020. Mr. Audibert previously worked in the investment banking group of Sandler O'Neill + Partners, L.P. where he provided merger and acquisition advisory as well as capital raising services to middle-market clients. Prior to joining Sandler O'Neill, he was a strategic consultant at Putnam Associates where he advised companies in the pharmaceutical, biotechnology and medical device industries. Mr. Audibert received a bachelor's degree with a concentration in finance from the Carroll School of Management at Boston College. Mr. Audibert was an employee of the Company from March 2020 to May 2021, and since then has continued acting in his current capacity as an independent contractor.

**Travis McCourt** will be a member of our board of directors immediately upon the effectiveness of the registration statement of which this prospectus forms a part. Mr. McCourt has over 20 years of experience from the financial industry working with companies to optimize their operational and financial procedures. In June 2014, he founded Conchoid Capital Fund where he still serves as a Principal. From May 2012 to December 2014, he was a Principal at the investment firm McCourt. From November 2007 to May 2012, he was the Vice President of Alternative Capital Markets at Goldman Sachs. From November 2004 to December 2007, he served as a Front Office Executive for the Los Angeles Dodgers. Mr. McCourt graduated from Georgetown University. We believe that Mr. McCourt is qualified to serve on our board of directors due to his investment management, buyout analysis, capital markets, investor relations and other business experience.

**Alan Chippindale** will be a member of our board of directors immediately upon the effectiveness of the registration statement of which this prospectus forms a part. Mr. Chippindale has been President of Engage & Excel Enterprises Inc., an employee recruitment and M&A consulting company, since July 2017. From January 2008 to June 2017, Mr. Chippindale was Chief Business Development Officer of BrandAlliance Inc., a promotional products distributor. Mr. Chippindale graduated from Bowling Green State University with a Bachelor degree in International Business and Marketing. Mr. Chippindale has been listed on the ASI Power 50 five times, was Chief Executive Officer and a director of BrandAlliance Inc., and was President of Proforma Inc. from September 1987 to December 2004. He is a leading business development, recruiting and merger and acquisition consultant for the promotional products industry, a strategic think tank member, and a certified marketing professional. He has managed over 100 business combinations and the recruiting of over 1,000 sales professionals. We believe that Mr. Chippindale is qualified to serve on our board of directors due to his leading role in the promotional products industry.

**Alejandro Tani** will be a member of our board of directors immediately upon the effectiveness of the registration statement of which this prospectus forms a part. Mr. Tani has vast experience from the technology, oil and gas industry and has several successful startups behind him. He is the current owner of Clair Trading, an import and export business since January 2007. He has also been Chief Information Officer and Chief Executive Officer of Innovative Genetics LLC, a CBD technology company, and a Director and Partner of Green Beehive II LLC, a cannabis manufacturing company, since February 2017. Mr. Tani graduated from University Catolica Andres Bello - the largest and oldest catholic university in Venezuela. We believe that Mr. Tani is qualified to serve on our board of directors due to his business experience.

**Ashley L. Marshall** will be a member of our board of directors automatically upon the effectiveness of the registration statement of which this prospectus forms a part. From January 2015 to August 2020, Ms. Marshall was in planner positions with off-price apparel retailer The TJX Companies, Inc.: Allocation Analyst, January 2015 to December 2015; Senior Analyst, December 2015 to September 2017; Associate Planner, September 2017 to August 2020. From January 2014 to December 2015, Ms. Marshall was an attorney in the United States Treasury Department. Ms. Marshall earned a Bachelor of Business Administration from the University of Mississippi and a Juris Doctor from The George Washington University Law School. We believe that Ms. Marshall is qualified to serve on our board of directors due to her over five years' experience developing business strategy for TJX, a leading global retailer, and her background in law.

Our directors currently have terms which will end at our next annual meeting of the shareholders or until their successors are elected and qualify, subject to their prior death, resignation or removal. Officers serve at the discretion of the board of directors. There is no arrangement or understanding between any director or executive officer and any other person pursuant to which he was or is to be selected as a director, nominee or officer.

#### **Family Relationships**

There are no family relationships among any of our officers or directors.

#### **Involvement in Certain Legal Proceedings**

To the best of our knowledge, except as described below, none of our directors or executive officers has, during the past ten years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offences);
- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- been found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

- been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

### **Management's Transactions with Long Blockchain Corp.**

We entered into an agreement with Long Blockchain Corp., or LBCC, and its wholly-owned subsidiary, Stran Loyalty Group Inc., or SLG, dated July 26, 2018. According to a Schedule 13D jointly filed by the Company and Mr. Stranberg on August 7, 2018, as of July 26, 2018, Mr. Stranberg owned a total of 4,288,799 shares or approximately 23.6% of LBCC, which included 1,788,799 shares of common stock of LBCC that he previously acquired with his personal funds, and 2,500,000 shares that were required to be issued to the Company on July 26, 2018 which were deemed beneficially owned by Mr. Stranberg as a control person of the Company. According to a proxy statement filed by LBCC on April 19, 2019, as of April 12, 2019, Mr. Stranberg still beneficially owned 4,233,744 shares or approximately 13.5% of LBCC, including the 2,500,000 shares required to be issued to the Company. This agreement between us, LBCC and SLG was terminated as of July 31, 2020, and the Company has not received any of the 2,500,000 shares.

Under the agreement, we were required to provide SLG with certain assets and services for it to operate loyalty and gift card programs for designated program clients. Under the agreement we were also required to pay SLG all amounts collected by us, other than loyalty card balances, from program clients, and to provide an option to SLG to purchase the operating assets at cost. As compensation, LBCC was required to issue 2,500,000 shares of common stock to us upon signing and certain additional amounts of shares of its common stock to us depending on SLG's net revenue and operating profit for each of the first two years of the contract.

Pursuant to the agreement, Mr. Stranberg entered into a subscription agreement with LBCC under which Mr. Stranberg purchased 1,500,000 additional shares of common stock of LBCC at \$0.40 per share, or \$600,000 in aggregate. According to a Schedule 13D jointly filed by the Company and Mr. Stranberg on August 7, 2018, Mr. Stranberg used personal funds for this purchase. Mr. Stranberg received a three-year warrant from LBCC to purchase an additional 450,000 shares of common stock of LBCC at \$0.50 per share. Pursuant to the terms of the warrant, Mr. Stranberg was not permitted to exercise any portion of the warrant to the extent that after giving effect to such issuance after exercise, Mr. Stranberg (together with his affiliates, and any other persons acting as a group together with Mr. Stranberg or any of his affiliates), would beneficially own in excess of 9.99% of the number of shares outstanding immediately after giving effect to the issuance of shares issuable upon exercise of the warrant. Pursuant to the subscription agreement, Mr. Stranberg agreed not to sell or transfer the shares and the warrant unless they are subsequently registered under the Securities Act and under applicable securities laws of certain states, or an exemption from such registration is available. Mr. Stranberg did not exercise the warrant.

Under the agreement, we and our affiliates, including Mr. Stranberg, had the option to purchase up to an additional 1,500,000 shares of common stock of LBCC at \$0.40 per share prior to July 31, 2019, which if exercised in full would have also entitled us to another warrant to purchase up to an amount of common stock of LBCC equal to 30% of the amount that had been purchased. We and our affiliates, including Mr. Stranberg, did not exercise this option.

The agreement automatically renewed for additional one-year terms unless terminated by either party more than 60 days before the end of the term or upon a material breach of contract by the other party. The agreement did not specify the amount of compensation for additional term years.

Under the agreement, SLG was required to reimburse us for certain expenses that we incur as a result of providing the required program services. The amounts due from SLG at December 31, 2020 and 2019 were \$0 and \$138,561, respectively.

As required by the agreement with SLG and LBCC, we entered into a separate lockup agreement, dated July 26, 2018, in which we agreed not to transfer or sell the LBCC shares received upon execution and any LBCC shares received as compensation for the first year until July 31, 2019 and January 31, 2020, respectively, with exceptions for specified permitted transferees.

Other than Mr. Stranberg, as disclosed above, and our Vice President of Strategy and Growth Initiatives, John Audibert, who received a nominal number of shares of LBCC in exchange for services provided during 2018, no other officers, directors or shareholders of the Company are shareholders of LBCC.

### **Overlap in Management with Long Blockchain Corp.**

In addition to the other terms of the agreement with SLG and LBCC described above, LBCC and our President, Chief Executive Officer and director Andrew Shape entered into an employment agreement dated as of July 26, 2018, pursuant to which Mr. Shape was appointed chief executive officer and chairman of the board of LBCC from July 2018 to February 2021. As a result of his position as both chief executive officer and chairman of the board of LBCC and as our chief executive officer, president and director, our management overlapped with the management of LBCC during that period.

Under Mr. Shape's employment agreement, Mr. Shape was entitled to \$200,000 annual salary through the equal quarterly issuance of restricted shares of common stock of LBCC at a price per share equal to 85% of the average closing price for ten trading days prior to the end of the quarter, but in any event not less than \$0.30 per share. According to page 8 of a proxy statement filed by LBCC on April 22, 2019, as of April 12, 2019, "437,251 shares were earned by Mr. Shape under his employment agreement dated July 26, 2018, but not yet issued." Pursuant to the employment agreement with LBCC, on May 21, 2019 Mr. Shape was granted a warrant to purchase 2,000,000 shares of common stock of LBCC at a price per share of \$0.25, exercisable from January 18, 2019 to January 17, 2023. Mr. Shape has not exercised the warrant. The employment agreement contained other standard provisions including as to termination, nondisclosure and noncompetition. Mr. Shape resigned from his positions with LBCC as of February 2021 and none of our officers, directors or shareholders have any employment or directorship relationship with LBCC.

### **Revocation of Registration of Common Stock of Long Blockchain Corp.**

Pursuant to an "Order Instituting Proceedings Pursuant To Section 12(j) Of The Securities Exchange Act Of 1934, Making Findings, And Revoking Registration Of Securities," File No. 3-20228, Administrative Proceeding, Release No. 91174 / February 19, 2021, the SEC found that "[f]rom approximately 2015 to 2017, [LBCC]'s principal business was ready-to-drink beverages. In December 2017, the company changed its name to LBCC and announced that it was shifting its business operations from soft drink production to activities related to blockchain technology. Its blockchain business never became operational. LBCC has common stock registered pursuant to Section 12(g). The common stock of LBCC was registered under Section 12(b) of the Exchange Act and traded on NASDAQ until NASDAQ filed a Form 25 on June 6, 2018 to delist the securities. LBCC stock is currently quoted and on OTC Link whose parent company is OTC Markets Group, Inc." In addition, the SEC found that "LBCC has failed to comply with Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder in that it has not filed an annual report on Form 10-K since the period ended December 31, 2017. LBCC is also delinquent in filing quarterly reports, having not filed a Form 10-Q since the period ended September 30, 2018." Based in part on these findings, effective February 22, 2021, the SEC revoked the registration of the common stock of LBCC under the Exchange Act, and its stock is no longer listed or quoted on any securities exchange or trading market.

For further information regarding the matters relating to LBCC, please refer to "Certain Relationships and Related Party Transactions – Transactions with Related Persons".

## **Corporate Governance**

### **Governance Structure**

We chose to appoint a separate Chairman of the Board who is not our Chief Executive Officer. Our board of directors has made this decision based on their belief that an

independent Chairman of the Board can act as a balance to the Chief Executive Officer, who also serves as a non-independent director.

### ***The Board's Role in Risk Oversight***

The board of directors oversees that the assets of our company are properly safeguarded, that the appropriate financial and other controls are maintained, and that our business is conducted wisely and in compliance with applicable laws and regulations and proper governance. Included in these responsibilities is the board's oversight of the various risks facing our company. In this regard, our board seeks to understand and oversee critical business risks. Our board does not view risk in isolation. Risks are considered in virtually every business decision and as part of our business strategy. Our board recognizes that it is neither possible nor prudent to eliminate all risk. Indeed, purposeful and appropriate risk-taking is essential for our company to be competitive on a global basis and to achieve its objectives.

While the board oversees risk management, company management is charged with managing risk. Management communicates routinely with the board and individual directors on the significant risks identified and how they are being managed. Directors are free to, and indeed often do, communicate directly with senior management.

Our board administers its risk oversight function as a whole by making risk oversight a matter of collective consideration. Much of this work has been delegated to committees, which will meet regularly and report back to the full board. The audit committee oversees risks related to our financial statements, the financial reporting process, accounting and legal matters, the compensation committee evaluates the risks and rewards associated with our compensation philosophy and programs, and the nominating and corporate governance committee evaluates risk associated with management decisions and strategic direction.

### ***Independent Directors***

Nasdaq's rules generally require that a majority of an issuer's board of directors must consist of independent directors. Our board of directors currently consists of two (2) directors, Andrew Shape and Andrew Stranberg, neither of whom are independent within the meaning of Nasdaq's rules. We have entered into independent director agreements with Ashley Marshall, Travis McCourt, Alan Chippindale and Alejandro Tani, pursuant to which they have been appointed to serve as independent directors effective immediately upon the effectiveness of the registration statement of which this prospectus forms a part.

Under the independent director agreements, each director nominee will receive an annual cash fee and an initial award of restricted common stock and stock options. We will pay the annual cash compensation fee to each director nominee in four equal installments no later than the fifth business day of each calendar quarter commencing in the first quarter following the effective date of the registration statement of which this prospectus forms a part. We will grant the restricted stock and options to the director nominees immediately after the consummation of this offering. The cash fee paid to each director nominee will be \$20,000 as to Ms. Marshall, \$26,000 as to Mr. McCourt, \$26,000 as to Mr. Chippindale, and \$20,000 as to Mr. Tani. The shares of restricted common stock that will be awarded to each director nominee will be in an amount equal to \$12,000 divided by the price per share equal to the price per share of the common stock that is being offered in this offering. The restricted stock will vest in four (4) equal quarterly installments commencing in the first quarter following the effective date of the registration statement of which this prospectus forms a part. The options that will be awarded to each director nominee may be exercised to purchase 5,000 shares of common stock at an exercise price equal to the price per share of the common stock that is being offered in this offering. The options will vest and become exercisable in twelve (12) equal monthly installments over the first year following the date of grant, subject to the respective director nominee continuing in service on our board of directors through each such vesting date. The term of each stock option will be ten (10) years from the date of grant. We will also reimburse each director nominee for pre-approved reasonable business-related expenses incurred in good faith in connection with the performance of the director nominee's duties for us. As also required under the independent director agreements, we have separately entered into a standard indemnification agreement with each of our director nominees, the term of which will begin upon the effectiveness of the registration statement of which this prospectus forms a part.

As a result of these board changes, our board of directors will consist of six (6) directors, four (4) of whom will be independent within the meaning of Nasdaq's rules except that Mr. Chippindale will not be appointed to the audit committee due to certain fees to which he is entitled. For a discussion of certain consideration relating to transactions with Mr. Chippindale, see the section entitled "*Certain Relationships and Related Party Transactions – Transactions with Related Persons*" in this prospectus.

### ***Committees of the Board of Directors***

Our board has established an audit committee, a compensation committee, and a nominating and corporate governance committee, each with its own charter approved by the board. The committee charters have been filed as exhibits to the registration statement of which this prospectus is a part. Upon completion of this offering, we intend to make each committee's charter available on our website at <https://www.stran.com/>.

In addition, our board of directors may, from time to time, designate one or more additional committees, which shall have the duties and powers granted to it by our board of directors.

#### **Audit Committee**

Travis McCourt, Alejandro Tani, and Ashley Marshall, each of whom satisfies the "independence" requirements of Rule 10A-3 under the Exchange Act and Nasdaq's rules, will serve on our audit committee upon their appointment to the board, with Mr. McCourt serving as the chairman. Our board has determined that Travis McCourt and Alejandro Tani qualify as "audit committee financial experts." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company.

The audit committee is responsible for, among other things: (i) retaining and overseeing our independent accountants; (ii) assisting the board in its oversight of the integrity of our financial statements, the qualifications, independence and performance of our independent auditors and our compliance with legal and regulatory requirements; (iii) reviewing and approving the plan and scope of the internal and external audit; (iv) pre-approving any audit and non-audit services provided by our independent auditors; (v) approving the fees to be paid to our independent auditors; (vi) reviewing with our chief executive officer and principal financial officer and independent auditors the adequacy and effectiveness of our internal controls; (vii) reviewing hedging transactions; and (viii) reviewing and assessing annually the audit committee's performance and the adequacy of its charter.

#### **Compensation Committee**

Alan Chippindale, Travis McCourt and Alejandro Tani, each of whom satisfies the "independence" requirements of Rule 10C-1 under the Exchange Act and Nasdaq's rules, will serve on our compensation committee upon their appointment to the board, with Mr. Chippindale serving as the chairman. The members of the compensation committee are also "outside directors" as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, and "non-employee directors" within the meaning of Section 16 of the Exchange Act. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers.

The compensation committee is responsible for, among other things: (i) reviewing and approving the remuneration of our executive officers; (ii) making recommendations to the board regarding the compensation of our independent directors; (iii) making recommendations to the board regarding equity-based and incentive compensation plans, policies and programs; and (iv) reviewing and assessing annually the compensation committee’s performance and the adequacy of its charter.

#### Nominating and Corporate Governance Committee

Alejandro Tani, Ashley Marshall, and Alan Chippindale, each of whom satisfies the “independence” requirements of Nasdaq’s rules, will serve on our nominating and corporate governance committee upon their appointment to the board, with Mr. Tani serving as the chairman. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees.

The nominating and corporate governance committee will be responsible for, among other things: (i) identifying and evaluating individuals qualified to become members of the board by reviewing nominees for election to the board submitted by shareholders and recommending to the board director nominees for each annual meeting of shareholders and for election to fill any vacancies on the board; (ii) advising the board with respect to board organization, desired qualifications of board members, the membership, function, operation, structure and composition of committees (including any committee authority to delegate to subcommittees), and self-evaluation and policies; (iii) advising on matters relating to corporate governance and monitoring developments in the law and practice of corporate governance; (iv) overseeing compliance with the our code of ethics; and (v) approving any related party transactions.

The nominating and corporate governance committee’s methods for identifying candidates for election to our board of directors (other than those proposed by our shareholders, as discussed below) will include the solicitation of ideas for possible candidates from a number of sources - members of our board of directors, our executives, individuals personally known to the members of our board of directors, and other research. The nominating and corporate governance committee may also, from time-to-time, retain one or more third-party search firms to identify suitable candidates.

In making director recommendations, the nominating and corporate governance committee may consider some or all of the following factors: (i) the candidate’s judgment, skill, experience with other organizations of comparable purpose, complexity and size, and subject to similar legal restrictions and oversight; (ii) the interplay of the candidate’s experience with the experience of other board members; (iii) the extent to which the candidate would be a desirable addition to the board and any committee thereof; (iv) whether or not the person has any relationships that might impair his or her independence; and (v) the candidate’s ability to contribute to the effective management of our company, taking into account the needs of our company and such factors as the individual’s experience, perspective, skills and knowledge of the industry in which we operate.

A shareholder may nominate one or more persons for election as a director at an annual meeting of shareholders if the shareholder complies with the notice and information provisions contained in our bylaws. Such notice must be in writing to our Company not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one-hundred-twentieth (120th) day prior to the first anniversary of the preceding year’s annual meeting; provided, however, that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year’s annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made or as otherwise required by the Exchange Act. In addition, shareholders furnishing such notice must be a holder of record on both (i) the date of delivering such notice and (ii) the record date for the determination of shareholders entitled to vote at such meeting.

#### **Code of Ethics**

We have adopted a code of ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. Such code of ethics addresses, among other things, honesty and ethical conduct, conflicts of interest, compliance with laws, regulations and policies, including disclosure requirements under the federal securities laws, and reporting of violations of the code.

A copy of the code of ethics has been filed as an exhibit to the registration statement of which this prospectus is a part. We are required to disclose any amendment to, or waiver from, a provision of our code of ethics applicable to our principal executive officer, principal financial officer, principal accounting officer, controller, or persons performing similar functions. We intend to use our website as a method of disseminating this disclosure as well as by SEC filings, as permitted or required by applicable SEC rules. Any such disclosure will be posted to our website within four (4) business days following the date of any such amendment to, or waiver from, a provision of our code of ethics.

## **EXECUTIVE COMPENSATION**

### **Summary Compensation Table - Years Ended December 31, 2020 and 2019**

The following table sets forth information concerning all cash and non-cash compensation awarded to, earned by or paid to the named persons for services rendered in all capacities during the noted periods. No other executive officers received total annual salary and bonus compensation in excess of \$100,000.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Andrew Shape, President, Chief Executive Officer and Director	2020	335,000	187,746	-	-	6,750 <sup>(1)</sup>	529,496
	2019	300,000	317,819	-	-	-	617,819
Andrew Stranberg, Executive Chairman and Director	2020	300,000	250,000	-	-	-	550,000
	2019	300,000	200,000	-	-	-	500,000
Randolph Birney, Executive Vice President	2020	285,000	180,009	-	-	6,750 <sup>(1)</sup>	471,759
	2019	300,000	192,224	-	-	-	492,224
Christopher Rollins, Vice President of Finance and Administration	2020	189,200	22,143	-	-	-	211,343
	2019	168,000	25,800	-	-	-	193,800

(1) Other compensation consisted of corporate automobile expenses.

#### **Employment Agreements**

Under our employment agreement with our Chief Executive Officer, Andrew Shape, dated July 13, 2021 and effective as of the effective date of the registration statement of which this prospectus forms a part, we agreed that, for a three-year term, unless terminated earlier in accordance with its terms, we will pay Mr. Shape an annual salary of \$400,000 and will be eligible to receive an annual cash bonus as determined by the board of directors. In addition, the agreement provides that, as soon as practical after the consummation of the Company’s initial public offering (the “IPO”) Mr. Shape will be awarded stock options for the purchase of 323,810 shares of the Company’s common stock with an exercise price equal to the price per share paid by investors in the IPO. The stock options will vest in accordance with the following vesting schedule: the options

will vest over a four-year period with 25% of the options vesting on the first anniversary of the date of grant and the balance of the options (75%) will vest monthly over the following three years after the first anniversary of the date of grant at a rate of 1/36 per month. The parties acknowledged that Mr. Shape was owed sales commissions for sales generated for the Company during 2018, 2019 and 2020 in the gross amount of \$140,926.69 that were earned and due to Mr. Shape as of a date prior to the date of the employment agreement and that Mr. Shape did not waive his right to these sales commissions by entering into the agreement. Beginning on the date of the agreement, and continuing thereafter, interest at the rate of 2% per annum accrues on unpaid earned sales commissions. Beginning one month after the effective date of the agreement, the Company will pay Mr. Shape the gross amount of \$10,000 per month towards Mr. Shape's unpaid earned sales commissions, less deductions applicable to wages, or such lesser amount as the Company can afford, when the Company has "available cash," defined as sufficient cash to ensure that the Company is not at material risk of default on any material financial obligation due in the next three months. Whether the Company has "available cash" shall be determined by the Board in its reasonable discretion, acting in good faith, taking into account any factors it deems germane, including without limitation the maintenance of reserves for future liabilities, whether certain or uncertain, and the preservation of funds for capital expenditures. At the earlier of the termination of Mr. Shape's employment for any reason, regardless of whether termination is for cause, and thirty (30) months after the date of the employment agreement, Mr. Shape shall have the right to demand immediate payment of all unpaid earned sales commissions and interest in cash. Mr. Shape will be provided with standard executive benefits. The Company will also provide standard indemnification and directors' and officers' insurance. The Company may terminate Mr. Shape's employment by giving at least 30 days written notice. If we terminate Mr. Shape without cause or he resigns for good reason as provided under the agreement, we must pay at least 24 months' severance, reimbursement of Mr. Shape for the first 18 months of the premiums associated with Mr. Shape's continuation of health insurance for him and his family pursuant to COBRA, and immediate vesting of any outstanding unvested equity granted to Mr. Shape during his employment and immediate lifting of all lockups and restrictions on sales of such equity, or exercise of stock options. If we do not renew his employment agreement after the initial three-year term, then we must pay six months' severance and reimburse the first six months of the premiums associated with Mr. Shape's continuation of health insurance for him and his family pursuant to COBRA. Mr. Shape is also subject to standard confidentiality and non-competition provisions.

Under our employment agreement with our Executive Vice President, Randolph Birney, dated July 13, 2021 and effective as of the effective date of the registration statement of which this prospectus forms a part, we agreed that, for a three-year term, unless terminated earlier in accordance with its terms, we will pay Mr. Birney an annual salary of \$300,000 and an annual cash bonus as determined by the board of directors. In addition, the agreement provides that, as soon as practical after the consummation of the Company's IPO Mr. Birney will be awarded stock options for the purchase of 76,190 shares of the Company's common stock with an exercise price equal to the price per share paid by investors in the IPO. The stock options will vest in accordance with the following vesting schedule: the options will vest over a four-year period with 25% of the options vesting on the first anniversary of the date of grant and the balance of the options (75%) will vest monthly over the following three years after the first anniversary of the date of grant at a rate of 1/36 per month. The parties acknowledged that Mr. Birney was owed sales commissions for sales generated for the Company during 2018, 2019 and 2020 in the gross amount of \$197,109.95 that were earned and due to Mr. Birney as of a date prior to the date of the employment agreement and that Mr. Birney did not waive his right to these sales commissions by entering into the agreement. Beginning on the date of the agreement, and continuing thereafter, interest at the rate of 2% per annum accrues on unpaid earned sales commissions. Beginning one month after the effective date of the agreement, the Company will pay Mr. Birney the gross amount of \$10,000 per month for unpaid earned sales commissions, less deductions applicable to wages, or such lesser amount as the Company can afford, when the Company has "available cash," defined as sufficient cash to ensure that the Company is not at material risk of default on any material financial obligation due in the next three months. Whether the Company has "available cash" shall be determined by the Board in its reasonable discretion, acting in good faith, taking into account any factors it deems germane, including without limitation the maintenance of reserves for future liabilities, whether certain or uncertain, and the preservation of funds for capital expenditures. At the earlier of the termination of Mr. Birney's employment for any reason, regardless of whether termination is for cause, and thirty (30) months after the date of the employment agreement, Executive shall have the right to demand immediate payment of all unpaid earned sales commissions and interest in cash. Mr. Birney will be provided with standard executive benefits. The Company will also provide standard indemnification and directors' and officers' insurance. The Company may terminate Mr. Birney's employment by giving at least 30 days written notice. If we terminate Mr. Birney without cause or he resigns for good reason as provided under the agreement, we must pay at least 24 months' severance, reimbursement of Mr. Birney for the first 18 months of the premiums associated with Mr. Birney's continuation of health insurance for him and his family pursuant to COBRA, and immediate vesting of any outstanding unvested equity granted to Mr. Birney during his employment and immediate lifting of all lockups and restrictions on sales of such equity, or exercise of stock options. If we do not renew his employment agreement after the initial three-year term, then we must pay six months' severance and reimburse the first six months of the premiums associated with Mr. Birney's continuation of health insurance for him and his family pursuant to COBRA. Mr. Birney is also subject to standard confidentiality and non-competition provisions.

Under our employment agreement with our Executive Chairman, Andrew Stranberg, dated July 13, 2021 and effective as of the effective date of the registration statement of which this prospectus forms a part, we agreed that, for a three-year term, unless terminated earlier in accordance with its terms, we will pay Mr. Stranberg an annual salary of \$500,000 and will be eligible to receive an annual cash bonus as determined by the board of directors. In addition, the agreement provides that, as soon as practical after the consummation of the Company's IPO Mr. Stranberg will be awarded stock options for the purchase of 400,000 shares of the Company's common stock with an exercise price equal to the price per share paid by investors in the IPO. The stock options will vest in accordance with the following vesting schedule: the options will vest over a four-year period with 25% of the options vesting on the first anniversary of the date of grant and the balance of the options (75%) will vest monthly over the following three years after the first anniversary of the date of grant at a rate of 1/36 per month. Mr. Stranberg will be provided with standard executive benefits. The Company will also provide standard indemnification and directors' and officers' insurance. The Company may terminate Mr. Stranberg's employment by giving at least 30 days written notice. If we terminate Mr. Stranberg without cause or he resigns for good reason as provided under the agreement, we must pay at least 24 months' severance, reimbursement of Mr. Stranberg for the first 18 months of the premiums associated with Mr. Stranberg's continuation of health insurance for him and his family pursuant to COBRA, and immediate vesting of any outstanding unvested equity granted to Mr. Stranberg during his employment and immediate lifting of all lockups and restrictions on sales of such equity, or exercise of stock options. If we do not renew his employment agreement after the initial three-year term, then we must pay six months' severance and reimburse the first six months of the premiums associated with Mr. Stranberg's continuation of health insurance for him and his family pursuant to COBRA. Mr. Stranberg is also subject to standard confidentiality and non-competition provisions.

Under our employment agreement with Christopher Rollins, currently our Vice President of Finance and Administration, dated September 7, 2021 and effective as of the effective date of the registration statement of which this prospectus forms a part, we agreed that, for a two-year term, unless terminated earlier in accordance with its terms, Mr. Rollins will serve as our Chief Financial Officer. We will pay Mr. Rollins an annual salary of \$250,000. For each fiscal year completed during this term, Mr. Rollins will be eligible to receive a cash bonus determined by the achievement of specified Company performance metrics. Prior to each fiscal year, a Company net sales target will be set for the following fiscal year. Mr. Rollins will receive a bonus equal to: (i) 20% of salary if 75% of the net sales target is achieved; (ii) 25% of salary if 100% of the net sales target is achieved; (iii) 50% of salary if 125% of the net sales target is achieved; or (iv) 80% of salary if 150% of the net sales target is achieved. Actual net sales for the fiscal year will be determined by the Company's audited financial statements and according to Generally Accepted Accounting Principles. If actual net sales is between two of the bonus thresholds, then Mr. Rollins will receive a pro rata performance basis. Mr. Rollins may also be eligible for additional bonus amounts as determined by the board of directors. In addition, the agreement provides that, as soon as practical after the consummation of the Company's IPO Mr. Rollins will be awarded stock options for the purchase of 81,000 shares of the Company's common stock with an exercise price equal to the price per share paid by investors in the IPO. We will also enter into a restricted stock award agreement with Mr. Rollins granting him 10,000 restricted shares of common stock. Both the restricted stock and the stock options will vest in accordance with the following vesting schedule: the options will vest over a two-year period with 33% of the options vesting immediately upon issuance and the balance of the options (67%) vesting monthly over the following two years at a rate of 1/24 per month. Mr. Rollins will be provided with standard executive benefits. The Company will also provide standard indemnification and directors' and officers' insurance. The Company may terminate Mr. Rollins's employment by giving at least 30 days written notice. If we terminate Mr. Rollins without cause or he resigns for good reason as provided under the agreement, we must pay the lesser of the number of months' severance remaining under the term of the agreement, or six months, provided that he will receive at least three months' severance; reimbursement of Mr. Rollins for the first 18 months of the premiums associated with Mr. Rollins's continuation of health insurance for him and his family pursuant to COBRA; and immediate vesting of any outstanding unvested equity granted to Mr. Rollins during his employment and immediate lifting of all lockups and restrictions on sales of such equity, or exercise of stock options. If we do not renew his employment agreement after the initial two-year term, then we must pay six months' severance and reimburse the first six months of the premiums associated with Mr. Rollins's continuation of health insurance for him and his family pursuant to COBRA. Mr. Rollins is also subject to standard confidentiality and non-competition provisions.

## Outstanding Equity Awards at Fiscal Year-End

No executive officer named above had any unexercised options, stock that has not vested or equity incentive plan awards outstanding as of December 31, 2020.

## Director Compensation

No member of our board of directors received any compensation for his or her services as a director during the fiscal year ended December 31, 2020, nor do they currently receive any compensation for such services.

## 2021 Equity Incentive Plan

On September 14, 2021, we established the Stran & Company, Inc. Amended and Restated 2021 Equity Incentive Plan, or the Equity Incentive Plan or Plan. The purpose of the Plan is to grant restricted stock, stock options and other forms of incentive compensation to our officers, employees, directors and consultants. The maximum number of shares of common stock that may be issued pursuant to awards granted under the Plan is three million shares. Cancelled and forfeited stock options and stock awards may again become available for grant under the Plan. As of the date of this prospectus, all shares remain available for issuance under the Plan.

The following summary briefly describes the principal features of the Plan and is qualified in its entirety by reference to the full text of the Plan.

Awards that may be granted include: (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Stock Appreciation Rights, (d) Restricted Awards, (e) Performance Share Awards, and (f) Performance Compensation Awards. These awards offer our officers, employees, consultants and directors the possibility of future value, depending on the long-term price appreciation of our Common Stock and the award holder's continuing service with our company.

Stock options give the option holder the right to acquire from us a designated number of shares of Common Stock at a purchase price that is fixed upon the grant of the option. The exercise price will not be less than the market price of the Common Stock on the date of grant. Stock options granted may be either tax-qualified stock options (so-called "incentive stock options") or non-qualified stock options.

Stock appreciation rights, or SARs, which may be granted alone or in tandem with options, have an economic value similar to that of options. When a SAR for a particular number of shares is exercised, the holder receives a payment equal to the difference between the market price of the shares on the date of exercise and the exercise price of the shares under the SAR. The exercise price for SARs normally is the market price of the shares on the date the SAR is granted. Under the Plan, holders of SARs may receive this payment — the appreciation value — either in cash or shares of Common Stock valued at the fair market value on the date of exercise. The form of payment will be determined by us.

Restricted shares are shares of Common Stock awarded to participants at no cost. Restricted shares can take the form of awards of restricted stock, which represent issued and outstanding shares of our Common Stock subject to vesting criteria, or restricted stock units, which represent the right to receive shares of our Common Stock subject to satisfaction of the vesting criteria. Restricted shares are forfeitable and non-transferable until the shares vest. The vesting date or dates and other conditions for vesting are established when the shares are awarded.

The Plan also provides for performance compensation awards, representing the right to receive a payment, which may be in the form of cash, shares of Common Stock, or a combination, based on the attainment of pre-established goals.

All of the permissible types of awards under the Plan are described in more detail as follows:

**Purposes of Plan:** The purposes of the Plan are to attract and retain officers, employees and directors for our company and its subsidiaries; motivate them by means of appropriate incentives to achieve long-range goals; provide incentive compensation opportunities; and further align their interests with those of our stockholders through compensation that is based on our Common Stock.

**Administration of the Plan:** The Plan is currently administered by our board of directors and will be administered by our compensation committee once it is established (which we refer to as the administrator). Among other things, the administrator has the authority to select persons who will receive awards, determine the types of awards and the number of shares to be covered by awards, and to establish the terms, conditions, performance criteria, restrictions and other provisions of awards. The administrator has authority to establish, amend and rescind rules and regulations relating to the Plan.

**Eligible Recipients:** Persons eligible to receive awards under the Plan will be those officers, employees, consultants, and directors of our company and its subsidiaries who are selected by the administrator.

**Shares Available Under the Plan:** The maximum number of shares of our Common Stock that may be delivered to participants under the Plan is three million, subject to adjustment for certain corporate changes affecting the shares, such as stock splits. Shares subject to an award under the Plan for which the award is canceled, forfeited or expires again become available for grants under the Plan. Shares subject to an award that is settled in cash will not again be made available for grants under the Plan.

## Stock Options:

**General.** Subject to the provisions of the Plan, the administrator has the authority to determine all grants of stock options. That determination will include: (i) the number of shares subject to any option; (ii) the exercise price per share; (iii) the expiration date of the option; (iv) the manner, time and date of permitted exercise; (v) other restrictions, if any, on the option or the shares underlying the option; and (vi) any other terms and conditions as the administrator may determine.

**Option Price.** The exercise price for stock options will be determined at the time of grant. Normally, the exercise price will not be less than the fair market value on the date of grant. As a matter of tax law, the exercise price for any incentive stock option awarded may not be less than the fair market value of the shares on the date of grant. However, incentive stock option grants to any person owning more than 10% of our voting stock must have an exercise price of not less than 110% of the fair market value on the grant date.

**Exercise of Options.** An option may be exercised only in accordance with the terms and conditions for the option agreement as established by the administrator at the time of the grant. The option must be exercised by notice to us, accompanied by payment of the exercise price. Payments may be made in cash or, at the option of the administrator, by actual or constructive delivery of shares of Common Stock to the holder of the option based upon the fair market value of the shares on the date of exercise.

**Expiration or Termination.** Options, if not previously exercised, will expire on the expiration date established by the administrator at the time of grant. In the case of incentive

stock options, such term cannot exceed ten years provided that in the case of holders of more than 10% of our voting stock, such term cannot exceed five years. Options will terminate before their expiration date if the holder's service with our company or a subsidiary terminates before the expiration date. The option may remain exercisable for specified periods after certain terminations of employment, including terminations as a result of death, disability or retirement, with the precise period during which the option may be exercised to be established by the administrator and reflected in the grant evidencing the award.

**Incentive and Non-Qualified Options.** As described elsewhere in this summary, an incentive stock option is an option that is intended to qualify under certain provisions of the Code, for more favorable tax treatment than applies to non-qualified stock options. Any option that does not qualify as an incentive stock option will be a non-qualified stock option. Under the Code, certain restrictions apply to incentive stock options. For example, the exercise price for incentive stock options may not be less than the fair market value of the shares on the grant date and the term of the option may not exceed ten years. In addition, an incentive stock option may not be transferred, other than by will or the laws of descent and distribution, and is exercisable during the holder's lifetime only by the holder. In addition, no incentive stock options may be granted to a holder that is first exercisable in a single year if that option, together with all incentive stock options previously granted to the holder that also first become exercisable in that year, relate to shares having an aggregate market value in excess of \$100,000, measured at the grant date.

**Stock Appreciation Rights:** Awards of SARs may be granted alone or in tandem with stock options. SARs provide the holder with the right, upon exercise, to receive a payment, in cash or shares of stock, having a value equal to the excess of the fair market value on the exercise date of the shares covered by the award over the exercise price of those shares. Essentially, a holder of a SAR benefits when the market price of the Common Stock increases, to the same extent that the holder of an option does, but, unlike an option holder, the SAR holder need not pay an exercise price upon exercise of the award.

**Stock Awards:** Stock awards can also be granted under the Plan. A stock award is a grant of shares of Common Stock or of a right to receive shares in the future. These awards will be subject to such conditions, restrictions and contingencies as the administrator shall determine at the date of grant. Those may include requirements for continuous service and/or the achievement of specified performance goals.

**Cash Awards:** A cash award is an award that may be in the form of cash or shares of Common Stock or a combination, based on the attainment of pre-established performance goals and other conditions, restrictions and contingencies identified by the administrator.

**Section 162(m) of the Code:** Section 162(m) of the Code limits publicly-held companies to an annual deduction for U.S. federal income tax purposes of \$1.0 million for compensation paid to each of their principal executive officer or principal financial officer and their three highest compensated executive officers (other than the principal executive officer or principal financial officer) determined at the end of each year, referred to as covered employees.

**Performance Criteria:** Under the Plan, one or more performance criteria will be used by the administrator in establishing performance goals. Any one or more of the performance criteria may be used on an absolute or relative basis to measure the performance of our company, as the administrator may deem appropriate, or as compared to the performance of a group of comparable companies, or published or special index that the administrator deems appropriate. In determining the actual size of an individual performance compensation award, the administrator may reduce or eliminate the amount of the award through the use of negative discretion if, in its sole judgment, such reduction or elimination is appropriate. The administrator shall not have the discretion to (i) grant or provide payment in respect of performance compensation awards if the performance goals have not been attained or (ii) increase a performance compensation award above the maximum amount payable under the Plan.

**Other Material Provisions:** Awards will be evidenced by a written agreement, in such form as may be approved by the administrator. In the event of various changes to the capitalization of our company, such as stock splits, stock dividends and similar re-capitalizations, an appropriate adjustment will be made by the administrator to the number of shares covered by outstanding awards or to the exercise price of such awards. The administrator is also permitted to include in the written agreement provisions that provide for certain changes in the award in the event of a change of control of our company, including acceleration of vesting. Except as otherwise determined by the administrator at the date of grant, awards will not be transferable, other than by will or the laws of descent and distribution. Prior to any award distribution, we are permitted to deduct or withhold amounts sufficient to satisfy any employee withholding tax requirements. Our board also has the authority, at any time, to discontinue the granting of awards. The board also has the authority to alter or amend the Plan or any outstanding award or may terminate the Plan as to further grants, provided that no amendment will, without the approval of our stockholders, to the extent that such approval is required by law or the rules of an applicable exchange, increase the number of shares available under the Plan, change the persons eligible for awards under the Plan, extend the time within which awards may be made, or amend the provisions of the Plan related to amendments. No amendment that would adversely affect any outstanding award made under the Plan can be made without the consent of the holder of such award.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Transactions with Related Persons

The following includes a summary of transactions since the beginning of our 2018 fiscal year, or any currently proposed transaction, in which we were or are to be a participant and the amount involved exceeded or exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last three completed fiscal years, and in which any related person had or will have a direct or indirect material interest (other than compensation described under "*Executive Compensation*" above). We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in arm's-length transactions.

- In 2018, Andrew Stranberg, our Executive Chairman and majority shareholder, issued notes payable totaling \$1,000,000 to the Company in exchange for a Company loan. The amounts due from Mr. Stranberg were unsecured and non-interest bearing and there was no formal repayment plan under the notes. At December 31, 2020, 2019 and 2018, the amounts due from Mr. Stranberg were \$6,748, \$0 and \$0. The amounts outstanding under all notes issued by Mr. Stranberg to the Company were repaid as of July 20, 2021.
- Since 2018 we have also borrowed funds from Mr. Stranberg during periods when Mr. Stranberg did not already owe funds to us. The loans are unsecured, non-interest bearing, and there is no formal repayment plan. At December 31, 2020, 2019 and 2018, the amounts due to Mr. Stranberg were \$0, \$38,207 and \$2,097, respectively. In September 2021, Mr. Stranberg loaned us \$500,000 on the same unsecured, non-interest bearing basis with no formal repayment plan.
- The Company has a \$3,500,000 secured line of credit with Bank of America. At December 31, 2020 and 2019, borrowings on this line of credit amounted to \$1,650,000 and \$2,150,000, respectively. The line bears interest at the LIBOR Daily Floating Rate plus 2.75%. At December 31, 2020 and 2019, interest rates were 4.20% and 4.55%, respectively. The line is reviewed annually and is due on demand. This line of credit is secured by substantially all assets of the Company. Mr. Stranberg is a guarantor on the line of credit. We do not expect that this line of credit will be renewed beyond November 30, 2021 and are seeking alternative bank financing to replace it.



- We and Alan Chippindale, our Director Nominee, are parties to a Buyer's Agreement, dated June 25, 2020. Under the agreement, Mr. Chippindale agreed to provide certain merger and acquisition, management and recruitment consulting services in connection with our acquisition of the Wildman Imprint assets. We agreed to pay Mr. Chippindale a fee of \$20,000 upon completion of a purchase and sale agreement and two annual fees of 1.5% of gross margin less costs attributable to the acquisition. The fees paid or that we have agreed to pay to Mr. Chippindale under the agreement to date have totaled less than \$120,000. Our board of directors has determined that he remains eligible under NASDAQ and SEC rules to serve as an "independent director" of the Company and as a member and chairman of our compensation committee and a member of our nominating and corporate governance committee. Due to his compensation under the agreement, the board has determined that he is currently not eligible to be a member of our audit committee.
- We entered into an agreement with Long Blockchain Corp., or LBCC, and its wholly-owned subsidiary, Stran Loyalty Group Inc., or SLG, dated July 26, 2018. According to a Schedule 13D jointly filed by the Company and Mr. Stranberg on August 7, 2018, as of July 26, 2018, Mr. Stranberg owned a total of 4,288,799 shares or approximately 23.6% of LBCC, which included 1,788,799 shares of common stock of LBCC that he previously acquired with his personal funds, and 2,500,000 shares that were required to be issued to the Company on July 26, 2018 which were deemed beneficially owned by Mr. Stranberg as a control person of the Company. According to a proxy statement filed by LBCC on April 19, 2019, as of April 12, 2019, Mr. Stranberg still beneficially owned 4,233,744 shares or approximately 13.5% of LBCC, including the 2,500,000 shares required to be issued to the Company. This agreement between us, LBCC and SLG was terminated as of July 31, 2020, and the Company has not received any of the 2,500,000 shares.

Under the agreement, we were required to provide SLG with certain assets and services for it to operate loyalty and gift card programs for designated program clients. Under the agreement we were also required to pay SLG all amounts collected by us, other than loyalty card balances, from program clients, and to provide an option to SLG to purchase the operating assets at cost. As compensation, LBCC was required to issue 2,500,000 shares of common stock to us upon signing and certain additional amounts of shares of its common stock to us depending on SLG's net revenue and operating profit for each of the first two years of the contract, as follows:

**Year One LBCC Share Compensation**

SLG Net Revenue	SLG Adjusted EBITDA Margin	Number of LBCC Shares Earned
Less than \$1,250,000	Less than 20%	The number of LBCC shares earned shall be based upon SLG's net revenue for year one, divided by the average of the share price of LBCC's common stock for the last 30 days of the year one measurement period, but in any event, not more than 1,750,000 shares of LBCC common stock, and if SLG's year one net revenue is less than \$625,000, then we forfeit any shares that we would otherwise earn
Equal to or greater than \$1,250,000	Equal to or greater than 20%	1,750,000 LBCC shares shall be earned
Equal to or greater than \$1,500,000	Equal to or greater than 25%	2,250,000 LBCC shares shall be earned, plus additional shares of LBCC common stock equal to 1.25 multiplied by the amount of SLG's net revenue for year one that is greater than \$1,500,000, divided by the average of the share price of LBCC's common stock for the last 30 days of the year one measurement period

**Year Two LBCC Share Compensation**

Net Revenue	Adjusted EBITDA Margin	Number of LBCC Shares Earned
Less than \$1,750,000	Less than 20%	The number of LBCC shares earned shall be based upon SLG's net revenue for year two divided by the trailing 30-day share price of LBCC's common stock, but in any event, not more than 2,000,000 shares of LBCC common stock
Equal to or greater than \$1,750,000 and less than \$2,250,000	Equal to or greater than 20%	2,000,000 LBCC shares shall be earned
Equal to or greater than \$2,250,000	Equal to or greater than 25%	2,250,000 LBCC shares shall be earned, plus additional LBCC shares of common stock equal to 1.25 multiplied by the amount of SLG's Net Revenue for year one that is greater than \$2,250,000, divided by the average of the share price of LBCC common stock for the last 30 days of the year two measurement period.

Pursuant to the agreement, Mr. Stranberg entered into a subscription agreement with LBCC under which Mr. Stranberg purchased 1,500,000 additional shares of common stock of LBCC at \$0.40 per share, or \$600,000 in aggregate. According to a Schedule 13D jointly filed by the Company and Mr. Stranberg on August 7, 2018, Mr. Stranberg used personal funds for this purchase. Mr. Stranberg received a three-year warrant from LBCC to purchase an additional 450,000 shares of common stock of LBCC at \$0.50 per share. Pursuant to the terms of the warrant, Mr. Stranberg was not permitted to exercise any portion of the warrant to the extent that after giving effect to such issuance after exercise, Mr. Stranberg (together with his affiliates, and any other persons acting as a group together with Mr. Stranberg or any of his affiliates), would beneficially own in excess of 9.99% of the number of shares outstanding immediately after giving effect to the issuance of shares issuable upon exercise of the warrant. Pursuant to the subscription agreement, Mr. Stranberg agreed not to sell or transfer the shares and the warrant unless they are subsequently registered under the Securities Act and under applicable securities laws of certain states, or an exemption from such registration is available. Mr. Stranberg did not exercise the warrant.

Under the agreement, we and our affiliates, including Mr. Stranberg, had the option to purchase up to an additional 1,500,000 shares of common stock of LBCC at \$0.40 per share prior to July 31, 2019, which if exercised in full would have also entitled us to another warrant to purchase up to an amount of common stock of LBCC equal to 30% of the amount that had been purchased. We and our affiliates, including Mr. Stranberg, did not exercise this option.

The agreement automatically renewed for additional one-year terms unless terminated by either party more than 60 days before the end of the term or upon a material breach of contract by the other party. The agreement did not specify the amount of compensation for additional term years.

Under the agreement, SLG was required to reimburse us for certain expenses that we incur as a result of providing the required program services. The amounts due from SLG at December 31, 2020 and 2019 were \$0 and \$138,561, respectively.

As required by the agreement with SLG and LBCC, we entered into a separate lockup agreement, dated July 26, 2018, in which we agreed not to transfer or sell the LBCC shares received upon execution and any LBCC shares received as compensation for the first year until July 31, 2019 and January 31, 2020, respectively, with exceptions for specified permitted transferees.

Other than Mr. Stranberg, as disclosed above, and our Vice President of Strategy and Growth Initiatives, John Audibert, who received a nominal number of shares of LBCC in exchange for services provided during 2018, no other officers, directors or shareholders of the Company are shareholders of LBCC.

#### **Overlap in Management with Long Blockchain Corp.**

In addition to the other terms of the agreement with SLG and LBCC described above, LBCC and our President, Chief Executive Officer and director Andrew Shape entered into an employment agreement dated as of July 26, 2018, pursuant to which Mr. Shape was appointed chief executive officer and chairman of the board of LBCC from July 2018 to February 2021. As a result of his position as both chief executive officer and chairman of the board of LBCC and as our chief executive officer, president and director, our management overlapped with the management of LBCC during that period.

Under Mr. Shape's employment agreement, Mr. Shape was entitled to \$200,000 annual salary through the equal quarterly issuance of restricted shares of common stock of LBCC at a price per share equal to 85% of the average closing price for ten trading days prior to the end of the quarter, but in any event not less than \$0.30 per share. According to page 8 of a proxy statement filed by LBCC on April 22, 2019, as of April 12, 2019, "437,251 shares were earned by Mr. Shape under his employment agreement dated July 26, 2018, but not yet issued." Pursuant to the employment agreement with LBCC, on May 21, 2019 Mr. Shape was granted a warrant to purchase 2,000,000 shares of common stock of LBCC at a price per share of \$0.25, exercisable from January 18, 2019 to January 17, 2023. Mr. Shape has not exercised the warrant. The employment agreement contained other standard provisions including as to termination, nondisclosure and noncompetition. Mr. Shape resigned from his positions with LBCC as of February 2021 and none of our officers, directors or shareholders have any employment or directorship relationship with LBCC.

#### **Revocation of Registration of Common Stock of Long Blockchain Corp.**

Pursuant to an "Order Instituting Proceedings Pursuant To Section 12(j) Of The Securities Exchange Act Of 1934, Making Findings, And Revoking Registration Of Securities," File No. 3-20228, Administrative Proceeding, Release No. 91174 / February 19, 2021, the SEC found that "[f]rom approximately 2015 to 2017, [LBCC]'s principal business was ready-to-drink beverages. In December 2017, the company changed its name to LBCC and announced that it was shifting its business operations from soft drink production to activities related to blockchain technology. Its blockchain business never became operational. LBCC has common stock registered pursuant to Section 12(g). The common stock of LBCC was registered under Section 12(b) of the Exchange Act and traded on NASDAQ until NASDAQ filed a Form 25 on June 6, 2018 to delist the securities. LBCC stock is currently quoted and on OTC Link whose parent company is OTC Markets Group, Inc." In addition, the SEC found that "LBCC has failed to comply with Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder in that it has not filed an annual report on Form 10-K since the period ended December 31, 2017. LBCC is also delinquent in filing quarterly reports, having not filed a Form 10-Q since the period ended September 30, 2018." Based in part on these findings, effective February 22, 2021, the SEC revoked the registration of the common stock of LBCC under the Exchange Act, and its stock is no longer listed or quoted on any securities exchange or trading market.

#### **Promoters and Certain Control Persons**

Each of Andrew Shape, our co-founder and Chief Executive Officer, and Andrew Stranberg, our co-founder and Executive Chairman, may be deemed a "promoter" as defined by Rule 405 of the Securities Act. For information regarding compensation, including items of value, that have been provided or that may be provided to these individuals, please refer to "Executive Compensation" above.

### **PRINCIPAL SHAREHOLDERS**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of the date of this prospectus for (i) each of our named executive officers and directors; (ii) all of our named executive officers and directors as a group; and (iii) each other shareholder known by us to be the beneficial owner of more than 5% of our outstanding common stock. The following table assumes that the underwriters have not exercised the over-allotment option.

Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares of common stock that such person or any member of such group has the right to acquire within sixty (60) days of the date of this prospectus. For purposes of computing the percentage of outstanding shares of our common stock held by each person or group of persons named above, any shares that such person or persons has the right to acquire within sixty (60) days of the date of this prospectus are deemed to be outstanding for such person, but not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares listed as beneficially owned does not constitute an admission of beneficial ownership by any person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o our company, Stran & Company, Inc., 2 Heritage Drive, Suite 600, Quincy, MA 02171.

<b>Name of Beneficial Owner</b>	<b>Common Stock Beneficially Owned Prior to this Offering<sup>(1)</sup></b>		<b>Common Stock Beneficially Owned After this Offering<sup>(2)</sup></b>	
	<b>Shares</b>	<b>%</b>	<b>Shares</b>	<b>%</b>
Andrew Stranberg <sup>(3) (8)</sup>	5,800,000	58.0	5,800,000	44.0
Andrew Shape <sup>(4)</sup>	3,400,000	34.0	3,400,000	26.0
Randolph Birney <sup>(5)</sup>	800,000	8.0	800,000	6.0
Christopher Rollins <sup>(6)</sup>	-	-	-	-
John Audibert <sup>(7)</sup>	-	-	-	-
All executive officers and directors (5 persons) <sup>(8)</sup>	10,000,000	100.0	10,000,000	75.0
Theseus Capital Ltd. <sup>(8)</sup>	700,000	7.0	700,000	5.0

\* Less than 1%

- (1) Based on 10,000,000 shares of common stock issued and outstanding as of the date of this prospectus.
- (2) Based on 13,333,333 shares of common stock issued and outstanding after this offering (assuming no exercise of the over-allotment option) and based on an assumed public offering price of \$4.50 per unit, which is the midpoint of the estimated offering range set forth on the cover page of this prospectus. The table above excludes the options and restricted shares to be granted after the consummation of this offering as described in the following footnotes, as these grants are not part of this offering. On September 14, 2021, we adopted our Equity Incentive Plan. Immediately after the consummation of this offering, we will file a Registration Statement on Form S-8, or the Form S-8, to register restricted stock and options to purchase stock issuable to certain of our executive officers, directors and employees pursuant to our Equity Incentive Plan. We plan to grant options to purchase a total of approximately 1,337,500 shares of our common stock and 73,667 shares of restricted stock pursuant to the plan at that time, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). See “Corporate History and Structure” and “Executive Compensation – Employment Agreements”.
- (3) As part of the grants described in footnote 2 above, we will enter into an option agreement in the form prescribed by the Plan with Mr. Stranberg pursuant to which we will grant non-statutory options to purchase 400,000 shares of our common stock. The options will have an exercise price equal to the price per share at which our common stock is being sold in this offering, a term of ten years and be subject to vesting over a four (4) year period with twenty-five percent (25%) of the options vesting on the first anniversary of the date of grant and the balance of the options (seventy-five percent (75%)) vesting monthly over the following three (3) years after the first anniversary of the date of grant at a rate of 1/36 per month. None of the options will be exercisable within 60 days of the date of this prospectus and therefore are not considered to be beneficially owned at that time.

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On May 24, 2021, Mr. Stranberg transferred 700,000 shares of common stock to Theseus Capital Ltd., or Theseus, pursuant to a stock purchase agreement. Pursuant to a different arrangement with Mr. Stranberg from Mr. Shape and Mr. Birney’s, Theseus paid Mr. Stranberg a nominal cash purchase price of \$100 for the stock. Theseus does not have any relationship with the Company other than as a shareholder, and its payment for Mr. Stranberg’s stock was made to Mr. Stranberg and not to the Company.

Under the terms of the stock purchase agreement, Mr. Stranberg has the right to repurchase the stock from Theseus at the same nominal price if this offering is not consummated within 240 days following the date of the agreement and the Company does not otherwise become a public reporting company by such time. The repurchase right will expire upon the consummation of this offering. The stock is also subject to a lockup provision providing that the shares may not be sold or otherwise transferred until the expiration of Mr. Stranberg’s repurchase option. In connection with this agreement, Theseus executed an irrevocable proxy providing that Mr. Stranberg may vote and exercise all voting and related rights with respect to the shares. The irrevocable proxy will automatically terminate with respect to any shares that Theseus sells in a transaction or series of transactions on any national securities exchange or other trading market on which the shares then trade. Due to the current or potential shared voting and investment powers that Mr. Stranberg retained over the shares that Mr. Stranberg transferred to Theseus, these shares are included in his beneficial ownership total and the beneficial ownership total for all executive officers and directors for purposes of complying with the beneficial ownership rules of the SEC. Mr. Stranberg disclaims beneficial ownership over the shares held by Theseus except to the extent of his pecuniary interest therein.

- (4) On May 24, 2021, Mr. Stranberg transferred 3,400,000 shares of common stock to Mr. Shape pursuant to a stock purchase agreement at a price per share that is equal to \$0.1985 per share, being the price of our shares as of December 31, 2020 determined through an independent valuation of the Company dated April 27, 2021, in accordance with Section 409A of the Internal Revenue Code of 1986, as amended. Mr. Shape paid the purchase price for the shares to Mr. Stranberg through the delivery to Mr. Stranberg of a promissory note. The promissory note provides for 2% simple annual interest, and principal and accrued interest must be repaid by the note’s third anniversary. The note grants a security interest to Mr. Stranberg in the transferred stock as to the repayment obligations under the note. The stock purchase agreement provides that if this offering is not consummated on or before the 240th day following the date of the agreement, then all of the shares so transferred will become subject to repurchase. The repurchase price would be equal to the price paid by Mr. Shape (with credit for amounts remaining due under the promissory note). In addition, unpaid principal and accrued interest under the promissory note would become immediately due. The stock is also subject to a lockup provision providing that (i) none of the shares may be sold or otherwise transferred until the expiration of Mr. Stranberg’s repurchase option and (ii) subject to the transfer restriction set forth in clause (i) above, one-half of the purchased shares may not be sold until the second anniversary of the date of the stock purchase agreement; provided, however, that such restriction on transfer will expire at a rate of 1/48<sup>th</sup> of the shares subject to the restriction per month over such two year period.

As part of the grants that we plan to make after the consummation of this offering as described in Footnote 2 above, we will enter into an option agreement in the form prescribed by the Plan with Mr. Shape pursuant to which we will grant options to purchase 323,810 shares of our common stock. The options will have an exercise price equal to the price per share at which our common stock is being sold in this offering, a term of ten years and be subject to vesting over a four (4) year period with twenty-five percent (25%) of the options vesting on the first anniversary of the date of grant and the balance of the options (seventy-five percent (75%)) vesting monthly over the following three (3) years after the first anniversary of the date of grant at a rate of 1/36 per month. None of the options will be exercisable within 60 days of the date of this prospectus and therefore are not considered to be beneficially owned at that time.

- (5) On May 24, 2021, Mr. Stranberg transferred 800,000 shares of common stock to Mr. Birney pursuant to a stock purchase agreement at a price per share that is equal to \$0.1985 per share, being the price of our shares as of December 31, 2020 determined through an independent valuation of the Company dated April 27, 2021, in accordance with Section 409A of the Internal Revenue Code of 1986, as amended. Mr. Birney paid the purchase price for the shares to Mr. Stranberg through the delivery to Mr. Stranberg of a promissory note. The promissory note provides for 2% simple annual interest, and principal and accrued interest must be repaid by the note’s third anniversary. The note grants a security interest to Mr. Stranberg in the transferred stock as to the repayment obligations under the note. The stock purchase agreement provides that if this offering is not consummated on or before the 240th day following the date of the agreement, then all of the shares so transferred will become subject to repurchase, regardless of vesting status. The repurchase price would be equal to the price paid by Mr. Birney (with credit for amounts remaining due under the promissory note). In addition, unpaid principal and accrued interest under the promissory note would become immediately due. The stock is also subject to a lockup provision providing that (i) none of the shares may be sold or otherwise transferred until the expiration of Mr. Stranberg’s repurchase option and (ii) subject to the transfer restriction set forth in clause (i) above, one-half of the purchased shares may not be sold until the second anniversary of the date of the stock purchase agreement; provided, however, that such restriction on transfer will expire at a rate of 1/48<sup>th</sup> of the shares subject to the restriction per month over such two year period.

As part of the grants that we plan to make after the consummation of this offering as described in Footnote 2 above, we will enter into an option agreement in the form prescribed by the Plan with Mr. Birney pursuant to which we will grant options to purchase 76,190 shares of our common stock. The options will have an exercise price equal to the price per share at which our common stock is being sold in this offering, a term of ten years and be subject to vesting over a four (4) year period with twenty-five percent (25%) of the options vesting on the first anniversary of the date of grant and the balance of the options (seventy-five percent (75%)) vesting monthly over the following three (3) years after the first anniversary of the date of grant at a rate of 1/36 per month. None of the options will be exercisable within 60 days of the date of this prospectus and therefore are not considered to be beneficially owned at that time.

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- (6) As part of the grants that we plan to make after the consummation of this offering as described in Footnote 2 above, we will enter into an option agreement in the form prescribed by the Plan with Mr. Rollins pursuant to which we will grant options to purchase 81,000 shares of our common stock. The options will have an exercise price equal to the price per share at which our common stock is being sold in this offering and a term of ten years. We will also enter into a restricted stock award agreement with Mr. Rollins granting him 10,000 restricted shares of common stock. Both the restricted stock and the stock options will vest in accordance with the following vesting schedule: The restricted stock and options will vest over a two-year period with 33% of the restricted stock and options vesting immediately upon issuance and the balance of the restricted stock and options (67%) vesting monthly over the following two years at a rate of 1/24 per month. Mr. Rollins will be provided with standard executive benefits. None of the options or restricted stock will have vested within 60 days of the date of this prospectus and therefore are not considered to be beneficially owned at that time.
- (7) As part of the grants that we plan to make after the consummation of this offering as described in Footnote 2, we will enter into an option agreement in the form prescribed by the Plan with Mr. Audibert pursuant to which we will grant options to purchase 53,000 shares of our common stock. The options will have an exercise price equal to the price per share at which our common stock is being sold in this offering, a term of ten years. We will also enter into a restricted stock award agreement with Mr. Audibert granting him 10,000 restricted shares of common stock. Both the options and restricted shares will be subject to vesting over a three (3) year period with one-third (1/3) of the restricted stock and options vesting on each of the first, second and third anniversaries of the date of grant. None of the options or restricted stock will have vested within 60 days of the date of this prospectus and therefore are not considered to be beneficially owned at that time.
- (8) On May 24, 2021, Mr. Stranberg transferred 700,000 shares of common stock to Theseus Capital Ltd., or Theseus, pursuant to a stock purchase agreement. Pursuant to a different arrangement with Mr. Stranberg from Mr. Shape and Mr. Birney's, Theseus paid Mr. Stranberg a nominal cash purchase price of \$100 for the stock. Theseus does not have any relationship with the Company other than as a shareholder, and its payment for Mr. Stranberg's stock was made to Mr. Stranberg and not to the Company. Under the terms of the stock purchase agreement, Mr. Stranberg has the right to repurchase the stock from Theseus at the same nominal price if this offering is not consummated within 240 days following the date of the agreement and the Company does not otherwise become a public reporting company by such time. The repurchase right will expire upon the consummation of this offering. The stock is also subject to a lockup provision providing that the shares may not be sold or otherwise transferred until the expiration of Mr. Stranberg's repurchase option. In connection with this agreement, Theseus executed an irrevocable proxy providing that Mr. Stranberg may vote and exercise all voting and related rights with respect to the shares. The irrevocable proxy will automatically terminate with respect to any shares that Theseus sells in a transaction or series of transactions on any national securities exchange or other trading market on which the shares then trade. Theseus is a Cayman Islands company whose sole shareholder is Ronald Bauer and whose registered office is One Capital Place, Third Floor, Grand Cayman, Cayman Islands. Due to the current or potential shared voting and investment powers that Mr. Stranberg retained over the shares that Mr. Stranberg transferred to Theseus, these shares are included in his beneficial ownership total and the beneficial ownership total for all executive officers and directors for purposes of complying with the beneficial ownership rules of the SEC. Mr. Stranberg disclaims beneficial ownership over the shares held by Theseus except to the extent of his pecuniary interest therein.

We do not currently have any arrangements which if consummated may result in a change of control of our company.

## DESCRIPTION OF SECURITIES

### General

Our authorized capital stock currently consists of 350,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.0001 per share, and 50,000,000 shares of "blank check" preferred stock, par value \$0.0001 per share.

The following description summarizes important terms of the classes of our capital stock following the filing of our articles of incorporation. This summary does not purport to be complete and is qualified in its entirety by the provisions of our articles of incorporation and our bylaws which have been filed as exhibits to the registration statement of which this prospectus is a part.

As of the date of this prospectus, there were 10,000,000 shares of common stock and no shares of preferred stock issued and outstanding.

### Common Stock

**Voting Rights.** The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the shareholders. Under our articles of incorporation and bylaws, any corporate action to be taken by vote of shareholders other than for election of directors shall be authorized by the affirmative vote of the majority of votes cast. Directors are elected by a plurality of votes. Shareholders do not have cumulative voting rights.

**Dividend Rights.** Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds.

**Liquidation Rights.** In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to shareholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

**Other Rights.** Holders of common stock have no preemptive, conversion or subscription rights and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock.

### Preferred Stock

Our articles of incorporation authorize our board to issue up to 50,000,000 shares of preferred stock in one or more series, to determine the designations and the powers, preferences and rights and the qualifications, limitations and restrictions thereof, including the dividend rights, conversion or exchange rights, voting rights (including the number of votes per share), redemption rights and terms, liquidation preferences, sinking fund provisions and the number of shares constituting the series. Our board of directors could, without shareholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of common stock and which could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, a majority of our outstanding voting stock.

### Units

Each unit being offered in this offering consists of one share of common stock and a warrant to purchase one share of common stock. The share of common stock and warrant that are part of the units are immediately separable and will be issued separately in this offering, although they will have been purchased together in this offering.

### Warrants Issued in this Offering

**Form.** The warrants will be issued under a warrant agent agreement between us and Vstock Transfer, LLC, as warrant agent. The material terms and provisions of the warrants offered hereby are summarized below. The following description is subject to, and qualified in its entirety by, the form of warrant agent agreement and accompanying form of warrant, which is filed as an exhibit to the registration statement of which this prospectus is a part. You should review a copy of the form of warrant agent agreement and accompanying form of warrant for a complete description of the terms and conditions applicable to the warrants.

**Exercisability.** The warrants are exercisable immediately upon issuance and will thereafter remain exercisable at any time up to five (5) years from the date of original issuance. The warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice accompanied by payment in full for the number of shares purchased upon such exercise (except in the case of a cashless exercise as discussed below).

**Exercise Price.** Each warrant represents the right to purchase one share of common stock at an exercise price of \$5.63 per share (equal to 125% of the public offering price), assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). The exercise price is subject to appropriate adjustment in the event of certain share dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our shares of common stock and also upon any distributions of assets, including cash, stock or other property to our shareholders. The warrant exercise price is also subject to anti-dilution adjustments under certain circumstances.

**Cashless Exercise.** If, at any time during the term of the warrants, the issuance of shares of common stock upon exercise of the warrants is not covered by an effective registration statement, the holder is permitted to effect a cashless exercise of the warrants (in whole or in part) by having the holder deliver to us a duly executed exercise notice, canceling a portion of the warrant in payment of the purchase price payable in respect of the number of shares of common stock purchased upon such exercise.

**Failure to Timely Deliver Shares.** If we fail for any reason to deliver to the holder the shares subject to an exercise by the date that is the earlier of (i) two (2) trading days and (ii) the number of trading days that is the standard settlement period on our primary trading market as in effect on the date of delivery of the exercise notice, we must pay to the holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of shares subject to such exercise (based on the daily volume weighted average price of our shares of common stock on the date of the applicable exercise notice), \$10 per trading day (increasing to \$20 per trading day on the fifth (5<sup>th</sup>) trading day after such liquidated damages begin to accrue) for each trading day after such date until such shares are delivered or the holder rescinds such exercise. In addition, if after such date the holder is required by its broker to purchase (in an open market transaction or otherwise) or the holder's brokerage firm otherwise purchases, shares of common stock to deliver in satisfaction of a sale by the holder of the shares which the holder anticipated receiving upon such exercise, then we shall (A) pay in cash to the holder the amount, if any, by which (x) the holder's total purchase price (including brokerage commissions, if any) for the shares of common stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of shares that we were required to deliver to the holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the holder, either reinstate the portion of the warrant and equivalent number of shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the holder the number of shares of common stock that would have been issued had we timely complied with our exercise and delivery obligations.

**Exercise Limitation.** A holder will not have the right to exercise any portion of a warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days following notice from the holder to us.

**Exchange Listing.** We have filed an application for the listing of the warrants offered in this offering on the Nasdaq Capital Market under the symbol "STRNW."

**Rights as a Shareholder.** Except as otherwise provided in the warrants or by virtue of such holder's ownership of our shares of common stock, the holder of a warrant does not have the rights or privileges of a holder of our shares of common stock, including any voting rights, until the holder exercises the warrant.

**Governing Law and Jurisdiction.** The warrant agent agreement and warrant provide that the validity, interpretation, and performance of the warrant agent agreement and the warrants will be governed by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. In addition, the warrant agent agreement and warrant provide that any action, proceeding or claim against any party arising out of or relating to the warrant agent agreement or the warrants must be brought and enforced in the state and federal courts sitting in the City of New York, Borough of Manhattan. Investors in this offering will be bound by these provisions. However, we do not intend that the foregoing provisions would apply to actions arising under the Securities Act or the Exchange Act.

#### **Representative's Warrants**

Upon the closing of this offering, there will be up to 100,000 shares of common stock issuable upon exercise of the representative's warrants, assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). See "*Underwriting—Representative's Warrants*" below for a description of the representative's warrants.

#### **Options**

Immediately after the consummation of this offering, we will file a Registration Statement on Form S-8 to register restricted stock and options to purchase stock issuable to certain of our executive officers, directors and employees pursuant to our Equity Incentive Plan. We then plan to grant options to purchase a total of approximately 1,337,500 shares of our common stock, including options to purchase up to 400,000 shares to our Executive Chairman, Treasurer, Secretary, and Director, Andrew Stranberg; 323,810 options to our Chief Executive Officer, President and Director, Andrew Shape; 76,190 options to our Executive Vice President, Randolph Birney; 81,000 options to our Vice President of Finance and Administration, Christopher Rollins; 53,000 options to our Vice President of Growth and Strategic Initiatives, John Audibert; approximately 383,500 options to approximately 59 other employees; and a total of 20,000 options to our director nominees. The options will have an exercise price equal to the price per share at which our common stock is being sold in this offering, and a term of ten years. The options will be subject to vesting over a three (3) year period with one-third (1/3) of the options vesting on each of the first, second and third anniversaries of the date of grant, except that the options to be granted to Mr. Stranberg, Mr. Shape and Mr. Birney will vest over a four-year period with 25% of the options vesting on the first anniversary of the date of grant and the balance of the options (75%) vesting monthly over the following three years after the first anniversary of the date of grant at a rate of 1/36 per month, Mr. Rollins' options will vest over a two-year period with 33% of the options vesting immediately upon issuance and the balance of the options (67%) vesting monthly over the following two years at a rate of 1/24 per month, and our director nominees' options will vest in twelve (12) equal monthly installments over the first year following the date of grant, subject to continued service. For further description of the terms of the option grants to Mr. Stranberg, Mr. Shape and Mr. Birney please see "*Executive Compensation – Employment Agreements*" in this prospectus.

#### **Anti-Takeover Provisions**

Provisions of the Nevada Revised Statutes, our articles of incorporation and our bylaws could have the effect of delaying or preventing a third-party from acquiring us, even if

the acquisition would benefit our stockholders. Such provisions of the Nevada Revised Statutes, our articles of incorporation and our bylaws are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by the board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control of our company. These provisions are designed to reduce our vulnerability to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of our outstanding shares, or an unsolicited proposal for the restructuring or sale of all or part of our company.

#### ***Nevada Anti-Takeover Statutes***

Pursuant to our articles of incorporation, we have elected not to be governed by the terms and provisions of Nevada's control share acquisition laws (Nevada Revised Statutes 78.378 - 78.3793), which prohibit an acquirer, under certain circumstances, from voting shares of a corporation's stock after crossing specific threshold ownership percentages, unless the acquirer obtains the approval of the issuing corporation's stockholders. The first such threshold is the acquisition of at least one-fifth but less than one-third of the outstanding voting power.

Pursuant to our articles of incorporation, we have also elected not to be governed by the terms and provisions of Nevada's combination with interested stockholders statute (Nevada Revised Statutes 78.411 - 78.444) which prohibits an "interested stockholder" from entering into a "combination" with the corporation, unless certain conditions are met. An "interested stockholder" is a person who, together with affiliates and associates, beneficially owns (or within the prior two years, did beneficially own) 10 percent or more of the corporation's voting stock, or otherwise has the ability to influence or control such corporation's management or policies.

#### ***Bylaws***

In addition, various provisions of our bylaws may also have an anti-takeover effect. These provisions may delay, defer or prevent a tender offer or takeover attempt of the company that a stockholder might consider in his or her best interest, including attempts that might result in a premium over the market price for the shares held by our stockholders. Our bylaws may be adopted, amended or repealed by the affirmative vote of the holders of at least a majority of our outstanding shares of capital stock entitled to vote for the election of directors, and except as provided by Nevada law, our board of directors shall have the power to adopt, amend or repeal the bylaws by a vote of not less than a majority of our directors. Any bylaw provision adopted by the board of directors may be amended or repealed by the holders of a majority of the outstanding shares of capital stock entitled to vote for the election of directors. Our bylaws also contain limitations as to who may call special meetings as well as require advance notice of stockholder matters to be brought at a meeting. Additionally, our bylaws also provide that no director may be removed by less than a two-thirds vote of the issued and outstanding shares entitled to vote on the removal. Our bylaws also permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships. These provisions will prevent a shareholder from increasing the size of our board of directors and gaining control of our board of directors by filling the resulting vacancies with its own nominees.

Our bylaws establish an advance notice procedure for shareholder proposals to be brought before an annual meeting of our shareholders, including proposed nominations of persons for election to the board of directors. Shareholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a shareholder who was a shareholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given us timely written notice, in proper form, of the shareholder's intention to bring that business before the meeting. Although our bylaws do not give the board of directors the power to approve or disapprove shareholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, our bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of our company.

#### ***Authorized but Unissued Shares***

Our authorized but unissued shares of common stock are available for our board of directors to issue without stockholder approval. We may use these additional shares for a variety of corporate purposes, including raising additional capital, corporate acquisitions and employee stock plans. The existence of our authorized but unissued shares of common stock could render it more difficult or discourage an attempt to obtain control of the company by means of a proxy contest, tender offer, merger or other transaction since our board of directors can issue large amounts of capital stock as part of a defense to a take-over challenge. In addition, we have authorized in our articles of incorporation 50,000,000 shares of preferred stock, none of which are currently designated or outstanding. However, the board acting alone and without approval of our stockholders can designate and issue one or more series of preferred stock containing super-voting provisions, enhanced economic rights, rights to elect directors, or other dilutive features, that could be utilized as part of a defense to a take-over challenge.

#### ***Supermajority Voting Provisions***

Nevada Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's articles of incorporation or bylaws, unless a corporation's articles of incorporation or bylaws, as the case may be, require a greater percentage. Although our articles of incorporation and bylaws do not currently provide for such a supermajority vote on any matters, our board of directors can amend our bylaws and we can, with the approval of our stockholders, amend our articles of incorporation to provide for such a super-majority voting provision.

#### ***Cumulative Voting***

Furthermore, neither the holders of our common stock nor the holders of our preferred stock have cumulative voting rights in the election of our directors. The combination of the present ownership by a few shareholders of a significant portion of our issued and outstanding common stock and lack of cumulative voting makes it more difficult for other shareholders to replace our board of directors or for a third party to obtain control of our company by replacing its board of directors.

#### ***Listing***

We have filed an application to list our shares of common stock on the Nasdaq Capital Market under the symbol "STRN" and the warrants offered in this offering on the Nasdaq Capital Market under the symbol "STRNW."

#### ***Transfer Agent and Registrar***

We have appointed VStock Transfer, LLC, 8 Lafayette Place, Woodmere, NY 11598, telephone 212-828-8436, as the transfer agent for our common stock.

### **SHARES ELIGIBLE FOR FUTURE SALE**

Before this offering, there has not been a public market for shares of our common stock. Future sales of substantial amounts of shares of our common stock, including shares

issued upon the conversion of convertible notes, the exercise of outstanding options and warrants, in the public market after this offering, or the possibility of these sales occurring, could cause the prevailing market price for our common stock to fall or impair our ability to raise equity capital in the future.

Immediately following the closing of this offering, we will have 13,333,333 shares of common stock issued and outstanding, assuming no exercise of the warrants being offered in this offering, and assuming an initial public offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus). In the event the underwriters exercise the over-allotment option to purchase additional shares of common stock and/or warrants in full, we will have 13,833,333 shares of common stock issued and outstanding. The common stock sold in this offering will be freely tradable without restriction or further registration or qualification under the Securities Act.

Previously issued shares of common stock that were not offered and sold in this offering, as well as shares issuable upon the exercise of warrants and subject to employee stock options, are or will be upon issuance, “restricted securities,” as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if such public resale is registered under the Securities Act or if the resale qualifies for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which are summarized below.

#### **Rule 144**

In general, a person who has beneficially owned restricted shares of our common stock for at least twelve months, or at least six months in the event we have been a reporting company under the Exchange Act for at least ninety (90) days before the sale, would be entitled to sell such securities, provided that such person is not deemed to be an affiliate of ours at the time of sale or to have been an affiliate of ours at any time during the ninety (90) days preceding the sale. A person who is an affiliate of ours at such time would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of shares that does not exceed the greater of the following:

- 1% of the number of shares of our common stock then outstanding; or
- 1% of the average weekly trading volume of our common stock during the four calendar weeks preceding the filing by such person of a notice on Form 144 with respect to the sale;

provided that, in each case, we are subject to the periodic reporting requirements of the Exchange Act for at least 90 days before the sale. Rule 144 trades must also comply with the manner of sale, notice and other provisions of Rule 144, to the extent applicable.

#### **Rule 701**

In general, Rule 701 allows a shareholder who purchased shares of our capital stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of ours during the immediately preceding 90 days to sell those shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares, however, are required to wait until ninety (90) days after the date of this prospectus before selling shares pursuant to Rule 701.

#### **Lock-Up Agreements**

We, all of our directors and officers and all of our shareholders have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or dispose of, directly or indirectly, any of our common stock or securities convertible into or exercisable or exchangeable for our common stock for a period of six months after the closing of this offering. See “*Underwriting—Lock-Up—No Sales of Securities.*”

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### **MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF OUR SECURITIES**

The following is a summary of the material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock and warrants that are being issued pursuant to this offering. This summary is limited to Non-U.S. Holders (as defined below) that hold our common stock or warrants as a capital asset (generally, property held for investment) for U.S. federal income tax purposes. This summary does not discuss all of the aspects of U.S. federal income and estate taxation that may be relevant to a Non-U.S. Holder in light of the Non-U.S. Holder’s particular investment or other circumstances. Accordingly, all prospective Non-U.S. Holders should consult their own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the ownership and disposition of our common stock or warrants.

This summary is based on provisions of the Code, applicable U.S. Treasury regulations and administrative and judicial interpretations, all as in effect or in existence on the date of this prospectus. Subsequent developments in U.S. federal income or estate tax law, including changes in law or differing interpretations, which may be applied retroactively, could alter the U.S. federal income and estate tax consequences of owning and disposing of our common stock or warrants as described in this summary. There can be no assurance that the Internal Revenue Service, or IRS, will not take a contrary position with respect to one or more of the tax consequences described herein and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. federal income or estate tax consequences of the ownership or disposition of our common stock or warrants.

As used in this summary, the term “Non-U.S. Holder” means a beneficial owner of our common stock or warrants that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an entity or arrangement treated as a partnership;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust, if (1) a U.S. court is able to exercise primary supervision over the trust’s administration and one or more “United States persons” (within the meaning of the Code) has the authority to control all of the trust’s substantial decisions, or (2) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock or warrants, the tax treatment of a partner in such a partnership generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Partnerships, and partners in partnerships, that hold our common stock or warrants should consult their own tax advisors as to the particular U.S. federal income and estate tax consequences of owning and disposing of our common stock or warrants that are applicable to them.

This summary does not consider any specific facts or circumstances that may apply to a Non-U.S. Holder and does not address any special tax rules that may apply to particular

Non-U.S. Holders, such as:

- a Non-U.S. Holder that is a financial institution, insurance company, tax-exempt organization, pension plan, broker, dealer or trader in securities, dealer in currencies, U.S. expatriate, controlled foreign corporation or passive foreign investment company;
- a Non-U.S. Holder holding our common stock or warrants as part of a conversion, constructive sale, wash sale or other integrated transaction or a hedge, straddle or synthetic security;
- a Non-U.S. Holder that holds or receives our common stock or warrants pursuant to the exercise of any employee stock option or otherwise as compensation; or
- a Non-U.S. Holder that at any time owns, directly, indirectly or constructively, 5% or more of our outstanding common stock.

In addition, this summary does not address any U.S. state or local, or non-U.S. or other tax consequences, or any U.S. federal income or estate tax consequences for beneficial owners of a Non-U.S. Holder, including shareholders of a controlled foreign corporation or passive foreign investment company that holds our common stock or warrants.

**Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax consequences of owning and disposing of our common stock or warrants.**

#### **Distributions on Our Common Stock**

We do not currently expect to pay any cash dividends on our common stock. If we make distributions of cash or property (other than certain pro rata distributions of our common stock) with respect to our common stock, any such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax rules. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a nontaxable return of capital to the extent of the Non-U.S. Holder's adjusted tax basis in our common stock and will reduce (but not below zero) such Non-U.S. Holder's adjusted tax basis in our common stock. Any remaining excess will be treated as gain from a disposition of our common stock subject to the tax treatment described below in "*Dispositions of Our Common Stock*."

Distributions on our common stock that are treated as dividends and that are effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States will be taxed on a net income basis at the regular graduated rates and in the manner applicable to United States persons. An exception may apply if the Non-U.S. Holder is eligible for, and properly claims, the benefit of an applicable income tax treaty and the dividends are not attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States. In such case, the Non-U.S. Holder may be eligible for a lower rate under an applicable income tax treaty between the United States and its jurisdiction of tax residence. Dividends that are effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States will not be subject to the U.S. withholding tax if the Non-U.S. Holder provides to the applicable withholding agent a properly executed IRS Form W-8ECI (or other applicable form) in accordance with the applicable certification and disclosure requirements. A Non-U.S. Holder treated as a corporation for U.S. federal income tax purposes may also be subject to a "branch profits tax" at a 30% rate (unless the Non-U.S. Holder is eligible for a lower rate under an applicable income tax treaty) on the Non-U.S. Holder's earnings and profits (attributable to dividends on our common stock or otherwise) that are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States. The amount of taxable earnings and profits is generally reduced by amounts reinvested in the operations of the U.S. trade or business and increased by any decline in its equity.

The certifications described above must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. A Non-U.S. Holder may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS. Non-U.S. Holders should consult their own tax advisors regarding their eligibility for benefits under any relevant income tax treaty and the manner of claiming such benefits.

The foregoing discussion is subject to the discussions below under "*Backup Withholding and Information Reporting*" and "*FATCA Withholding*."

#### **Exercise of Our Warrants**

Exercise of our warrants by a Non-U.S. Holder will cause the Holder to become a Non-U.S. Holder of our common stock with an adjusted basis in that stock generally equal to the Non-U.S. Holder's adjusted basis in the warrant plus the amount paid to exercise the warrant(s). No U.S. income tax or withholding tax is applicable to such exercise.

#### **Dispositions of Our Common Stock or Warrants**

A Non-U.S. Holder generally will not be subject to U.S. federal income tax (including U.S. withholding tax) on gain recognized on any sale or other disposition of our common stock or warrants unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States); in such case, the gain would be subject to U.S. federal income tax on a net income basis at the regular graduated rates and in the manner applicable to United States persons (unless an applicable income tax treaty provides otherwise) and, if the Non-U.S. Holder is treated as a corporation for U.S. federal income tax purposes, the "branch profits tax" described above may also apply;

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements; in such case, except as otherwise provided by an applicable income tax treaty, the gain, which may be offset by certain U.S. source capital losses, generally will be subject to a flat 30% U.S. federal income tax, even if the Non-U.S. Holder is not treated as a resident of the United States under the Code; or
- we are or have been a "United States real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of (i) the five-year period ending on the date of disposition and (ii) the period that the Non-U.S. Holder held our common stock or warrants.

Generally, a corporation is a "United States real property holding corporation" if the fair market value of its "United States real property interests" equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. We believe that we are not currently, and we do not anticipate becoming in the future, a United States real property holding corporation. However, because the determination of whether we are a United States real property holding corporation is made from time to time and depends on the relative fair market values of our assets, there can be no assurance in this regard. If we were a United States real property holding corporation, the tax relating to disposition of stock or warrants in a United States real property holding corporation generally will not apply to a Non-U.S. Holder whose holdings, direct, indirect and constructive, constituted 5% or less of our common stock or warrants at all times during the applicable period, provided that our common stock or warrants are "regularly traded on an established securities market" (as provided in applicable U.S. Treasury regulations) at any time during the calendar year in



which the disposition occurs. However, no assurance can be provided that our common stock or warrants will be regularly traded on an established securities market for purposes of the rules described above. Non-U.S. Holders should consult their own tax advisors regarding any possible adverse U.S. federal income tax consequences to them if we are, or were to become, a United States real property holding corporation.

The foregoing discussion is subject to the discussions below under “—Backup Withholding and Information Reporting” and “—FATCA Withholding.”

#### Federal Estate Tax

Any shares of our common stock or warrants that are owned (or treated as owned) by an individual who is not a U.S. citizen or resident of the United States (as specially defined for U.S. federal estate tax purposes) at the time of death will be included in that individual’s gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and, therefore, may be subject to U.S. federal estate tax.

#### Backup Withholding and Information Reporting

Backup withholding (currently at a rate of 24%) may apply to dividends paid by U.S. corporations in some circumstances, but will not apply to payments of dividends on our common stock to a Non-U.S. Holder if the Non-U.S. Holder provides to the applicable withholding agent a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable form) certifying under penalties of perjury that the Non-U.S. Holder is not a United States person or is otherwise entitled to an exemption. However, the applicable withholding agent generally will be required to report to the IRS (and to such Non-U.S. Holder) payments of dividends on our common stock and the amount of U.S. federal income tax, if any, withheld from those payments. In accordance with applicable treaties or agreements, the IRS may provide copies of such information returns to the tax authorities in the country in which the Non-U.S. Holder resides.

The gross proceeds from sales or other dispositions of our common stock or warrants may be subject, in certain circumstances discussed below, to U.S. backup withholding and information reporting. If a Non-U.S. Holder sells or otherwise disposes of any of our common stock or warrants outside the United States through a non-U.S. office of a non-U.S. broker and the disposition proceeds are paid to the Non-U.S. Holder outside the United States, the U.S. backup withholding and information reporting requirements generally will not apply to that payment. However, U.S. information reporting, but not U.S. backup withholding, will apply to a payment of disposition proceeds, even if that payment is made outside the United States, if a Non-U.S. Holder sells our common stock or warrants through a non-U.S. office of a broker that is a United States person or has certain enumerated connections with the United States, unless the broker has documentary evidence in its files that the Non-U.S. Holder is not a United States person and certain other conditions are met or the Non-U.S. Holder otherwise qualifies for an exemption.

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If a Non-U.S. Holder receives payments of the proceeds of a disposition of our common stock or warrants to or through a U.S. office of a broker, the payment will be subject to both U.S. backup withholding and information reporting unless the Non-U.S. Holder provides to the broker a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable form) certifying under penalties of perjury that the Non-U.S. Holder is not a United States person, or the Non-U.S. Holder otherwise qualifies for an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be credited against the Non-U.S. Holder’s U.S. federal income tax liability (which may result in the Non-U.S. Holder being entitled to a refund), provided that the required information is timely furnished to the IRS.

#### FATCA Withholding

The Foreign Account Tax Compliance Act and related Treasury guidance (commonly referred to as FATCA) impose U.S. federal withholding tax at a rate of 30% on payments to certain foreign entities of (i) U.S.-source dividends (including dividends paid on our common stock) and (ii) the gross proceeds from the sale or other disposition of property that produces U.S.-source dividends (including sales or other dispositions of our common stock or warrants). This withholding tax applies to a foreign entity, whether acting as a beneficial owner or an intermediary, unless such foreign entity complies with (i) certain information reporting requirements regarding its U.S. account holders and its U.S. owners and (ii) certain withholding obligations regarding certain payments to its account holders and certain other persons. Accordingly, the entity through which a Non-U.S. Holder holds its common stock or warrants will affect the determination of whether such withholding is required. While withholding under FATCA would have also applied to payments of gross proceeds from the sale or other disposition of our common stock or warrants on or after January 1, 2019, U.S. Treasury regulations proposed in December, 2018 eliminate such withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed U.S. Treasury regulations until final U.S. Treasury regulations are issued. Non-U.S. Holders are encouraged to consult their tax advisors regarding FATCA.

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### UNDERWRITING

We are offering the units described in this prospectus through EF Hutton, division of Benchmark Investments, LLC, who is acting as the representative of the underwriters of this offering (the “Representative”). Each unit consists of one of our shares of common stock, par value \$0.0001 per share, and a warrant to purchase one share of common stock. The underwriting agreement that we intend to enter into with the Representative (the “Underwriting Agreement”) will provide that the obligations of the underwriters are subject to representations, warranties and conditions contained therein. The underwriters will agree to buy, subject to the terms of the Underwriting Agreement, the number of units listed opposite their names below. Pursuant to the Underwriting Agreement, the underwriters will be committed to purchase and pay for all of the units if any are purchased, other than those units covered by the over-allotment option described below.

Underwriters	Assumed Number of Units(1)
EF Hutton, division of Benchmark Investments, LLC	
US Tiger Securities, Inc.	
Total	3,333,333

(1) At an assumed offering price of \$4.50 per unit, which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus.

The underwriters have advised us that they propose to offer the units to the public at the public offering price set forth on the cover of this prospectus. The underwriters propose to offer the units to certain dealers at the same price less a concession of not more than \$ \_\_\_\_\_ per unit.

A copy of the form of underwriting agreement will be filed as an exhibit to the registration statement of which this prospectus is a part.

The units sold in this offering are expected to be ready for delivery on or about \_\_\_\_\_, 2021, against payment in immediately available funds. The underwriters may reject all or part of any order.

## Over-Allotment Option

Pursuant to the Underwriting Agreement, we will grant to the underwriters an option to purchase from us up to an additional 500,000 shares of common stock, representing 15% of the shares of common stock sold in the offering and/or up to an additional 500,000 warrants, representing 15% of the warrants sold in the offering, assuming an initial offering price of \$4.50 per unit (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus), in any combination thereof, solely to cover over-allotments, if any, at the initial public offering price, less the underwriting discounts. The underwriters may exercise this option any time during the 45-day period after the closing date of the offering, but only to cover over-allotments, if any. To the extent the underwriters exercise the option, the underwriters will become obligated, subject to certain conditions, to purchase the shares and/or warrants for which they exercise the option.

	Per Unit(1)	Total with No Over- Allotment(1)	Total with Over- Allotment(1)
Initial public offering price	\$ 4.50	\$ 15,000,000	\$ 17,250,000
Underwriting discount to be paid by us (8%)	\$ 0.36	\$ 1,200,000	\$ 1,380,000
Non-accountable expense allowance (1%)	\$ 0.045	\$ 150,000	\$ 172,500
Proceeds, before expenses to us	\$ 4.095	\$ 13,650,000	\$ 15,697,500

(1) At an assumed offering price of \$4.50 per unit, which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus.

## Underwriting Discount

We have agreed to pay the underwriters a cash fee equal to eight percent (8%) of the aggregate gross proceeds of received by the Company from the securities sold in this offering. We have further agreed to pay a non-accountable expense allowance to the representative of the underwriters equal to 0.5% of the gross proceeds received by the Company at the closing of the offering.

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## Other Compensation

In addition, we have agreed to issue to the underwriters Warrants to purchase a number of shares of common stock equal to 3.0% of the aggregate number of shares of common stock sold in the offering (including shares of common stock sold upon exercise of the over-allotment option). The underwriters' Warrants will be exercisable at any time and from time to time, in whole or in part, during the four-and-1/2-year period commencing six months from the date of commencement of the sales of the units in connection with this offering, at a price per share equal to 125% of the initial public offering price per unit. Such underwriter's Warrants are exercisable on a cash basis. The Warrants will provide for registration rights (including a one-time demand registration right and unlimited piggyback rights). The Warrants will be subject to FINRA lockup restrictions pursuant to FINRA Rule 5110(e)(1), do not have a demand registration right with a duration of more than five years from the commencement of sales of the offering pursuant to FINRA Rule 5110(g)(8)(C), and do not have piggyback registration rights with a duration of more than seven years from the commencement of sales of the offering pursuant to FINRA Rule 5110(g)(8)(D).

We estimate that our total expenses of this offering, excluding underwriting discounts, will be approximately \$200,000, which includes a maximum of \$150,000 of out of pocket expenses for "road show," diligence, and reasonable legal fees and disbursements for underwriters' counsel, subject to a maximum of \$50,000 in the event that this offering is not consummated. We have also agreed to reimburse the underwriters, subject to compliance with FINRA Rule 5110(g).

## Indemnification

Pursuant to the Underwriting Agreement, we also intend to agree to indemnify the underwriters against certain liabilities, including civil liabilities under the Securities Act, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

## Offering Information

No action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. None of the securities included in this offering may be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sales of any of the securities being offered hereby be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons who receive this prospectus are advised to inform themselves about and to observe any restrictions relating to this offering of securities and the distribution of this prospectus. This prospectus is neither an offer to sell nor a solicitation of any offer to buy our securities in any jurisdiction where that would not be permitted or legal.

The underwriters have advised us that they do not intend to confirm sales to any accounts over which they exercise discretionary authority.

The underwriters may allocate no more than \$ \_\_\_\_\_ of the securities issued in this offering to members of management and their affiliates.

## Right of First Refusal

We have granted the Representative a right of first refusal, for a period of twelve (12) months from the closing of the offering, to act as sole investment banker, sole book-runner, and/or sole placement agent, at the Representative's sole discretion, for each and every future public and private equity and debt offering, including all equity linked financings, subject to certain exceptions (each, a "subject transaction"), during such twelve (12) month period, of the Company, or any successor to or subsidiary of the Company, on terms and conditions customary to the Representative for such subject transactions.

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## Tail Rights

In the event that the Representative does not consummate the offering, the Representative shall be entitled to a cash fee equal to eight percent (8.0%) of the gross proceeds received by the Company from the sale of the securities offered hereby to any investor actually introduced by the Representative to the Company during the engagement period (the "Tail Financing"), and such Tail Financing is consummated at any time during the engagement period or within the twelve (12) month period following the expiration of the engagement period, provided that such financing is by a party actually introduced to the Company in an offering in which the Company has direct knowledge of such party's participation and not a party that the Company can demonstrate was already known to the Company. In addition, unless (x) the Company terminates the underwriting agreement

for “Cause” (as defined in the Underwriting Agreement), or (y) the Representative fails to provide the underwriting services provided in the underwriting agreement, upon termination of such agreement, if the Company subsequently completes a public or private financing with any investors introduced to the Company by the Representative during the twelve (12) month period following such termination, the Representative shall be entitled to receive the same compensation to be paid to the Representative in connection with this offering.

#### **Lock-Up – No Sales of Securities**

The Company, on behalf of itself and any successor entity, will agree in the Underwriting Agreement that, without the prior written consent of the Representative, it will not, for a period of 180 days after the date of the Underwriting Agreement (the “Lock-Up Period”), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (ii) file or caused to be filed any registration statement with the SEC relating to the offering of any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (iii) complete any offering of debt securities of the Company, other than entering into a line of credit with a traditional bank or (iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company, whether any such transaction described in clause (i), (ii), (iii) or (iv) above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise.

In addition, each of our directors, officers and stockholders has agreed that for a period of 180 days after the date of this prospectus, without the prior written consent of the Representative, and subject to certain exceptions, they will not, directly or indirectly, (i) offer, pledge, sell, contract to sell, grant, lend, or otherwise transfer or dispose of, directly or indirectly, any common stock of the Company or any securities convertible into or exercisable or exchangeable for the common stock of the Company, whether now owned or hereafter acquired by such person or with respect to which such person has or hereafter acquires the power of disposition; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities; (iii) make any demand for or exercise any right with respect to the registration of any such securities; or (iv) publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement relating to any such securities.

#### **Price Stabilization, Short Positions and Penalty Bids**

To facilitate this offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our securities during and after the offering. Specifically, the underwriters may over-allot or otherwise create a short position in our securities for their own account by selling more securities than we have sold to the underwriters. The underwriters may close out any short position by either exercising its option to purchase additional securities or purchasing securities in the open market.

In addition, the underwriters may stabilize or maintain the price of our securities by bidding for or purchasing securities in the open market and may impose penalty bids. If penalty bids are imposed, selling concessions allowed to broker-dealers participating in this offering are reclaimed if securities previously distributed in this offering are repurchased, whether in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of our securities at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of our securities to the extent that it discourages resales of our securities. The magnitude or effect of any stabilization or other transactions is uncertain. These transactions may be effected on the Nasdaq Capital Market or otherwise and, if commenced, may be discontinued at any time.

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In connection with this offering, the underwriters and selling group members, if any, may also engage in passive market making transactions in our securities on the Nasdaq Capital Market. Passive market making consists of displaying bids on the Nasdaq Capital Market by the prices of independent market makers and effecting purchases limited by those prices in response to order flow. Rule 103 of Regulation M promulgated by the SEC limits the amount of net purchases that each passive market maker may make and the displayed size of each bid. Passive market making may stabilize the market price of our securities at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our securities. In addition, neither we nor the underwriters make any representation that the underwriters will engage in these transactions or that any transaction, if commenced, will not be discontinued without notice.

#### **Affiliations**

Each underwriter and its respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters may in the future engage in investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. The underwriters may in the future receive customary fees and commissions for these transactions. We have not engaged the underwriters to perform any services for us in the previous 180 days, nor do we have any agreement to engage the underwriters to perform any services for us in the future, subject to the right to act as an advisor as described above.

In the ordinary course of its various business activities, each underwriter and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for its own account and for the accounts of its customers, and such investment and securities activities may involve securities and/or instruments of the issuer. Each underwriter and its respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

#### **Electronic Offer, Sale and Distribution**

In connection with this offering, the underwriters or certain of the securities dealers may distribute prospectuses by electronic means, such as e-mail.

#### **LEGAL MATTERS**

Bevilacqua PLLC has acted as our counsel in connection with the preparation of this prospectus. The validity of the units, shares of common stock and warrants covered by this prospectus will be passed upon by Sherman & Howard L.L.C. The underwriters have been represented in connection with this offering by Robinson & Cole LLP.

#### **EXPERTS**

The financial statements of our company appearing elsewhere in this prospectus have been included herein in reliance upon the report of BF Borgers CPA PC, an independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

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## WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement, of which this prospectus is a part, on Form S-1 with the SEC relating to this offering. This prospectus does not contain all of the information in the registration statement and the exhibits included with the registration statement. For further information pertaining to us and the units to be sold in this offering, you should refer to the registration statement and its exhibits. References in this prospectus to any of our contracts, agreements or other documents are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contracts, agreements or documents. You may read and copy the registration statement, the related exhibits and other material we file with the SEC at the SEC's public reference room in Washington, D.C. at 100 F Street, Room 1580, N.E., Washington, D.C. 20549. You can also request copies of those documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file with the SEC. The website address is <http://www.sec.gov>.

Upon the effectiveness of the registration statement, we will be subject to the informational requirements of the Exchange Act, and, in accordance with the Exchange Act, will file reports, proxy and information statements and other information with the SEC. Such annual, quarterly and special reports, proxy and information statements and other information can be inspected and copied at the locations set forth above. We also anticipate making these documents publicly available, free of charge, on our website at [www.stran.com](http://www.stran.com) as soon as reasonably practicable after filing such documents with the SEC. Information on, or accessible through, our website is not part of this prospectus.

## FINANCIAL STATEMENTS

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### STRAN & COMPANY, INC. BALANCE SHEETS

	June 30, 2021 (unaudited)	December 31, 2020
<u>ASSETS</u>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 234,540	\$ 647,235
Accounts Receivable	5,844,732	5,679,580
Due From Wildman	366,444	-
Inventory	2,980,318	2,499,049
Prepaid Corporate Taxes	5,117	-
Prepaid Expenses	188,560	122,516
Security Deposit	259,544	324,927
Deferred Income Taxes	128,275	-
	<u>10,007,530</u>	<u>9,273,307</u>
<b>PROPERTY AND EQUIPMENT, NET:</b>	555,737	449,972
<b>OTHER ASSETS:</b>		
Intangible Asset - Customer List, Net	2,141,005	2,216,128
Due From Stockholder	134,329	6,748
Right of Use Asset - Office Leases	1,243,549	1,358,517
	<u>3,518,883</u>	<u>3,581,393</u>
	<u>\$ 14,082,150</u>	<u>\$ 13,304,672</u>

### LIABILITIES AND STOCKHOLDER'S EQUITY

<b>CURRENT LIABILITIES:</b>		
Note Payable - Line of Credit	\$ 2,800,000	\$ 1,650,000
Current Portion of Long Term Debt	3,858	153,133
Current Portion of Wildman Contingent Earn-Out Liability	827,117	402,730
Current Obligation under Right of Use Asset - Office Leases	300,822	299,765
Accounts Payable and Accrued Expenses	4,785,452	3,267,933
Accrued Payroll and Related	870,130	1,021,971
Corporate Income Taxes Payable	-	231,980.00

Unearned Revenue	547,936	564,227
Rewards Program Liability	43,878	173,270
Sales Tax Payable	56,475	73,010
Note Payable - Wildman	162,358	162,358
	<u>10,398,026</u>	<u>8,000,377</u>
<b>LONG-TERM LIABILITIES:</b>		
Long-Term Debt, Net of Current Portion	146,042	766,829
Long-Term Wildman Contingent Earn-Out Liability	1,426,573	1,850,960
Long-Term Obligation under Right of Use Asset - Office Leases	942,728	1,058,752
	<u>2,515,343</u>	<u>3,676,541</u>
<b>STOCKHOLDER'S EQUITY:</b>		
Common Stock, \$.0001 Par Value; 300,000,000 Shares Authorized, 10,000,000 Shares Issued and Outstanding	100	100
Retained Earnings	1,168,681	1,627,654
	<u>1,168,781</u>	<u>1,627,754</u>
	<u>\$ 14,082,150</u>	<u>\$ 13,304,672</u>

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

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**STRAN & COMPANY, INC.**  
**STATEMENTS OF EARNINGS (LOSS) AND RETAINED EARNINGS**  
**SIX MONTHS ENDED JUNE 30, 2021 AND 2020**  
**(UNAUDITED)**

	<u>2021</u>	<u>2020</u>
<b>SALES</b>	\$ 16,127,392	\$ 20,098,656
<b>COST OF SALES:</b>		
Purchases	10,073,333	12,647,566
Freight	1,617,644	899,470
	<u>11,690,977</u>	<u>13,547,036</u>
<b>GROSS PROFIT</b>	4,436,415	6,551,620
<b>OPERATING EXPENSES:</b>		
Bad Debt Expense	82,045	15,899
General and Administrative Expenses	5,561,986	4,620,165
	<u>5,644,031</u>	<u>4,636,064</u>
<b>EARNINGS (LOSS) FROM OPERATIONS</b>	(1,207,616)	1,915,556
<b>OTHER INCOME AND (EXPENSE):</b>		
Other Income	770,062	10,000
Interest Expense	(39,806)	(41,619)
	<u>730,256</u>	<u>(31,619)</u>
<b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>	(477,360)	1,883,937
<b>INCOME TAXES:</b>		
Current:		
State	76,338	29,575
Federal	33,551	75,984
	<u>109,889</u>	<u>105,559</u>
Deferred:		
State	(34,000)	-
Federal	(94,275)	-
	<u>(128,275)</u>	<u>-</u>
	<u>(18,386)</u>	<u>105,559</u>
<b>NET EARNINGS (LOSS)</b>	(458,974)	1,778,378
<b>RETAINED EARNINGS, BEGINNING</b>	<u>1,627,655</u>	<u>598,533</u>
<b>RETAINED EARNINGS, ENDING</b>	<u>\$ 1,168,681</u>	<u>\$ 2,376,911</u>

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

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STRAN & COMPANY, INC.  
STATEMENTS OF STOCKHOLDERS' EQUITY  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020  
(UNAUDITED)

	<u>Common Stock</u>		Retained	Total
	<u>Shares</u>	<u>Value</u>	<u>Earnings</u>	<u>Stockholders</u> <u>Equity</u>
Balance, January 1, 2020	10,000,000	\$ 100	\$ 598,533	\$ 598,633
Net Earnings	-	-	1,778,378	1,778,378
Balance, June 30, 2020	<u>10,000,000</u>	<u>\$ 100</u>	<u>2,376,911</u>	<u>2,377,011</u>
Balance, January 1, 2021	10,000,000	\$ 100	\$ 1,627,655	\$ 1,627,755
Net Earnings	-	-	(458,974)	(458,974)
Balance, June 30, 2021	<u>10,000,000</u>	<u>\$ 100</u>	<u>\$ 1,168,681</u>	<u>\$ 1,168,781</u>

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

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STRAN & COMPANY, INC.  
STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (UNAUDITED)

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Earnings	\$ (458,974)	\$ 1,778,378
Noncash Items Included in Net Earnings:		
Deferred Income Taxes	(128,275)	-
Depreciation and Amortization	187,681	85,719
Gain on Extinguishment of Debt	(770,062)	-
(Increase) Decrease In:		
Accounts Receivable	(165,152)	2,115,171
Due From Affiliate	-	138,561
Due From Wildman	(366,444)	-
Inventory	(481,269)	(369,409)
Prepaid Expenses	(71,161)	290,371
Security Deposit	65,383	(182,401)
Increase (Decrease) In:		
Accounts Payable and Accrued Expenses	1,517,519	(1,399,939)
Accrued Payroll and Related	(151,841)	347,896
Corporate Income Taxes Payable	(231,980)	100,078
Unearned Revenue	(16,291)	(235,071)
Rewards Program Liability	(129,392)	(2,069,119)
Sales Tax Payable	(16,535)	27,287
	<u>(1,216,793)</u>	<u>627,522</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to Property and Equipment	(218,321)	(93,913)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New Borrowings:		
Note Payable - Line of Credit	3,125,000	3,030,000
Long-Term Debt	-	919,962
Debt Reduction:		
Note Payable - Line of Credit	(1,975,000)	(5,180,000)
Increase in Due To/From Stockholder	(127,581)	(111,071)
	<u>1,022,419</u>	<u>(1,341,109)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(412,695)</b>	<b>(807,500)</b>
CASH - BEGINNING	647,235	2,438,260
CASH - ENDING	<u>\$ 234,540</u>	<u>\$ 1,630,760</u>

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

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STRAN & COMPANY, INC.  
STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020  
(UNAUDITED)  
(CONTINUED)

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	2021	2020
Cash Paid During The Quarter For:		
Interest	\$ 39,806	\$ 41,619
Income Taxes	\$ 360,906	\$ 100,078

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

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

**A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

1. Organization - Stran & Company, Inc., (the Company) was incorporated under the laws of the Commonwealth of Massachusetts and commenced operations on November 17, 1995. The Company re-incorporated under the laws of the State of Nevada on May 24, 2021.
2. Operations - The Company is an outsourced marketing solutions provider that sells branded products to customers. The Company purchases products and branding through various third-party manufacturers and decorators and resells the finished goods to customers.  
  
 In addition to selling branded products, the Company offers clients custom sourcing capabilities; a flexible and customizable e-commerce solution for promoting branded merchandise and other promotional products, managing promotional loyalty and incentives, print collateral, and event assets, order and inventory management, and designing and hosting online retail popup shops, fixed public retail online stores, and online business-to-business service offerings; creative and merchandising services; warehousing/fulfillment and distribution; print-on-demand; kitting; point of sale displays; and loyalty and incentive programs.
3. Method of Accounting – The Company’s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. (“U.S. GAAP”).
4. Cash and Cash Equivalents - For purposes of the statement of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
5. Concentration of Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable and deposits in excess of federally insured limits. These risks are managed by performing ongoing credit evaluations of customers’ financial condition and by maintaining all deposits in high quality financial institutions.
6. Inventory – Inventory consists of finished goods (branded products) and goods in process (un-branded products awaiting decoration). All inventory is stated at the lower of cost (first-in, first-out method) or market value.
7. Property and Equipment - Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred whereas major betterments are capitalized. Depreciation is provided using straight-line and accelerated methods over five years.
8. Fair Value of Financial Instruments - The Company’s financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and notes payable. The recorded values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and notes payable approximate their fair values based on their short-term nature.
9. Revenue Recognition - In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”), which is aimed at creating common revenue recognition guidance for GAAP and the International Financial Reporting Standards (“IFRS”). This new guidance provides a comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue guidance issued by the FASB. ASU 2014-09 also requires both qualitative and quantitative disclosures, including descriptions of performance obligations.

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

**A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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

Performance Obligations - Revenue from contracts with customers is recognized when, or as, the Company satisfies its performance obligations by transferring goods or services to customers. A good or service is transferred to a customer when, or as, the customer obtains control of that good or service. A performance obligation may be

satisfied over time or at a point in time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the company determines the customer has obtained control over the promised good or service. The amount of revenue recognized reflects the consideration of which the Company expects to be entitled in exchange for the promised goods or services.

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

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

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

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the six months ended June 30,:

	2021	2020
Performance Obligations Satisfied at a Point in Time	\$ 16,127,392	\$ 20,098,656
Performance Obligations Satisfied Over Time	-	-
<b>Total Revenue</b>	<b>\$ 16,127,392</b>	<b>\$ 20,098,656</b>

10. Freight - The Company includes freight charges as a component of cost of goods sold.
11. Uncertainty in Income and Other Taxes - The Company adopted the standards for *Accounting for Uncertainty in Income Taxes* (income, sales, use, and payroll), which required the Company to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of June 30, 2021 and 2020, the Company determined that it had no tax positions that did not meet the "more likely than not" threshold of being sustained by the applicable tax authority. The Company files tax and information returns in the United States Federal, Massachusetts, and other state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.
12. Income Taxes - Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are provided for differences between the basis of assets and liabilities for financial statements and income tax purposes. The Company has historically utilized accelerated tax depreciation to minimize federal income taxes.
13. Sales Tax - Sales tax collected from customers is recorded as a liability, pending remittance to the taxing jurisdiction. Consequently, sales taxes have been excluded from revenues and costs. The Company remits sales, use, and GST taxes to Massachusetts, other state jurisdictions, and Canada, respectively.
14. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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

The Company uses the allowance method to account for uncollectible accounts receivable balances. Under the allowance method, an estimate of uncollectible customer balances is made based on the Company's prior history and other factors such as credit quality of the customer and economic conditions of the market. Based on these factors, at June 30, 2021 and December 31, 2020, there was an allowance for doubtful accounts of \$220,847 and \$150,847, respectively.

**C. INVENTORY:**

Inventory consists of the following as of:

	June 30, 2021	December 31, 2020
Finished Goods (branded products)	\$ 2,163,272	\$ 2,271,982
Goods in Process (un-branded products)	817,046	227,067
	<b>\$ 2,980,318</b>	<b>\$ 2,499,049</b>

**D. PROPERTY AND EQUIPMENT:**

Property and Equipment consists of the following as of:

	June 30, 2021	December 31, 2020
Leasehold Improvements	\$ 5,664	\$ 5,664
Office Furniture and Equipment	368,887	342,692
Software	846,469	654,340
Transportation Equipment	62,424	62,424
	1,283,444	1,065,120
Accumulated Depreciation	(727,707)	(615,148)
	<b>\$ 555,737</b>	<b>\$ 449,972</b>

**E. DUE FROM STOCKHOLDER:**

The amount due from stockholder is unsecured and non-interest bearing. There is no formal repayment plan and, accordingly, this amount has been recorded as long-term. At



June 30, 2021 and December 31, 2020, the amounts due from stockholder were \$134,329 and \$6,748, respectively.

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

The Company has a \$3,500,000 line of credit with Bank of America. At June 30, 2021 and December 31, 2020, borrowings on this line of credit amounted to \$2,800,000 and \$1,650,000, respectively. The line bears interest at the LIBOR Daily Floating Rate plus 2.75%. At June 30, 2021 and December 31, 2020, interest rates were 4.20%. The line is reviewed annually and is due on demand. This line of credit is secured by substantially all assets of the Company.

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

**G. LONG-TERM DEBT:**

Long-Term Debt consists of the following at June 30,:

	2021	2020
1.00% Loan Payable - PPP Loan - Bank of America: Due in monthly installments of \$1,209 including interest to March 2025.	\$ -	\$ 770,062
3.75% Loan Payable - EIDL Loan - SBA: Due in monthly installments of \$731 including interest to April 2051.	149,900	149,900
	<u>149,900</u>	<u>919,962</u>
Current Portion	(3,858)	(153,133)
Long-Term Debt	<u>\$ 146,042</u>	<u>\$ 766,829</u>

On April 15, 2020, the Company received loan proceeds from Bank of America in the amount of approximately \$770,062 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average qualifying monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower is unable to re-hire to the same employment level on or before December 31, 2020, reduces salaries during the covered period, or uses more than forty percent of the money spent on non-employment expenses.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1% with a deferral of payments for the first six months. The Company received forgiveness by the U.S. Small Business Administration (SBA) of the PPP loan in full, effective June 24, 2021.

The following is a schedule by years of aggregate maturities of indebtedness at June 30,:

2022	\$ 3,858
2023	3,441
2024	3,571
2025	3,704
2026	3,843
Thereafter	131,483
	<u>\$ 149,900</u>

**H. CONTINGENT EARN-OUT LIABILITY:**

In connection with the asset acquisition, as discussed in Note M, the customer list was purchased using a Contingent Earn-Out Calculation. The purchase price is equal to fifteen percent (15%) of the gross profit earned from the sale of product to the customer list for year 1 and thirty percent (30%) for years 2 and 3. Payments are due on the anniversary date of the purchase. Based upon historical information, management has estimated the fair market value of these payments to be \$2,253,690 and has been recorded as Intangible Asset – Customer List and the related Contingent Earn-Out Liability at this amount.

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

**I. UNEARNED REVENUE:**

Unearned revenue includes customer deposits and deferred revenue which represent prepayments from customers. At June 30, 2021 and December 31, 2020, the Company had unearned revenue totaling \$547,936 and \$564,227, respectively.

	Six Months Ended June 30, 2021	Twelve Months Ended December 31, 2020
Beginning Balance	\$ 564,227	\$ 362,951
Revenue recognized	16,127,392	(37,752,173)

Amounts collected or invoiced	(16,143,683)	37,953,449
Ending Balance	<u>\$ 547,936</u>	<u>\$ 564,227</u>

**J. REWARD CARD PROGRAM LIABILITY:**

The Company manages reward card programs for customers. Under this program, the Company receives cash and simultaneously records a liability for the total amount received. These accounts are adjusted on a periodic basis as reward cards are funded or reduced at the direction of the customers. At June 30, 2021 and December 31, 2020, the company had deposits totaling \$43,878 and \$173,270, respectively.

**K. NOTE PAYABLE - WILDMAN:**

In connection with the asset acquisition as discussed in Note M, the Company had an amount due to the seller of \$162,358 for the inventory purchased. This amount accrues no interest, and is to be paid "as used" on a quarterly basis through the three year earn-out period as discussed in Note H. At June 30, 2021, the note totaled \$162,358. The Company anticipates that the note will be paid in full in 2021, accordingly the note payable has been classified as current on the balance sheet as of June 30, 2021.

**L. ACQUISITION:**

On August 24, 2020 the Company entered into an asset purchase agreement to acquire inventory, select fixed assets, and a customer list from Wildman Business Group, LLC (WBG). In accordance with Financial Accounting Standards Board ("FASB" ASC 805), "Business Combinations", the acquisition method of accounting is used and recognition of the assets acquired is at fair value as of the acquisition dates. All acquisition costs are expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired were agreed to by both buyer and seller. The aggregate purchase price was \$2,937,222.

Amortization of the acquired customer list is straight-line for ten years.

**M. ACQUISITION: (Continued)**

Fair Value of Identifiable Assets Acquired:

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

Consideration Paid:

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

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

**N. LEASE OBLIGATIONS:**

The Company recognizes and measures its leases in accordance with FASB ASC 842, Leases. The company is a lessee in a non-cancellable operating lease for office space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The company recognizes a lease liability and right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The implicit rates of the Company's lease are not readily determinable and accordingly, the Company used their incremental borrowing rate based on the information available at the commencement date of the lease. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease costs for lease payments is recognized on a straight-line basis over the lease term. The Company has entered into operating lease agreements for its office space.

The following is a schedule by years of future minimum lease payments at June 30, 2021:

2022	\$ 339,561
2023	347,444
2024	330,805
2025	325,776
2026	-
	<u>\$ 1,343,586</u>

Rent expense for the six months ended June 30, 2021 and 2020 totaled \$189,695 and \$204,795, respectively.

**O. CAPITAL STRUCTURE:**

On May 24, 2021 the Company authorized a capital stock change from 200,000 shares of common stock, \$0.01 par value, to 350,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.0001 per share, and 50,000,000 shares of "blank check" preferred stock, par value \$0.0001 per share. At the same time, the Company also completed a 100,000-for-1 forward stock split of the outstanding common stock through the merger by issuing 100,000 shares of our common stock for each previously outstanding share of common stock of the predecessor Massachusetts company. As a result of this stock split, the Company's issued and outstanding common stock increased from 100 shares to 10,000,000 shares.

**P. ADVERTISING:**

The Company follows the policy of charging the costs of advertising to expense as incurred. For the years ended June 30, 2021 and 2020, advertising costs amounted to \$56,771 and \$40,387, respectively.

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

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**Q. MAJOR CUSTOMERS:**

For the six months ended June 30, 2021, the Company had two major customers to which sales accounted for approximately 12% of the Company's revenues. The Company had accounts receivable from these customers amounting to 18% of the total accounts receivable balance.

For the six months ended June 30, 2020, the Company had two major customers to which sales accounted for approximately 45% of the Company's revenues. The Company had accounts receivable from these customers amounting to 13% of the total accounts receivable balance.

**R. EMPLOYEE BENEFIT PROGRAM:**

Effective September 1998, the Company has a SIMPLE IRA plan (Savings Incentive Match Plan for Employees) covering all employees who meet certain requirements. Each employee is 100% vested in their contribution and the company match. The Company makes a matching contribution on a semi-monthly basis based on the contribution the employee makes and the amount of compensation earned during that pay period. Employer contributions accrued and charged to this plan for the six months ended June 30, 2021 and 2020 amounted to \$81,622 and \$34,650, respectively.

**S. SUBSEQUENT EVENTS:**

Management has evaluated events occurring after the balance sheet date through October 29, 2021, the date on which the financial statements were available to be issued.

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**Report of Independent Registered Public Accounting Firm**

To the shareholders and the board of directors of Stran & Company, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Stran & Company, Inc. as of December 31, 2020 and 2019, the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BF Borgers CPA PC

**BF Borgers CPA PC**

We have served as the Company's auditor since 2021.

Lakewood, CO

July 23, 2021, except for the effects on the financial statements of the stock split, as to which the date is October 6, 2021

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STRAN & COMPANY, INC.  
BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 647,235	\$ 2,438,260
Accounts Receivable	5,679,580	5,116,533
Due From Affiliate	-	138,561
Inventory	2,499,049	1,945,812
Prepaid Expenses	122,516	383,315
Security Deposit	324,927	1,725
	9,273,307	10,024,206
<b>PROPERTY AND EQUIPMENT, NET:</b>	449,972	458,031
<b>OTHER ASSETS:</b>		
Intangible Asset - Customer List, Net	2,216,128	-
Due From Stockholder	6,748	-
Right of Use Asset - Office Leases	1,358,517	1,622,115.00
	3,581,393	1,622,115
	\$ 13,304,672	\$ 12,104,352
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
<b>CURRENT LIABILITIES:</b>		
Note Payable - Line of Credit	\$ 1,650,000	\$ 2,150,000
Current Portion of Long Term Debt	153,133	-
Current Portion of Wildman Contingent Earn-Out Liability	402,730	-
Current Obligation under Right of Use Asset - Office Leases	299,765	356,881
Accounts Payable and Accrued Expenses	3,267,933	4,202,214
Accrued Payroll and Related	1,021,971	876,177
Corporate Income Taxes Payable	231,980	156,816
Unearned Revenue	564,227	362,951
Rewards Program Liability	173,270	2,069,119
Sales Tax Payable	73,010	28,179
Note Payable - Wildman	162,358	-
	8,000,377	10,202,337
<b>LONG-TERM LIABILITIES:</b>		
Long-Term Debt, Net of Current Portion	766,829	-
Long-Term Wildman Contingent Earn-Out Liability	1,850,960	-
Long-Term Obligation under Right of Use Asset - Office Leases	1,058,752	1,265,234
	3,676,541	1,265,234
<b>DUE TO STOCKHOLDER</b>	-	38,207
<b>STOCKHOLDER'S EQUITY:</b>		
Common Stock, \$0.0001 Par Value; 300,000,000 Shares Authorized, 10,000,000 Shares Issued and Outstanding	100	100
Retained Earnings	1,627,654	598,474
	1,627,754	598,574
	\$ 13,304,672	\$ 12,104,352

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

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STRAN & COMPANY, INC.  
STATEMENTS OF EARNINGS AND RETAINED EARNINGS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>SALES</b>	\$ 37,752,173	\$ 30,316,831
<b>COST OF SALES:</b>		
Purchases	24,167,798	19,395,199
Freight	2,099,511	1,961,441
	26,267,309	21,356,640
<b>GROSS PROFIT</b>	11,484,864	8,960,191
<b>OPERATING EXPENSES:</b>		
Bad Debt Expense	67,899	140,292
General and Administrative Expenses	9,926,092	8,226,145
	9,993,991	8,366,437

EARNINGS FROM OPERATIONS	1,490,873	593,754
OTHER INCOME AND (EXPENSE):		
Interest Expense	(49,457)	(109,117)
Interest Income	-	977
Other Income	10,000	76,000
	<u>(39,457)</u>	<u>(32,140)</u>
EARNINGS BEFORE INCOME TAXES	1,451,416	561,614
INCOME TAXES:		
State	118,300	59,011
Federal	303,936	112,740
	<u>422,236</u>	<u>171,751</u>
NET EARNINGS	1,029,180	389,863
RETAINED EARNINGS, BEGINNING	598,474	208,611
RETAINED EARNINGS, ENDING	<u>\$ 1,627,654</u>	<u>\$ 598,474</u>

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

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STRAN & COMPANY, INC.  
STATEMENTS OF STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Common Stock</u>		<u>Retained Earnings</u>	<u>Total Stockholders Equity</u>
	<u>Shares</u>	<u>Value</u>		
Balance, January 1, 2019	10,000,000	\$ 100	\$ 208,611	\$ 208,711
Net Earnings	-	-	389,863	389,863
Balance, December 31, 2019	10,000,000	\$ 100	598,474	598,574
Net Earnings	-	-	1,029,180	1,029,180
Balance, December 31, 2020	<u>10,000,000</u>	<u>\$ 100</u>	<u>\$ 1,627,654</u>	<u>\$ 1,627,754</u>

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

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STRAN & COMPANY, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Earnings	\$ 1,029,180	\$ 389,863
Noncash Items Included in Net Earnings:		
Depreciation and Amortization	222,087	174,381
(Increase) Decrease In:		
Accounts Receivable	(563,047)	(1,624,540)
Deferred Income Taxes	-	2,540
Due From Affiliate	138,561	(138,561)
Inventory	(390,879)	(515,251)
Prepaid Expenses	260,799	(317,397)
Security Deposit	(323,202)	(1,300)
Note Receivable	-	40,500
Increase (Decrease) In:		
Accounts Payable and Accrued Expenses	(934,281)	1,055,621
Accrued Payroll and Related	145,794	196,696
Corporate Income Taxes Payable	75,164	142,602
Unearned Revenue	201,276	(590,354)
Rewards Program Liability	(1,895,849)	2,069,119
Sales Tax Payable	44,831	(11,263)
	<u>(1,989,566)</u>	<u>872,656</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		

Additions to Property and Equipment	(176,467)	(117,880)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New Borrowings:		
Note Payable - Line of Credit	4,680,000	10,000,055
Long-Term Debt	919,962	-
Debt Reduction:		
Note Payable - Line of Credit	(5,180,000)	(10,350,000)
Long-Term Debt	-	(2,192)
Increase (Decrease) in Due To Stockholder	(44,955)	25,700
	<u>375,007</u>	<u>(326,437)</u>
NET INCREASE IN CASH	(1,791,026)	428,339
CASH - BEGINNING	2,438,261	2,009,922
CASH - ENDING	<u>\$ 647,235</u>	<u>\$ 2,438,261</u>

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STRAN & COMPANY, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(CONTINUED)

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	<u>2020</u>	<u>2019</u>
Cash Paid During The Year For:		
Interest	<u>\$ 49,457</u>	<u>\$ 109,117</u>
Income Taxes	<u>\$ 347,072</u>	<u>\$ 29,149</u>
Schedule of Noncash Investing and Financing Transactions		
Cost of Intangible Asset - Customer List	<u>\$ 2,253,690</u>	<u>\$ -</u>
Wildman Contingent Earn-Out	<u>(2,253,690)</u>	<u>-</u>
Cash Used for Purchase of Intangible Asset - Customer List	<u>\$ -</u>	<u>\$ -</u>
Cost of Wildman Inventory	<u>\$ 649,433</u>	<u>\$ -</u>
Note Payable - Wildman	<u>(162,358)</u>	<u>-</u>
Cash Used for Purchase Wildman Inventory	<u>\$ 487,075</u>	<u>\$ -</u>

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

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**STRAN & COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

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

3. Method of Accounting – The Company’s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. (“U.S. GAAP”).
4. Cash and Cash Equivalents - For purposes of the statement of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
5. Concentration of Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable and deposits in excess of federally insured limits. These risks are managed by performing ongoing credit evaluations of customers’ financial condition and by maintaining all deposits in high quality financial institutions.
6. Inventory – Inventory consists of finished goods (branded products) and goods in process (un-branded products awaiting decoration). All inventory is stated at the lower of cost (first-in, first-out method) or market value.

7. Property and Equipment - Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred whereas major betterments are capitalized. Depreciation is provided using straight-line and accelerated methods over five years.
8. Fair Value of Financial Instruments - The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and notes payable. The recorded values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and notes payable approximate their fair values based on their short-term nature.
9. Revenue Recognition - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which is aimed at creating common revenue recognition guidance for GAAP and the International Financial Reporting Standards ("IFRS"). This new guidance provides a comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue guidance issued by the FASB. ASU 2014-09 also requires both qualitative and quantitative disclosures, including descriptions of performance obligations.

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

**A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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

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

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

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

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

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31,:

	2020	2019
Performance Obligations Satisfied at a Point in Time	\$ 37,752,173	\$ 30,316,831
Performance Obligations Satisfied Over Time	-	-
Total Revenue	<u>\$ 37,752,173</u>	<u>\$ 30,316,831</u>

10. Freight - The Company includes freight charges as a component of cost of goods sold.
11. Uncertainty in Income and Other Taxes - The Company adopted the standards for *Accounting for Uncertainty in Income Taxes* (income, sales, use, and payroll), which required the Company to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2020 and 2019, the Company determined that it had no tax positions that did not meet the "more likely than not" threshold of being sustained by the applicable tax authority. The Company files tax and information returns in the United States Federal, Massachusetts, and other state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.
12. Income Taxes - Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are provided for differences between the basis of assets and liabilities for financial statements and income tax purposes. The Company has historically utilized accelerated tax depreciation to minimize federal income taxes.
13. Sales Tax - Sales tax collected from customers is recorded as a liability, pending remittance to the taxing jurisdiction. Consequently, sales taxes have been excluded from revenues and costs. The Company remits sales, use, and GST taxes to Massachusetts, other state jurisdictions, and Canada, respectively.
14. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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

The Company uses the allowance method to account for uncollectible accounts receivable balances. Under the allowance method, an estimate of uncollectible customer balances is made based on the Company's prior history and other factors such as credit quality of the customer and economic conditions of the market. Based on these factors, at December 31, 2020 and 2019, there was an allowance for doubtful accounts of \$150,847 and \$158,244, respectively.

**C. DUE FROM AFFILIATE:**

The Company manages and operates Stran Loyalty Group. The sole shareholder of the Company is a major shareholder in the parent company of Stran Loyalty Group. The amount due from affiliate is unsecured, non-interest bearing, and temporary in nature. This amount was collected in 2020. At December 31, 2020 and 2019, the amounts outstanding were \$0 and \$138,561, respectively.

**D. INVENTORY:**

Inventory consists of the following as of December 31,:

	2020	2019
Finished Goods (branded products)	\$ 2,271,982	\$ 1,745,615
Goods in Process (un-branded products)	227,067	200,197
	<u>\$ 2,499,049</u>	<u>\$ 1,945,812</u>

**E. PROPERTY AND EQUIPMENT:**

Property and Equipment consists of the following as of December 31,:

	2020	2019
Leasehold Improvements	\$ 5,664	\$ 5,664
Office Furniture and Equipment	342,692	260,197
Software	654,340	560,368
Transportation Equipment	62,424	62,424
	<u>1,065,120</u>	<u>888,653</u>
Accumulated Depreciation	(615,148)	(430,622)
	<u>\$ 449,972</u>	<u>\$ 458,031</u>

**F. DUE FROM STOCKHOLDER:**

The amount due from stockholder is unsecured and non-interest bearing. There is no formal repayment plan and, accordingly, this amount has been recorded as long-term. At December 31, 2020 and 2019, the amounts due from stockholder were \$6,748 and \$0, respectively.

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

The Company has a \$2,500,000 line of credit with Bank of America At December 31, 2020 and 2019, borrowings on this line of credit amounted to \$1,650,000 and \$2,150,000, respectively. The line bears interest at the LIBOR Daily Floating Rate plus 2.75%. At December 31, 2020 and 2019, interest rates were 4.20% and 4.55%, respectively. The line is reviewed annually and is due on demand. This line of credit is secured by substantially all assets of the Company.

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

**H. LONG-TERM DEBT:**

Long-Term Debt consists of the following at December 31,:

	2020	2019
1.00% Loan Payable - PPP Loan - Bank of America: Due in monthly installments of \$1,209 including interest to March 2025.	\$ 770,062	\$ -
3.75% Loan Payable - EIDL Loan - SBA: Due in monthly installments of \$731 including interest to April 2051.	149,900	-
	<u>919,962</u>	<u>-</u>
Current Portion	(153,133)	-
Long-Term Debt	<u>\$ 766,829</u>	<u>\$ -</u>

On April 15, 2020, the Company received loan proceeds from Bank of America in the amount of approximately \$770,062 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average qualifying monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower is unable to re-hire to the same employment level on or before December 31, 2020, reduces salaries during the covered period, or uses more than forty percent of the money spent on non-employment expenses.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness, the Company has not yet received forgiveness. Accordingly, the entire PPP loan balance has been recorded as a liability at December 31, 2020.

The following is a schedule by years of aggregate maturities of indebtedness at December 31,:

2021	\$ 153,133
2022	155,844
2023	157,502
2024	159,181
2025	160,879



Thereafter	133,423
	<u>\$ 919,962</u>

**I. CONTINGENT EARN-OUT LIABILITY:**

In connection with the asset acquisition, as discussed in Note N, the customer list was purchased using a Contingent Earn-Out Calculation. The purchase price is equal to fifteen percent (15%) of the gross profit earned from the sale of product to the customer list for year 1 and thirty percent (30%) for years 2 and 3. Payments are due on the anniversary date of the purchase. Based upon historical information, management has estimated the fair market value of these payments to be \$2,253,690 and has been recorded as Intangible Asset – Customer List and the related Contingent Earn-Out Liability at this amount.

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

**J. UNEARNED REVENUE:**

Unearned revenue includes customer deposits and deferred revenue which represent prepayments from customers.

	2020	2019
Balance at January 1,	\$ 362,951	\$ 953,306
Revenue recognized	(37,752,173)	(30,316,831)
Amounts collected or invoiced	37,953,449	29,726,476
Balance at December 31,	<u>\$ 564,227</u>	<u>\$ 362,951</u>

**K. REWARD CARD PROGRAM LIABILITY:**

The Company manages reward card programs for customers. Under this program, the Company receives cash and simultaneously records a liability for the total amount received. These accounts are adjusted on a periodic basis as reward cards are funded or reduced at the direction of the customers. At December 31, 2020 and 2019, the company had deposits totaling \$173,270 and \$2,069,119, respectively.

**L. DUE TO STOCKHOLDER:**

The amount due to stockholder is unsecured and non-interest bearing. There is no formal repayment plan and, accordingly, this amount has been recorded as long-term. At December 31, 2020 and 2019, the amounts due to stockholder were \$0 and \$38,207, respectively.

**M. NOTE PAYABLE - WILDMAN:**

In connection with the asset acquisition as discussed in Note N, the Company had an amount due to the seller of \$162,358 for the inventory purchased. This amount accrues no interest, and is to be paid “as used” on a quarterly basis through the three year earn-out period as discussed in Note I. At December 31, 2020, the note totaled \$162,358. The Company anticipates that the note will be paid in full in 2021, accordingly the note payable has been classified as current on the balance sheet as of December 31, 2020.

**N. AQUISITION:**

On August 24, 2020, the Company entered into an asset purchase agreement to acquire inventory, select fixed assets, and a customer list from Wildman Business Group, LLC (WBG). In accordance with Financial Accounting Standards Board (“FASB” ASC 805), “Business Combinations”, the acquisition method of accounting is used and recognition of the assets acquired is at fair value as of the acquisition dates. All acquisition costs are expensed as incurred. The consideration paid has been allocated to the assets acquired based on their estimated fair values at the acquisition date. The estimate of fair values for tangible assets acquired were agreed to by both buyer and seller. The aggregate purchase price was \$2,937,222. Amortization of the acquired customer list is straight-line for ten years.

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

**N. AQUISITION: (Continued)**

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

**O. LEASE OBLIGATIONS:**

The Company recognizes and measures its leases in accordance with FASB ASC 842, Leases. The company is a lessee in a non-cancellable operating lease for office space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The company recognizes a lease liability and right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The implicit rates of the Company's lease are not readily determinable and accordingly, the Company used their incremental borrowing rate based on the information available at the commencement date of the lease. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease costs for lease payments is recognized on a straight-line basis over the lease term. The Company has entered into operating lease agreements for its office space.

The following is a schedule by years of future minimum lease payments at December 31, 2020:

2021	\$	341,619
2022		343,503
2023		345,252
2024		322,491
2025		135,740
	\$	<u>1,488,605</u>

Rent expense for the years ended December 31, 2020 and 2019 totaled \$406,806 and \$365,360, respectively.

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

**P. ADVERTISING:**

The Company follows the policy of charging the costs of advertising to expense as incurred. For the years ended December 31, 2020 and 2019, advertising costs amounted to \$135,436 and \$71,110, respectively.

**Q. MAJOR CUSTOMERS:**

For the year ended December 31, 2020, the Company had one major customer to which sales accounted for approximately 14% of the Company's revenues. The Company had no accounts receivable from the customers.

For the year ended December 31, 2019, the Company had two major customers to which sales accounted for approximately 23% of the Company's revenues. The Company had accounts receivable from these customers amounting to 22% of the total accounts receivable balance.

**R. EMPLOYEE BENEFIT PROGRAM:**

Effective September 1998, the Company has a SIMPLE IRA plan (Savings Incentive Match Plan for Employees) covering all employees who meet certain requirements. Each employee is 100% vested in their contribution and the company match. The Company makes a matching contribution on a semi-monthly basis based on the contribution the employee makes and the amount of compensation earned during that pay period. Employer contributions accrued and charged to this plan for the years ended December 31, 2020 and 2019 amounted to \$123,177 and \$105,775, respectively.

**S. SUBSEQUENT EVENTS:**

Management has evaluated events occurring after the balance sheet date through October 29, 2021, the date on which the financial statements were available to be issued.

3,333,333 Units

**Each Unit Consisting of One Share of Common Stock and One Warrant to Purchase One Share of Common Stock**



**Stran & Company, Inc.**

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**PRELIMINARY PROSPECTUS**

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*Lead Book Running Manager*

*Joint Book Running Manager*

**EF HUTTON**

division of Benchmark Investments, LLC

**TIGER BROKERS**

\_\_\_\_\_, 2021

Until \_\_\_\_\_, 2021 (25 days after the date of this prospectus), all dealers that buy, sell or trade our securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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**PART II**  
**INFORMATION NOT REQUIRED IN THE PROSPECTUS**

**Item 13. Other Expenses of Issuance and Distribution**

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of common shares being registered. All amounts, other than the SEC registration fee, Nasdaq listing fee and FINRA filing fee, are estimates. We will pay all these expenses.

	<u>Amount</u>
SEC registration fee	\$ 3,258.12
Nasdaq listing fee	50,000.00
FINRA filing fee	5,772.03
Accounting fees and expenses	18,000.00
Legal fees and expenses	300,000.00
Transfer agent fees and expenses	3,000.00
Printing and related fees	10,000.00
Miscellaneous	5,000.00
<b>Total</b>	<u>\$ 395,030.15</u>

**Item 14. Indemnification of Directors and Officers**

We are a Nevada corporation. The Nevada Revised Statutes and certain provisions of our bylaws under certain circumstances provide for indemnification of our officers, directors and controlling persons against liabilities which they may incur in such capacities. A summary of the circumstances in which such indemnification is provided for is contained herein, but this description is qualified in its entirety by reference to our bylaws and to the statutory provisions.

In general, any officer, director, employee or agent may be indemnified against expenses, fines, settlements or judgments arising in connection with a legal proceeding to which such person is a party, if that person's actions were in good faith, were believed to be in our best interest, and were not unlawful. Unless such person is successful upon the merits in such an action, indemnification may be awarded only after a determination by independent decision of our board of directors, by legal counsel, or by a vote of our stockholders, that the applicable standard of conduct was met by the person to be indemnified.

The circumstances under which indemnification is granted in connection with an action brought on our behalf is generally the same as those set forth above; however, with respect to such actions, indemnification is granted only with respect to expenses actually incurred in connection with the defense or settlement of the action. In such actions, the person to be indemnified must have acted in good faith and in a manner believed to have been in our best interest, and have not been adjudged liable for negligence or misconduct.

Indemnification may also be granted pursuant to the terms of agreements which may be entered in the future or pursuant to a vote of stockholders or directors. The Nevada Revised Statutes also grant us the power to purchase and maintain insurance which protects our officers and directors against any liabilities incurred in connection with their service in such a position, and such a policy may be obtained by us.

To the maximum extent permitted by law, our articles of incorporation eliminate or limit the liability of our directors to us or our shareholders for monetary damages for breach of a director's fiduciary duty as a director.

We intend to enter into separate indemnification agreements with our directors and officers. Each indemnification agreement will provide, among other things, for indemnification to the fullest extent permitted by law and our articles of incorporation and bylaws against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements will provide for the advancement or payment of all expenses to the indemnitee and for reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our articles of incorporation and bylaws.

We are in the process of obtaining standard policies of insurance under which coverage is provided (a) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act, and (b) to us with respect to payments which we may make to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

The underwriting agreement, filed as Exhibit 1.1 to this registration statement, will provide for indemnification, under certain circumstances, by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

#### Item 15. Recent Sales of Unregistered Securities

During the past three years, we issued the following securities, which were not registered under the Securities Act.

On May 24, 2021, Andrew Shape, our Chief Executive Officer, Randolph Birney, our Executive Vice President, and Theseus Capital Ltd., acquired 3,400,000, 800,000 and 700,000 shares of our common stock, respectively, from Andrew Stranberg, our Executive Chairman and sole stockholder immediately prior to these transfers. The shares were sold to Messrs. Shape and Birney at a purchase price per share equal to \$0.1985, which was paid in the form of promissory notes. Pursuant to a different arrangement, Theseus paid Mr. Stranberg a nominal cash purchase price of \$100 for the stock. Theseus does not have any relationship with the Company other than as a shareholder after the transfer by Mr. Stranberg, and its payment for Mr. Stranberg's stock was made to Mr. Stranberg and not to the Company. The stock is subject to certain repurchase conditions. In addition, Theseus executed an irrevocable proxy providing that Mr. Stranberg may vote and exercise all voting and related rights with respect to its shares. The irrevocable proxy will automatically terminate with respect to any shares that Theseus sells in a transaction or series of transactions on any national securities exchange or other trading market on which the shares then trade. For further information regarding these transactions, please see "*Corporate History and Structure*". The transactions were exempt from the registration requirements of the Securities Act pursuant to the so-called "Section 4(a)(1½)" exemption.

No underwriter was engaged in connection with the foregoing sales of securities. The Company has reason to believe that all of the foregoing purchasers were familiar with or had access to information concerning the operations and financial conditions of the Company, and all of those individuals purchasing securities represented that they were accredited investors, acquiring the shares for investment and without a view to the distribution thereof. At the time of issuance, all of the foregoing securities were deemed to be restricted securities for purposes of the Securities Act and the certificates representing such securities bore legends to that effect.

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#### Item 16. Exhibits.

(a) Exhibits.

Exhibit No.	Description
1.1*	<a href="#">Form of Underwriting Agreement</a>
3.1***	<a href="#">Articles of Incorporation of Stran &amp; Company, Inc.</a>
3.2***	<a href="#">Amended and Restated Bylaws of Stran &amp; Company, Inc.</a>
4.1*	<a href="#">Form of Representative's Warrant (included in Exhibit 1.1)</a>
4.2**	Form of Warrant Agent Agreement between Stran & Company, Inc. and Vstock Transfer, LLC
4.3**	Form of Warrant
5.1**	Opinion of Sherman & Howard L.L.C. as to the legality of the shares
10.1***	<a href="#">Asset Purchase Agreement between Wildman Business Group, LLC and Stran &amp; Company, Inc., dated as of August 24, 2020</a>
10.2***	<a href="#">Buyer's Agreement between Engage &amp; Excel Enterprises Inc. and Stran &amp; Company, Inc., dated as of June 25, 2020</a>
10.3***	<a href="#">Loan Agreement between Bank of America, N.A. and Stran &amp; Company, Inc., dated as of July 18, 2018</a>
10.4***	<a href="#">Amendment No. 1 Loan Agreement between Bank of America, N.A. and Stran &amp; Company, Inc., dated as of March 18, 2020</a>
10.5***	<a href="#">Consent and Reaffirmation of Guarantors and Pledgors of Andrew Stranberg, dated as of March 18, 2020</a>
10.6***	<a href="#">Letter from Bank of America, N.A. to Stran &amp; Company, Inc. to extend line of credit, dated as of June 25, 2021</a>
10.7***	<a href="#">Amendment No. 2 Loan Agreement between Bank of America, N.A. and Stran &amp; Company, Inc., dated as of August 13, 2020</a>
10.8***	<a href="#">Consent and Reaffirmation of Guarantors and Pledgors of Andrew Stranberg, dated as of August 13, 2020</a>
10.9***	<a href="#">Letter from Bank of America, N.A. to Stran &amp; Company, Inc., dated as of September 14, 2021</a>
10.10***	<a href="#">Continuing and Unconditional Guaranty between Stran &amp; Company, Inc. and Andrew Stranberg, dated as of July 18, 2018</a>
10.11***	<a href="#">Security Agreement between Bank of America, N.A. and Stran &amp; Company, Inc., dated as of July 18, 2018</a>
10.12***	<a href="#">Lease Agreement between Campanelli-Trigate Heritage Quincy, LLC and Stran &amp; Company, Inc., dated as of December 26, 2014</a>
10.13***	<a href="#">First Amendment to Lease Agreement among GCP H2 LLC, GCP H2 A LLC, GCP H2 B LLC, GCP H2 C LLC and Stan &amp; Company, Inc., dated as of May 31, 2019</a>
10.14†***	<a href="#">Employment Agreement between Stran &amp; Company, Inc. and Andrew Shape, dated as of July 13, 2021</a>
10.15†***	<a href="#">Employment Agreement between Stran &amp; Company, Inc. and Andrew Stranberg, dated as of July 13, 2021</a>
10.16†***	<a href="#">Employment Agreement between Stran &amp; Company, Inc. and Randolph Birney, dated as of July 13, 2021</a>
10.17†***	<a href="#">Employment Agreement between Stran &amp; Company, Inc. and Christopher Rollins, dated as of September 7, 2021</a>
10.18***	<a href="#">Purchase Money Promissory Note between Andrew Shape and Andrew Stranberg, effective as of May 24, 2021</a>
10.19***	<a href="#">Purchase Money Promissory Note between Randolph Birney and Andrew Stranberg, effective as of May 24, 2021</a>
10.20***	<a href="#">Stock Purchase Agreement between Andrew Shape and Andrew Stranberg, dated as of May 24, 2021</a>
10.21***	<a href="#">Stock Purchase Agreement between Randolph Birney and Andrew Stranberg, dated as of May 24, 2021</a>
10.22***	<a href="#">Stock Purchase Agreement between Theseus Capital Ltd. and Andrew Stranberg, dated as of May 24, 2021</a>
10.23***	<a href="#">Irrevocable Proxy to Vote Common Stock between Theseus Capital Ltd. and Andrew Stranberg, dated as of May 24, 2021</a>
10.24†***	<a href="#">Form of Independent Director Agreement between Stran &amp; Company, Inc. and each independent director</a>
10.25***	<a href="#">Form of Indemnification Agreement between Stran &amp; Company, Inc. and each independent director</a>
10.26†***	<a href="#">Stran &amp; Company, Inc. Amended and Restated 2021 Equity Incentive Plan</a>
10.27†***	<a href="#">Form of Stock Option Agreement for Stran &amp; Company, Inc. Amended and Restated 2021 Equity Incentive Plan</a>
10.28†***	<a href="#">Form of Restricted Stock Award Agreement for Stran &amp; Company, Inc. Amended and Restated 2021 Equity Incentive Plan</a>
14.1***	<a href="#">Code of Ethics and Business Conduct</a>
23.1*	<a href="#">Consent of BF Borgers CPA PC</a>
23.2**	Consent of Sherman & Howard L.L.C. (included in Exhibit 5.1)
24.1***	<a href="#">Power of Attorney (included on the signature page of this registration statement)</a>
99.1***	<a href="#">Audit Committee Charter</a>
99.2***	<a href="#">Compensation Committee Charter</a>
99.3***	<a href="#">Nominating and Corporate Governance Committee Charter</a>
99.4***	<a href="#">Consent of Travis McCourt to be named as a director nominee</a>
99.5***	<a href="#">Consent of Alan Chippindale to be named as a director nominee</a>
99.6***	<a href="#">Consent of Alejandro Tani to be named as a director nominee</a>
99.7***	<a href="#">Consent of Ashley Marshall to be named as a director nominee</a>
99.8***	<a href="#">Investor Presentation</a>

† Executive compensation plan or arrangement.

\* Filed herewith.

\*\* To be filed by amendment.

\*\*\* Previously filed.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information called for is not required or is shown either in the financial statements or in the notes thereto.

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## Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Quincy, State of Massachusetts, on October 29, 2021.

**Stran & Company, Inc.**

By: /s/ Andrew Shape  
Andrew Shape  
Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
* <u>Andrew Shape</u>	Chief Executive Officer, President and Director (principal executive officer)	October 29, 2021
* <u>Christopher Rollins</u>	Vice President of Finance and Administration (principal financial and accounting officer)	October 29, 2021
* <u>Andrew Stranberg</u>	Executive Chairman	October 29, 2021

\* By: /s/ Andrew Shape  
Andrew Shape  
Attorney-In-Fact

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**UNDERWRITING AGREEMENT**

between

**STRAN & COMPANY, INC.**

and

**EF HUTTON,  
division of Benchmark Investments, LLC,  
as Representative of the Several Underwriters**

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**STRAN & COMPANY, INC.  
UNDERWRITING AGREEMENT**

New York, New York  
[●], 2021

EF Hutton,  
division of Benchmark Investments, LLC  
as Representative of the several Underwriters named on Schedule 1 attached hereto  
590 Madison Avenue, 39<sup>th</sup> Floor  
New York, New York 10022

Ladies and Gentlemen:

The undersigned, Stran & Company, Inc., a corporation formed under the laws of the State of Nevada (the “**Company**”), hereby confirms its agreement (this “**Agreement**”) with EF Hutton, division of Benchmark Investments, LLC (hereinafter referred to as “**you**” (including its correlatives) or the “**Representative**”), and with the other underwriters named on Schedule 1 hereto for which the Representative is acting as representative (the Representative and such other underwriters being collectively called the “**Underwriters**” or, individually, an “**Underwriter**”) as follows:

**1. PURCHASE AND SALE OF SECURITIES.**

**1.1. Firm Units.**

**1.1.1. Nature and Purchase of Firm Units**

(i) On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the several Underwriters, an aggregate of [ ] authorized but unissued shares (the “**Firm Shares**”) of common stock of the Company, par value \$0.0001 per share (the “**Common Stock**”), together with warrants to purchase an aggregate of [●] shares of Common Stock each at an exercise price of \$[●] (125% of the public offering price per Firm Unit in the Offering, as defined hereafter), in the form filed as an exhibit to the Registration Statement (as defined in Section 2.1.1 below) (the “**Firm Warrants**,” and collectively with the Firm Shares, the “**Firm Units**”). Each Firm Share and Firm Warrant will be immediately separable and will be issued separately, but will be sold together as a unit in the Offering.

(ii) The Underwriters, severally and not jointly, agree to purchase from the Company the number of Firm Units set forth opposite their respective names on Schedule 1 attached hereto and made a part hereof, at a purchase price of \$[ ] per Firm Unit (92% of the public offering price for each Firm Unit). The Firm Units are to be offered initially to the public at the offering price set forth on the cover page of the Prospectus (as defined in Section 2.1.1 hereof).

**1.1.2. Payment and Delivery of Firm Units**

(i) Delivery and payment for the Firm Units shall be made at 10:00 a.m., Eastern time, on the second (2<sup>d</sup>) Business Day following the effective date (the “**Effective Date**”) of the Registration Statement (as defined in Section 2.1.1 below) (or the third (3<sup>d</sup>) Business Day following the Effective Date if the Registration Statement is declared effective after 4:01 p.m., Eastern time) or at such earlier time as shall be agreed upon by the Representative and the Company, at the offices of Robinson & Cole LLP, 1055 Washington Boulevard, Stamford, CT 06901 (“**Representative Counsel**”), or at such other place (or remotely by facsimile or other electronic transmission) as shall be agreed upon by the Representative and the Company. The hour and date of delivery and payment for the Firm Units is called the “**Closing Date**.”

(ii) Payment for the Firm Units shall be made on the Closing Date by wire transfer in Federal (same day) funds, payable to the order of the Company upon delivery of the certificates (in form and substance satisfactory to the Underwriters) representing the Firm Units (or through the facilities of the Depository Trust Company (“**DTC**”) for the account of the Underwriters. The Firm Units shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least one (1) Business Day prior to the Closing Date. The Company shall not be obligated to sell or deliver the Firm Units except upon tender of payment by the Representative for all of the Firm Units. The term “**Business Day**” means any day other than Saturday, Sunday or other day on

which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to “stay-at-home,” “shelter-in-place,” “non-essential employee” or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

## 1.2. Over-allotment Option.

1.2.1. Option Units. For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Units, the Company hereby grants to the Underwriters an option to purchase from the Company up to [ ] additional shares of Common Stock (the “**Option Shares**”) and accompanying warrants to purchase an aggregate of [●] shares of Common Stock (the “**Option Warrants**,” and collectively with the Option Shares, the “**Option Units**”), representing fifteen percent (15%) of the Firm Units sold in the Offering (the “**Over-allotment Option**”). The purchase price to be paid per Option Unit shall be equal to the price per Firm Unit set forth in Section 1.1.1 hereof. The Firm Warrants and the Options Warrants are hereinafter collectively referred to as the “**Warrants**.” The shares of Common Stock into which the Warrants are exercisable are hereinafter referred to as the “**Warrant Shares**.” The Firm Units, the Option Units and Warrant Shares are hereinafter referred to together as the “**Public Securities**.” The offering and sale of the Public Securities is herein referred to as the “**Offering**.”

1.2.2. Exercise of Option. The Over-allotment Option granted pursuant to Section 1.2.1 hereof may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Option Units within 45 days after the Effective Date. The Underwriters shall not be under any obligation to purchase any Option Units prior to the exercise of the Over-allotment Option. The Over-allotment Option granted hereby may be exercised by the giving of oral notice to the Company from the Representative, which must be confirmed in writing by overnight mail or facsimile or other electronic transmission setting forth the number of Option Units to be purchased and the date and time for delivery of and payment for the Option Units (the “**Option Closing Date**”), which shall not be later than one (1) Business Day after the date of the notice or such other time as shall be agreed upon by the Company and the Representative, at the offices of Representative Counsel or at such other place (including remotely by facsimile or other electronic transmission) as shall be agreed upon by the Company and the Representative. If such delivery and payment for the Option Units does not occur on the Closing Date, the Option Closing Date will be as set forth in the notice. Upon exercise of the Over-allotment Option with respect to all or any portion of the Option Units, subject to the terms and conditions set forth herein, (i) the Company shall become obligated to sell to the Underwriters the number of Option Units specified in such notice and (ii) each of the Underwriters, acting severally and not jointly, shall purchase that portion of the total number of Option Units then being purchased as set forth in Schedule 1 opposite the name of such Underwriter.

1.2.3. Payment and Delivery. Payment for the Option Units shall be made on the Option Closing Date by wire transfer in Federal (same day) funds, payable to the order of the Company upon delivery to the Representative of certificates (in form and substance satisfactory to the Underwriters) representing the Option Units (or through the facilities of DTC) for the account of the Underwriters. The Option Units shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least one (1) Business Day prior to the Option Closing Date. The Company shall not be obligated to sell or deliver the Option Units except upon tender of payment by the Representative for applicable Option Units.

## 1.3. Representative’s Warrants.

1.3.1. Purchase Warrants. The Company hereby agrees to issue to the Representative (and/or its designees) on the Closing Date a warrant (“**Representative’s Warrants**”) for the purchase of an aggregate of [ ] shares of Common Stock, representing 3% of the number of Firm Shares. The agreement(s) representing the Representative’s Warrants, in the form attached hereto as Exhibit A (the “**Representative’s Warrant Agreement**”), shall be exercisable, in whole or in part, commencing on a date which is six (6) months after the Effective Date and expiring on the five-year anniversary of the Effective Date at an initial exercise price per share of Common Stock of \$[ ], which is equal to 125.0% of the initial public offering price of the Firm Units. The Representative’s Warrant Agreement and the shares of Common Stock issuable upon exercise thereof are hereinafter referred to together as the “**Representative’s Securities**.” The Representative understands and agrees that there are significant restrictions pursuant to FINRA Rule 5110 against transferring the Representative’s Warrant Agreement and the underlying shares of Common Stock during the one hundred eighty (180) days after the Effective Date and by its acceptance thereof shall agree that it will not sell, transfer, assign, pledge or hypothecate the Representative’s Warrant Agreement, or any portion thereof, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities for a period of one hundred eighty (180) days following the Effective Date to anyone other than (i) an Underwriter or a selected dealer in connection with the Offering, or (ii) a bona fide officer or partner of the Representative or of any such Underwriter or selected dealer; and only if any such transferee agrees to the foregoing lock-up restrictions.

1.3.2. Delivery. Delivery of the Representative’s Warrant Agreement shall be made on the Closing Date, and shall be issued in the name or names and in such authorized denominations as the Representative may request.

1.4. Non-Accountable Expenses. The Company further agrees that, in addition to the expenses payable pursuant to Section 3.10, on the Closing Date it shall pay to the Representative, by deduction from the net proceeds of the Offering contemplated herein, a non-accountable expense allowance equal to one-half of one percent (0.5%) of the aggregate gross proceeds raised in the Offering; provided, however, that in the event that the Offering is terminated, the Company agrees to reimburse the Underwriters pursuant to Section 8.3 hereof.

## 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to the Underwriters as of the Applicable Time (as defined below), as of the Closing Date and as of the Option Closing Date, if any, as follows:

### 2.1. Filing of Registration Statement.

2.1.1. Pursuant to the Securities Act. The Company has filed with the U.S. Securities and Exchange Commission (the “**Commission**”) a registration statement, and any amendment or amendments thereto, on Form S-1 (File No. 333-260109), including any related prospectus or prospectuses, for the registration of the Public Securities and the Representative’s Securities under the Securities Act of 1933, as amended (the “**Securities Act**”). Except as the context may otherwise require, such registration statement, as amended, on file with the Commission at the time the registration statement became effective (including the Preliminary Prospectus included in the registration statement, financial statements, schedules, exhibits and all other documents filed as a part thereof or incorporated therein and all information deemed to be a part thereof as of the Effective Date pursuant to paragraph (b) of Rule 430A (the “**Rule 430A Information**”) of the rules and regulations of the Commission promulgated thereunder (the “**Securities Act Regulations**”), is referred to herein as the “**Registration Statement**.” If the Company files any registration statement pursuant to Rule 462(b) of the Securities Act Regulations, then after such filing, the term “**Registration Statement**” shall include such registration statement filed pursuant to Rule 462(b). The Registration Statement has been declared effective by the Commission on the date hereof.

Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a “**Preliminary Prospectus**.” The Preliminary Prospectus, subject to completion, dated [●], 2021, that was included in the Registration Statement immediately prior to the Applicable Time is hereinafter called the “**Pricing Prospectus**.” The final prospectus in the form first furnished to the Underwriters for use in the Offering, that includes the Rule 430A Information, is hereinafter called the “**Prospectus**.” Any reference to the “most recent Preliminary Prospectus” shall be deemed to refer to the latest Preliminary Prospectus included in the Registration Statement.

“**Applicable Time**” means [a.m.][p.m.], Eastern time, on the date of this Agreement.

“**Issuer Free Writing Prospectus**” means any “issuer free writing prospectus,” as defined in Rule 433 of the Securities Act Regulations (“**Rule 433**”), including without limitation any “free writing prospectus” (as defined in Rule 405 of the Securities Act Regulations) relating to the Public Securities that is (i) required to be filed with the Commission by the Company, (ii) a “road show that is a written communication” within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Public Securities or of the Offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company’s records pursuant to Rule 433(g).

“**Issuer General Use Free Writing Prospectus**” means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a “*bona fide* electronic road show,” as defined in Rule 433 (the “**Bona Fide Electronic Road Show**”), as evidenced by its being specified in Schedule 2-B hereto.

“**Issuer Limited Use Free Writing Prospectus**” means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

“**Pricing Disclosure Package**” means any Issuer General Use Free Writing Prospectus issued at or prior to the Applicable Time, the Pricing Prospectus and the information included on Schedule 2-A hereto, all considered together.

2.1.2. Pursuant to the Exchange Act. The Company has filed with the Commission a Form 8-A (File Number [●]) providing for the registration of the Common Stock pursuant to Section 12(b) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). The registration of Common Stock under the Exchange Act has been declared effective by the Commission on or prior to the date hereof. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the shares of Common Stock under the Exchange Act, nor has the Company received any notification that the Commission is contemplating terminating such registration.

2.2. **Stock Exchange Listing**. The Common Stock has been approved for listing on the [Nasdaq Capital Market] (the “**Exchange**”), subject only to official notice of issuance, and the Company has taken no action designed to, or likely to have the effect of, delisting the Common Stock from the Exchange, nor has the Company received any notification that the Exchange is contemplating terminating such listing except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.3. **No Stop Orders, etc.** Neither the Commission nor, to the Company’s knowledge, any state regulatory authority has issued any order preventing or suspending the use of the Registration Statement, any Preliminary Prospectus or the Prospectus or has instituted or, to the Company’s knowledge, threatened to institute, any proceedings with respect to such an order. The Company has complied with each request (if any) from the Commission for additional information.

#### 2.4. **Disclosures in Registration Statement.**

##### 2.4.1. Compliance with Securities Act and 10b-5 Representation.

(i) Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus, including the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto, and the Prospectus, at the time each was filed with the Commission, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus delivered to the Underwriters for use in connection with this Offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to the Commission’s EDGAR filing system (“**EDGAR**”), except to the extent permitted by Regulation S-T promulgated under the Securities Act (“**Regulation S-T**”).

(ii) Neither the Registration Statement nor any amendment thereto, at its effective time, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(iii) The Pricing Disclosure Package, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), did not, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Limited Use Free Writing Prospectus hereto does not conflict in any material respect with the information contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, and each such Issuer Limited Use Free Writing Prospectus, as supplemented by and taken together with the Pricing Prospectus as of the Applicable Time, did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements made or statements omitted in reliance upon and in conformity with written information furnished to the Company with respect to the Underwriters by the Representative expressly for use in the Registration Statement, the Pricing Prospectus or the Prospectus or any amendment thereof or supplement thereto. The parties acknowledge and agree that such information provided by or on behalf of any Underwriter consists solely of the following disclosure contained in the “Underwriting” section of the Prospectus: the names of the Underwriters, the information in the table under the subheading titled “Over-Allotment Option” and the information under the subheadings titled “Price Stabilization, Short Positions, and Penalty Bids”, “Offering Information”, “Affiliations”, and “Electronic Offer, Sale and Distribution” (the “**Underwriters’ Information**”).

(iv) Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Date or at any Option Closing Date, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to the Underwriters’ Information.

2.4.2. Disclosure of Agreements. The agreements and documents described in the Registration Statement, the Pricing Disclosure Package and the Prospectus conform in all material respects to the descriptions thereof contained therein and there are no agreements or other documents required by the Securities Act and the Securities Act Regulations to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed. Each agreement or other instrument (however characterized or described) to which the Company is a party or by which it is or may be bound or affected and (i) that is referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or (ii) is material to the Company’s business, has been duly authorized and validly executed by the Company, is in full force and effect in all material respects and is enforceable against the Company and, to the Company’s knowledge, the other parties thereto, in accordance with its terms, except (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought, and except for any unenforceability that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Change (as defined in Section 2.5.1 below). None of such agreements or instruments has been assigned by the Company, and neither the Company nor, to the Company’s knowledge, any other party is in material



default thereunder and, to the Company's knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a default thereunder except for such defaults that would not reasonably be expected to result in a Material Adverse Change (as defined in Section 2.5.1 below). To the Company's knowledge, performance by the Company of the material provisions of such agreements or instruments will not result in a violation of any existing applicable law, rule, regulation, judgment, order or decree of any governmental or regulatory agency, authority, body, entity or court, domestic or foreign, having jurisdiction over the Company or any of its assets or businesses (each, a "Governmental Entity" and collectively, "Governmental Entities"), including, without limitation, those relating to environmental laws and regulations, that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Change as defined in Section 2.5.1 below.

2.4.3. **Regulations.** The disclosures in the Registration Statement, the Pricing Disclosure Package and the Prospectus concerning the effects of federal, state, local and all foreign laws, rules and regulations relating to the Offering and the Company's business as currently conducted or contemplated are correct and complete in all material respects and no other such laws, rules or regulations are required under the Securities Act and the Securities Act Regulations to be disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus which are not so disclosed.

2.4.4. **No Other Distribution of Offering Materials.** The Company has not, directly or indirectly, distributed and will not distribute any offering material in connection with the Offering other than any Preliminary Prospectus, any Issuer Free Writing Prospectus, the Prospectus and other materials, if any, permitted under the Securities Act and consistent with Section 3.2 below.

## 2.5. Changes After Dates in Registration Statement.

2.5.1. **No Material Adverse Change.** Since the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except as otherwise specifically stated therein: (i) there has been no material adverse change in the financial position or results of operations of the Company, nor to the Company's knowledge, any change or development that, singularly or in the aggregate, would reasonably be expected to result in a material adverse change, in or affecting the condition (financial or otherwise), results of operations, business, assets or prospects of the Company (a "Material Adverse Change"); (ii) there have been no material transactions entered into by the Company, other than as contemplated pursuant to this Agreement; and (iii) no officer or director of the Company has resigned from any position with the Company.

2.5.2. **Recent Securities Transactions, etc.** Subsequent to the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and except as may otherwise be indicated or contemplated herein or disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not: (i) issued any securities or incurred any liability or obligation, direct or contingent, for borrowed money; or (ii) declared or paid any dividend or made any other distribution on or in respect to its capital stock.

## 2.6. Reserved.

2.7. **Independent Accountants.** BF Borgers CPA PC (the "Auditor"), whose report is filed with the Commission as part of the Registration Statement, the Pricing Disclosure Package and the Prospectus, is an independent registered public accounting firm as required by the Securities Act and the Securities Act Regulations and the Public Company Accounting Oversight Board. The Auditor has not, during the periods covered by the financial statements included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, provided to the Company any non-audit services, as such term is used in Section 10A(g) of the Exchange Act.

2.8. **Financial Statements, etc.** The financial statements, including the notes thereto and supporting schedules included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, fairly present in all material respects the financial position and the results of operations of the Company at the dates and for the periods to which they apply; and such financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), consistently applied throughout the periods involved (provided that unaudited interim financial statements are subject to year-end audit adjustments that are not expected to be material in the aggregate and do not contain all footnotes required by GAAP); and the supporting schedules included in the Registration Statement present fairly in all material respects the information required to be stated therein. Except as included therein, no historical or pro forma financial statements are required to be included in the Registration Statement, the Pricing Disclosure Package or the Prospectus under the Securities Act or the Securities Act Regulations. The pro forma and pro forma as adjusted financial information and the related notes, if any, included in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been properly compiled and prepared in accordance with the applicable requirements of the Securities Act and the Securities Act Regulations and present fairly in all material respects the information shown therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. All disclosures contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission), if any, comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Securities Act, to the extent applicable. Each of the Registration Statement, the Pricing Disclosure Package and the Prospectus discloses all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (a) since the date of the last balance sheet included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions other than in the ordinary course of business, (b) the Company has not declared or paid any dividends or made any distribution of any kind with respect to its capital stock, (c) there has not been any change in the capital stock of the Company, or, other than in the ordinary course of business, any grants under any stock compensation plan, and (d) there has not been any Material Adverse Change in the Company's long-term or short-term debt.

2.9. **Authorized Capital; Options, etc.** The Company had, at the date or dates indicated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the duly authorized, issued and outstanding capitalization as set forth therein. Based on the assumptions stated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company will have on the Closing Date the adjusted capitalization set forth therein. Except as set forth in, or contemplated by, the Registration Statement, the Pricing Disclosure Package and the Prospectus, on the Effective Date, as of the Applicable Time and on the Closing Date and any Option Closing Date, there will be no stock options, warrants, or other rights to purchase or otherwise acquire any authorized, but unissued shares of Common Stock of the Company or any security convertible or exercisable into shares of Common Stock of the Company, or any contracts or commitments to issue or sell shares of Common Stock or any such options, warrants, rights or convertible securities.

## 2.10. Valid Issuance of Securities, etc.

2.10.1. **Outstanding Securities.** All issued and outstanding securities of the Company issued prior to the transactions contemplated by this Agreement have been duly authorized and validly issued and are fully paid and non-assessable; the holders thereof have no rights of rescission or the ability to force the Company to repurchase such securities with respect thereto, and are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights, rights of first refusal or rights of participation of any holders of any security of the Company or similar contractual rights granted by the Company. The authorized shares of Common Stock conform in all material respects to all statements relating thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. The offers and sales of the outstanding shares of Common Stock, options, warrants and other outstanding securities convertible into or exercisable for shares of Common Stock, were at all relevant times either registered under the Securities Act and the applicable state securities or

“blue sky” laws or, based in part on the representations and warranties of the purchasers of such shares of Common Stock, exempt from such registration requirements. The description of the Company’s stock option, stock bonus and other related plans or arrangements, and options and/or other rights granted thereunder, as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, accurately and fairly present, in all material respects, the information required to be shown with respect to such plans, arrangements, options and rights.

**2.10.2. Securities Sold Pursuant to this Agreement.** The Public Securities and Representative’s Securities have been duly authorized for issuance and sale and, when issued and paid for, will be validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; the Public Securities and Representative’s Securities are and will be free from all preemptive rights of any holders of any security of the Company, or similar contractual rights granted by the Company; and all corporate action required to be taken for the authorization, issuance and sale of the Public Securities and Representative’s Securities has been duly and validly taken. The Warrants, when issued and paid for pursuant to this Agreement and the Warrant Agent Agreement (as defined below), will constitute valid and binding obligations of the Company to issue and sell, upon exercise thereof and payment therefor, the Warrant Shares. The Representative’s Warrant Agreement, when issued and paid for pursuant to this Agreement, will constitute valid and binding obligations of the Company to issue and sell, upon exercise thereof and payment therefor, the underlying shares of Common Stock. The Public Securities and Representative’s Securities conform in all material respects to all statements with respect thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. All corporate action required to be taken for the authorization, issuance and sale of the Representative’s Warrant Agreement has been duly and validly taken; the shares of Common Stock issuable upon exercise of the Representative’s Warrant have been duly authorized and reserved for issuance by all necessary corporate action on the part of the Company and when paid for and issued in accordance with the Representative’s Warrant and the Representative’s Warrant Agreement, such shares of Common Stock will be validly issued, fully paid and nonassessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; and such shares of Common Stock are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company.

**2.11. Registration Rights of Third Parties.** Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no holders of any securities of the Company or any options, warrants, rights or other securities exercisable for or convertible or exchangeable into securities of the Company have the right to require the Company to register any such securities of the Company under the Securities Act or to include any such securities in the Registration Statement or any other registration statement to be filed by the Company.

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**2.12. Validity and Binding Effect of Agreements.** The execution, delivery and performance of this Agreement and the Representative’s Warrant Agreement have been duly and validly authorized by the Company, and, when executed and delivered, will constitute, the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally; (ii) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws; and (iii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

**2.13. No Conflicts, etc.** The execution, delivery and performance by the Company of this Agreement, the Representative’s Warrant Agreement, and all ancillary documents, the consummation by the Company of the transactions herein and therein contemplated and the compliance by the Company with the terms hereof and thereof do not and will not, with or without the giving of notice or the lapse of time or both: (i) result in a breach of, or conflict with any of the terms and provisions of, or constitute a default under, or result in the creation, modification, termination or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement or any other agreement or instrument to which the Company is a party or as to which any property of the Company is a party except breaches, conflicts or defaults that would not reasonably be expected to result in a Material Adverse Change; (ii) result in any violation of the provisions of the Company’s Articles of Incorporation (as the same have been amended or restated from time to time, the “**Charter**”) or the bylaws of the Company (the “**Bylaws**”); or (iii) violate in any material respect any existing applicable law, rule, regulation, judgment, order or decree of any Governmental Entity as of the date hereof having jurisdiction over the Company.

**2.14. No Defaults; Violations.** Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no default exists in the due performance and observance of any term, covenant or condition of any license, contract, indenture, mortgage, deed of trust, note, loan or credit agreement, or any other agreement or instrument evidencing an obligation for borrowed money, or any other agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the properties or assets of the Company is subject except for any such default that would not be reasonably expected to result in a Material Adverse Change. The Company is not in violation of any term or provision of its Charter or Bylaws, or in violation of any franchise, license, permit, applicable law, rule, regulation, judgment or decree of any Governmental Entity, except for such violations that would not be reasonably expected to result in a Material Adverse Change.

**2.15. Corporate Power; Licenses; Consents.**

**2.15.1. Conduct of Business.** Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has all requisite corporate power and authority, and has all consents, authorizations, approvals, licenses, certificates, clearances, permits and orders and supplements and amendments thereto (each an “**Authorization**” and collectively, “**Authorizations**”) of and from all Governmental Entities that (i) it needs as of the date hereof to conduct its business purpose as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and (ii) the absence of which would reasonably be expected to have a Material Adverse Change.

**2.15.2. Transactions Contemplated Herein.** The Company has all corporate power and authority to enter into this Agreement, the Representative’s Warrant Agreement and the Warrant Agent Agreement and to carry out the provisions and conditions hereof, and all Authorizations required in connection therewith have been obtained. No Authorization of, and no filing with, any Governmental Entity or another body is required for the valid issuance, sale and delivery of the Public Securities and the Representative’s Securities and the consummation of the transactions and agreements contemplated by this Agreement and the Representative’s Warrant Agreement and as contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, except with respect to applicable Securities Act and Securities Act Regulations, the necessary filings and approvals from the Exchange to list the Public Securities and Representative’s Securities, state or foreign securities laws and the rules and regulations of the Financial Industry Regulatory Authority, Inc. (“**FINRA**”), such consents and approvals as have been obtained and are in full force and effect, and such consents, approvals, orders, authorizations and filings the failure of which to make or obtain is not reasonably likely to result in a Material Adverse Change.

**2.16. D&O Questionnaires.** All information contained in the questionnaires (the “**Questionnaires**”) completed by each of the Company’s directors and officers immediately prior to the Offering (the “**Insiders**”) as supplemented by all information concerning the Insiders as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus provided to the Underwriters, is true and correct in all material respects and the Company has not become aware of any information which would cause the information disclosed in the Questionnaires to become materially inaccurate and incorrect.

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**2.17. Litigation; Governmental Proceedings.** There is no action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding pending or, to the Company’s knowledge, threatened against, or involving the Company or, to the Company’s knowledge, any executive officer or director which has not been disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or in connection with the Company’s listing application for the listing of the Common Stock on the Exchange that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Change or materially and adversely affect the power or

ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated herein.

**2.18. Good Standing.** The Company has been duly incorporated and is validly existing as a corporation and is in good standing under the laws of the State of Nevada as of the date hereof, and is duly qualified to do business and is in good standing in each other jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to qualify, singularly or in the aggregate, would not have or reasonably be expected to result in a Material Adverse Change.

**2.19. Insurance.** The Company carries or is entitled to the benefits of insurance (including, without limitation, as to directors and officers insurance coverage), with reputable insurers, in such amounts and covering such risks which the Company believes are adequate as are customary for companies engaged in similar business, and to the Company's knowledge all such insurance is in full force and effect. The Company has no reason to believe that it will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not reasonably be expected to result in a Material Adverse Change.

**2.20. Transactions Affecting Disclosure to FINRA.**

2.20.1. **Finder's Fees.** Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee by the Company or any Insider with respect to the sale of the Public Securities hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its stockholders that may affect the Underwriters' compensation, as determined by FINRA.

2.20.2. **Payments Within Twelve (12) Months.** Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not made any direct or indirect payments in connection with the Offering (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) any FINRA member; or (iii) any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the twelve (12) months prior to the Effective Date, other than the payment to the Underwriters as provided hereunder in connection with the Offering.

2.20.3. **Use of Proceeds.** None of the net proceeds of the Offering will be paid by the Company to any participating FINRA member or its affiliates, except as specifically authorized herein.

2.20.4. **FINRA Affiliation.** There is no (i) officer or director of the Company, (ii) beneficial owner of 5% or more of any class of the Company's securities or (iii) beneficial owner of the Company's unregistered equity securities which were acquired during the 180-day period immediately preceding the filing of the Registration Statement that is an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

2.20.5. **Information.** All information provided by the Company in its FINRA questionnaire to Representative Counsel specifically for use by Representative Counsel in connection with its Public Offering System filings (and related disclosure) with FINRA is true, correct and complete in all material respects.

**2.21. Foreign Corrupt Practices Act.** None of the Company or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any other person acting on behalf of, and with authority from, the Company, has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any Governmental Entity (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company (or assist it in connection with any actual or proposed transaction) that could reasonably be expected to (i) subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, have had a Material Adverse Change or (iii) if not continued in the future, adversely affect the assets, business, operations or prospects of the Company. The Company has taken reasonable steps to ensure that its accounting controls and procedures are sufficient to cause the Company to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended.

**2.22. Compliance with OFAC.** None of the Company or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any other person acting on behalf of, and with authority from, the Company, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), and the Company will not, directly or indirectly, use the proceeds of the Offering hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

**2.23. Money Laundering Laws.** The operations of the Company are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Bank Secrecy Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "Money Laundering Laws"); and no action, suit or proceeding by or before any Governmental Entity involving the Company with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

**2.24. Officers' Certificate.** Any certificate signed by any duly authorized officer of the Company and delivered to the Representative or to Representative Counsel on the Closing Date or on the Option Closing Date shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

**2.25. Lock-Up Agreements.** Schedule 3 hereto contains a complete and accurate list of the Company's officers, directors and each owner of record of all of the Company's outstanding shares of Common Stock (or securities convertible or exercisable into shares of Common Stock) (collectively, the "Lock-Up Parties"). The Company has caused each of the Lock-Up Parties to deliver to the Representative an executed Lock-Up Agreement, in a form substantially similar to that attached hereto as Exhibit B (the "Lock-Up Agreement"), prior to the execution of this Agreement.

**2.26. Subsidiaries.** The Company has no direct or indirect subsidiaries or entity required to be disclosed or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus as being a subsidiary of the Company.

**2.27. Related Party Transactions.** There are no business relationships or related party transactions involving the Company or any other person required to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus that have not been described as required under the Securities Act and the Securities Act Regulations.

**2.28. Board of Directors.** The Board of Directors of the Company is comprised of the persons set forth under the heading of the Pricing Prospectus and the Prospectus captioned "Management." The qualifications of the persons serving as board members and the overall composition of the board comply with the Exchange Act, the rules and regulations of the Commission promulgated thereunder (the "Exchange Act Regulations"), the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder (the "Sarbanes-Oxley Act") applicable to the Company and the listing rules of the Exchange. At least one member of the Audit Committee of the Board of Directors of the Company qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange. In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent," as defined under the listing rules of the Exchange.

**2.29. Sarbanes-Oxley Compliance.**

2.29.1. **Disclosure Controls.** The Company has designed a system of “disclosure controls and procedures” (as defined in Rule 13a-15(e) under the Exchange Act Regulations) that will comply with the requirements of the Exchange Act within the time period required and has been designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company’s management as appropriate to allow timely decisions regarding required disclosure.

2.29.2. **Compliance.** The Company is and at the Applicable Time and on the Closing Date will be, in material compliance with the provisions of the Sarbanes-Oxley Act that are then in effect and with which the Company is required to comply with as of the Applicable Time or on the Closing Date, and has taken reasonable steps to ensure the Company’s future compliance (not later than the relevant statutory and regulatory deadlines therefor) with all of the material provisions of the Sarbanes-Oxley Act then applicable to the Company. .

2.30. **Accounting Controls.** The Company maintains systems of “internal control over financial reporting” (as defined under Rules 13a-15 and 15d-15 under the Exchange Act Regulations) that comply in all material respects with the requirements of the Exchange Act and have been designed by, or under the supervision of, its principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company is not aware of any material weaknesses in its internal controls. To the Company’s knowledge, the Company’s auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are known to the Company’s management and that have adversely affected or are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and (ii) any fraud known to the Company’s management, whether or not material, that involves management or other employees who have a significant role in the Company’s internal controls over financial reporting.

2.31. **No Investment Company Status.** The Company is not and, after giving effect to the Offering and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be, required to register as an “investment company,” as defined in the Investment Company Act of 1940, as amended.

2.32. **No Labor Disputes.** No labor dispute with the employees of the Company exists or, to the knowledge of the Company, is imminent. The Company is not aware that any officer, key employee or significant group of employees of the Company plans to terminate employment with the Company.

2.33. **Intellectual Property Rights.** The Company owns or possesses or has valid rights to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, inventions, trade secrets and similar rights (“**Intellectual Property Rights**”) necessary for the conduct of the business of the Company as currently carried on and as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except where the failure to own, possess or have valid rights to use any of the foregoing would not reasonably be expected to result in a Material Adverse Change on the Company. To the knowledge of the Company, no action or use by the Company necessary for the conduct of its business as currently carried on and as described in the Registration Statement and the Prospectus would reasonably be expected to involve or give rise to any infringement of, or license or similar fees for, any Intellectual Property Rights of others. The Company has not received any notice alleging any such infringement, fee or conflict with asserted Intellectual Property Rights of others. Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change: (A) to the knowledge of the Company, there is no infringement, misappropriation or violation by third parties of any of the Intellectual Property Rights owned by the Company; (B) there is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or claim by others challenging the rights of the Company in or to any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (C) the Intellectual Property Rights owned by the Company and, to the knowledge of the Company, the Intellectual Property Rights licensed to the Company have not been adjudged by a court of competent jurisdiction invalid or unenforceable, in whole or in part, and there is no pending or, to the Company’s knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (D) there is no pending or, to the Company’s knowledge, threatened action, suit, proceeding or claim by others that the Company infringes, misappropriates or otherwise violates any Intellectual Property Rights or other proprietary rights of others, the Company has not received any written notice of such claim and the Company is unaware of any other facts which would form a reasonable basis for any such claim; and (E) to the Company’s knowledge, no employee of the Company is in or has ever been in violation in any material respect of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee’s employment with the Company, or actions undertaken by the employee while employed with the Company. To the Company’s knowledge, all material technical information developed by and belonging to the Company which has not been patented has been kept confidential. The Company is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity that are required to be set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus and are not described therein. The Registration Statement, the Pricing Disclosure Package and the Prospectus contain in all material respects the same description of the matters set forth in the preceding sentence. None of the technology employed by the Company has been obtained or is being used by the Company in violation of any contractual obligation binding on the Company or, to the Company’s knowledge, any of its officers, directors or employees, or otherwise in violation of the rights of any persons.

2.34. **Taxes.** The Company has filed all returns (as hereinafter defined) required to be filed with taxing authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof. The Company has paid all taxes (as hereinafter defined) shown as due on such returns that were filed and has paid all taxes imposed on or assessed against the Company except those that are being contested in good faith or as would not have, individually or in the aggregate, result in a Material Adverse Change. The provisions for taxes payable, if any, shown on the financial statements filed with or as part of the Registration Statement are sufficient for all accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. Except as disclosed in writing to the Underwriters, (i) no material issues have been raised (and are currently pending) by any taxing authority in connection with any of the returns or taxes asserted as due from the Company, and (ii) no waivers of statutes of limitation with respect to the returns or collection of taxes have been given by or requested from the Company. To the Company’s knowledge, there are no tax liens against the assets, properties or business of the Company. The term “**taxes**” means all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto. The term “**returns**” means all returns, declarations, reports, statements and other documents required to be filed in respect to taxes.

2.35. **ERISA Compliance.** The Company and any “employee benefit plan” (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, “**ERISA**”)) established or maintained by the Company or its “ERISA Affiliates” (as defined below) are in compliance in all material respects with ERISA. “**ERISA Affiliate**” means, with respect to the Company, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the “**Code**”) of which the Company is a member. No “reportable event” (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any “employee benefit plan” established or maintained

by the Company or any of its ERISA Affiliates. No “employee benefit plan” established or maintained by the Company or any of its ERISA Affiliates, if such “employee benefit plan” were terminated, would have any “amount of unfunded benefit liabilities” (as defined under ERISA). Neither the Company nor any of its ERISA Affiliates has incurred or reasonably expects to incur any material liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any “employee benefit plan” or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each “employee benefit plan” established or maintained by the Company or any of its ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and, to the knowledge of the Company, nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

**2.36. Compliance with Laws.** The Company: (A) is and at all times has been in compliance with all statutes, rules, or regulations applicable to the business of the Company as currently conducted (“**Applicable Laws**”), except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change; (B) has not received any warning letter, untitled letter or other correspondence or written notice from any Governmental Entity alleging or asserting noncompliance with any Applicable Laws or any Authorizations; (C) possesses all Authorizations and such Authorizations are valid and in full force and effect and are not in violation of any term of any such Authorizations, except where the invalidity of such Authorizations or the failure of such Authorizations to be in full force and effect would not result in a Material Adverse Change; (D) has not received written notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any Governmental Entity or third party alleging that any activity conducted by the Company is in violation of any Applicable Laws or Authorizations and has no knowledge that any such Governmental Entity or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding that if brought, would result in a Material Adverse Result, nor, to the Company’s knowledge, has there been any material noncompliance with or violation of any Applicable Laws by the Company that could reasonably be expected to require the issuance of any such communication or result in an investigation, corrective action, or enforcement action by any Governmental Entity; (E) has not received written notice that any Governmental Entity has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations and has no knowledge that any such Governmental Entity is considering such action; and (F) has filed, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct on the date filed (or were corrected or supplemented by a subsequent submission), except where the failure to be so in compliance would not, individually or in the aggregate, result in a Material Adverse Change.

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**2.37. Reserved.**

**2.38. Environmental Laws.** The Company is in compliance with all foreign, federal, state and local rules, laws and regulations relating to the use, treatment, storage and disposal of hazardous or toxic substances or waste and protection of health and safety or the environment which are applicable to their businesses (“**Environmental Laws**”), except where the failure to comply would not, singularly or in the aggregate, result in a Material Adverse Change. There has been no storage, generation, transportation, handling, treatment, disposal, discharge, emission, or other release of any kind of toxic or other wastes or other hazardous substances by, due to, or caused by the Company (or, to the Company’s knowledge, any other entity for whose acts or omissions the Company is or may otherwise be liable) upon any of the property now or previously owned or leased by the Company, or upon any other property, in violation of any law, statute, ordinance, rule, regulation, order, judgment, decree or permit or which would, under any law, statute, ordinance, rule (including rule of common law), regulation, order, judgment, decree or permit, give rise to any liability, except for any violation or liability which would not have, singularly or in the aggregate with all such violations and liabilities, a Material Adverse Change; and there has been no disposal, discharge, emission or other release of any kind onto such property or into the environment surrounding such property of any toxic or other wastes or other hazardous substances with respect to which the Company has knowledge, except for any such disposal, discharge, emission, or other release of any kind which would not have, singularly or in the aggregate with all such discharges and other releases, a Material Adverse Change. In the ordinary course of business, the Company conducts periodic reviews of the effect of Environmental Laws on its business and assets, in the course of which they identify and evaluate associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or governmental permits issued thereunder, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such reviews, the Company has reasonably concluded that such associated costs and liabilities would not have, singularly or in the aggregate, a Material Adverse Change.

**2.39. Title to Property.** Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has good and marketable title in fee simple to, or has valid rights to lease or otherwise use, all items of real or personal property which are material to the business of the Company, in each case free and clear of all liens, encumbrances, security interests, claims and defects that do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company; and all of the leases and subleases material to the business of the Company and under which the Company holds properties described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, are, to the Company’s knowledge, in full force and effect, the Company has not received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company to the continued possession of the leased or subleased premises under any such lease or sublease.

**2.40. Contracts Affecting Capital.** There are no transactions, arrangements or other relationships between and/or among the Company, any of its affiliates (as such term is defined in Rule 405 of the Securities Act Regulations) and any unconsolidated entity, including, but not limited to, any structured finance, special purpose or limited purpose entity that could reasonably be expected to materially affect the Company’s liquidity or the availability of or requirements for its capital resources required to be described or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus which have not been described or incorporated by reference as required.

**2.41. Loans to Directors or Officers.** There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees or indebtedness by the Company to or for the benefit of any of the officers or directors of the Company or any of their respective family members, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

**2.42. Ineligible Issuer.** At the time of filing the Registration Statement and any post-effective amendment thereto, at the Effective Date and at the time of any amendment thereto, at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Securities Act Regulations) of the Public Securities and at the Effective Date, the Company was not and is not an “ineligible issuer,” as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

**2.43. Smaller Reporting Company.** As of the time of filing of the Registration Statement, the Company was a “smaller reporting company,” as defined in Rule 12b-2 of the Exchange Act Regulations.

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**2.44. Industry Data.** The statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus are based on or derived from sources that the Company reasonably and in good faith believes are reliable and accurate or represent the Company’s good faith estimates that are made on the basis of data derived from such sources.

**2.45. Electronic Road Show.** The Company has made available a Bona Fide Electronic Road Show in compliance with Rule 433(d)(8)(ii) of the Securities Act Regulations such that no filing of any “road show” (as defined in Rule 433(h) of the Securities Act Regulations) is required in connection with the Offering.

**2.46. Margin Securities.** The Company owns no “margin securities” as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System

(the “Federal Reserve Board”), and none of the proceeds of Offering will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Public Securities to be considered a “purpose credit” within the meanings of Regulation T, U or X of the Federal Reserve Board.

**2.47. Forward-Looking Statements.** No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

**2.48. Integration.** Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause the Offering to be integrated with prior offerings by the Company for purposes of the Securities Act that would require the registration of any such securities issued in such prior offerings under the Securities Act.

**2.49. Confidentiality and Non-Competition.** No director, officer, key employee or consultant of the Company is subject to any confidentiality, non-disclosure, non-competition agreement or non-solicitation agreement with any employer (other than the Company) or prior employer that could materially affect his or her ability to be and act in his or her respective capacity of the Company or be reasonable expected to result in a Material Adverse Change.

**2.50. Corporate Records.** The minute books of the Company have been made available to the Representative and Representative Counsel and such books (i) contain minutes of all material meetings and actions of the Board of Directors (including each board committee) and stockholders of the Company, and (ii) reflect all material transactions referred to in such minutes.

**2.51. Diligence Materials.** The Company has provided to the Representative and Representative Counsel all materials required or necessary to respond in all material respects to the diligence request submitted to the Company or Company Counsel by the Representative.

**2.52. Stabilization.** Neither the Company nor, to its knowledge, any of its employees, directors or stockholders (without the consent of the Representative) has taken, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under Regulation M of the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

### 3. COVENANTS OF THE COMPANY.

The Company covenants and agrees as follows:

**3.1. Amendments to Registration Statement.** The Company shall deliver to the Representative, at least one (1) Business Day (or such shorter time mutually agreed by the parties hereto) prior to filing, any amendment or supplement to the Registration Statement or Prospectus proposed to be filed after the Effective Date and not file any such amendment or supplement to which the Representative shall reasonably object in writing.

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#### 3.2. Federal Securities Laws.

**3.2.1. Compliance.** The Company, subject to Section 3.2.2, shall comply with the requirements of Rule 430A of the Securities Act Regulations, and will, during the period required to permit the completion of the distribution of the Public Securities as contemplated in this Agreement and in the Registration Statement, the Pricing Disclosure Package and the Prospectus, notify the Representative promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed; (ii) of its receipt of any comments from the Commission; (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information; (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, or of the suspension of the qualification of the Public Securities and Representative’s Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the Securities Act concerning the Registration Statement; or (v) if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with the Offering of the Public Securities and Representative’s Securities. The Company shall effect all filings required under Rule 424(b) of the Securities Act Regulations, in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and shall take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company shall use its best efforts to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

**3.2.2. Continued Compliance.** The Company shall comply with the Securities Act, the Securities Act Regulations, the Exchange Act and the Exchange Act Regulations so as to permit the completion of the distribution of the Public Securities as contemplated in this Agreement and in the Registration Statement, the Pricing Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations (“Rule 172”), would be) required by the Securities Act to be delivered in connection with sales of the Public Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of Representative Counsel or Company Counsel, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) amend or supplement the Pricing Disclosure Package or the Prospectus in order that the Pricing Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser; or (iii) amend the Registration Statement or amend or supplement the Pricing Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the Securities Act or the Securities Act Regulations, the Company will promptly (A) give the Representative notice of such event; (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the Pricing Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representative with copies of any such amendment or supplement; and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representative or Representative Counsel shall reasonably object. The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. The Company shall give the Representative notice of its intention to make any such filing from the Applicable Time until the later of the Closing Date and the exercise in full or expiration of the Over-allotment Option specified in Section 1.2 hereof and will furnish the Representative with copies of the related document(s) a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representative or Representative Counsel shall reasonably object.

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**3.2.3. Exchange Act Registration.** For a period of three (3) years after the date of this Agreement, the Company shall use its reasonable best efforts to maintain the registration of the Common Stock under the Exchange Act. For a period of two (2) years after the date of this Agreement, the Company shall not deregister the Common Stock under the Exchange Act without the prior written consent of the Representative.

3.2.4. **Free Writing Prospectuses.** The Company agrees that, unless it obtains the prior written consent of the Representative, it shall not make any offer relating to the Public Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a “free writing prospectus,” or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representative shall be deemed to have consented to each Issuer General Use Free Writing Prospectus set forth in Schedule 2-B. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Representative as an “issuer free writing prospectus,” as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus the Company has knowledge that there has occurred or is occurring an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representative and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

3.2.5. **Testing-the-Waters Communications.** If at any time following the distribution of any Written Testing-the-Waters Communication the Company has knowledge that there occurred or is occurring an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company shall promptly notify the Representative and shall promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

**3.3. Delivery to the Underwriters of Registration Statements.** The Company has delivered or made available or shall deliver or make available to the Representative and Representative Counsel, without charge, conformed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to each Underwriter, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) upon receipt of a written request therefor from such Underwriter. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

**3.4. Delivery to the Underwriters of Prospectuses.** The Company has delivered or made available or will deliver or make available to each Underwriter, without charge, as many copies of each Preliminary Prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the Securities Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations, would be) required to be delivered under the Securities Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

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**3.5. Effectiveness and Events Requiring Notice to the Representative.** The Company shall use its best efforts to cause the Registration Statement to remain effective with a current prospectus for at least nine (9) months after the Applicable Time, and shall notify the Representative promptly and confirm the notice in writing: (i) of the effectiveness of the Registration Statement and any amendment thereto; (ii) of the issuance by the Commission of any stop order or of the initiation, or the threatening, of any proceeding for that purpose; (iii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Public Securities for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose; (iv) of the mailing and delivery to the Commission for filing of any amendment or supplement to the Registration Statement or Prospectus; (v) of the receipt of any comments or request for any additional information from the Commission; and (vi) of the happening of any event during the period described in this Section 3.5 that, in the judgment of the Company, makes any statement of a material fact made in the Registration Statement, the Pricing Disclosure Package or the Prospectus untrue or that requires the making of any changes in (a) the Registration Statement in order to make the statements therein not misleading, or (b) in the Pricing Disclosure Package or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company shall use its commercially reasonable efforts to obtain promptly the lifting of such order.

**3.6. Review of Financial Statements.** For a period of three (3) years after the date of this Agreement, the Company, at its expense, shall cause its regularly engaged independent registered public accounting firm to review (but not audit) the Company’s financial statements for each of the three fiscal quarters immediately preceding the announcement of any quarterly financial information.

**3.7. Listing.** The Company shall use its reasonable best efforts to maintain the listing of the Public Securities on the Exchange until at least three (3) years after the date of this Agreement.

**3.8. Financial Public Relations.** Within six (6) months from the Effective Date, the Company shall have retained a financial public relations firm reasonably acceptable to the Representative and the Company, which firm shall be experienced in assisting issuers in initial public offerings of securities and in their relations with their security holders, and shall retain such firm or another firm reasonably acceptable to the Representative for a period of not less than two (2) years after the Effective Date.

**3.9. Reports to the Representative.**

3.9.1. **Periodic Reports, etc.** For a period of three (3) years after the date of this Agreement, the Company shall furnish or make available to the Representative copies of such financial statements and other periodic and special reports as the Company from time to time furnishes generally to holders of any class of its securities and also promptly furnish to the Representative: (i) a copy of each periodic report the Company shall be required to file with the Commission under the Exchange Act and the Exchange Act Regulations; (ii) a copy of every press release and every news item and article with respect to the Company or its affairs which was released by the Company; (iii) a copy of each Form 8-K prepared and filed by the Company; (iv) a copy of each registration statement filed by the Company under the Securities Act; (v) a copy of each report or other communication furnished to stockholders and (vi) such additional documents and information with respect to the Company and the affairs of any future subsidiaries of the Company as the Representative may from time to time reasonably request. Documents filed with the Commission pursuant to its EDGAR system or press releases shall be deemed to have been delivered to the Representative pursuant to this Section 3.9.1. Any documents not filed with the Commission pursuant to its EDGAR system shall be delivered to jrallo@efhuttongroup.com, with a copy to dboral@efhuttongroup.com.

3.9.2. **Transfer Agent; Transfer Sheets.** For a period of three (3) years after the date of this Agreement, the Company shall retain a transfer agent and registrar acceptable to the Representative (the “**Transfer Agent**”) and shall furnish to the Representative at the Company’s sole cost and expense such transfer sheets of the Company’s securities as the Representative may reasonably request, including the daily and monthly consolidated transfer sheets of the Transfer Agent and DTC. VStock Transfer, LLC is acceptable to the Representative to act as Transfer Agent for the shares of Common Stock and the Warrants.

3.9.3. **Trading Reports.** For a period of three (3) years after the date of this Agreement, during such time as any of the Public Securities are listed on the Exchange, the Company shall provide to the Representative, at the Company’s expense, such reports published by the Exchange relating to price trading of the Public Securities, as the Representative shall reasonably request.

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### 3.10. Payment of Expenses

3.10.1. **General Expenses Related to the Offering.** The Company hereby agrees to pay on each of the Closing Date and the Option Closing Date, if any, to the extent not paid at the Closing Date, all expenses related to the Offering or otherwise incident to the performance of the obligations of the Company under this Agreement, including, but not limited to: (a) all filing fees and communication expenses relating to the registration of the Public Securities and Representative's Securities with the Commission; (b) all Public Filing System filing fees associated with the review of the Offering by FINRA; (c) all fees and expenses relating to the listing of such Public Securities and Representative's Securities on the Exchange and such other stock exchanges as the Company and the Representative together determine, including any fees charged by DTC; (d) all fees, expenses and disbursements relating to background checks of the Company's officers and directors; (e) all fees, expenses and disbursements relating to the registration or qualification of the Public Securities under the "blue sky" securities laws of such states and other jurisdictions as the Representative may reasonably designate; (f) all fees, expenses and disbursements relating to the registration, qualification or exemption of the Public Securities under the securities laws of such foreign jurisdictions as the Representative may reasonably designate; (g) the costs of all mailing and printing of the underwriting documents (including, without limitation, the Underwriting Agreement, any Blue Sky Surveys and, if appropriate, any Agreement Among Underwriters, Selected Dealers' Agreement, Underwriters' Questionnaire and Power of Attorney), Registration Statements, Prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final Prospectuses as the Representative may reasonably deem necessary; (h) the costs and expenses of a public relations firm; (i) the costs of preparing, printing and delivering certificates representing the Public Securities; (j) fees and expenses of the Transfer Agent for the shares of Common Stock and fees and expenses of the warrant agent under the Warrant Agent Agreement; (k) stock transfer and/or stamp taxes, if any, payable upon the transfer of the Public Securities from the Company to the Underwriters; (l) the costs associated with one set of bound volumes of the public offering materials as well as commemorative mementos and lucite tombstones, each of which the Company or its designee shall provide within a reasonable time after the Closing Date in such quantities as the Representative may reasonably request; (m) the fees and expenses of the Company's accountants; (n) the fees and expenses of the Company's legal counsel and other agents and representatives; (o) the fees and expenses of Representative Counsel; (p) the cost associated with the Underwriters' use of Ipreo's book-building, prospectus tracking and compliance software for the Offering; (q) to the extent approved by the Company in writing, the costs associated with post-Closing advertising of the Offering in the national editions of the Wall Street Journal and New York Times; and (r) the Underwriters' actual accountable expenses for the Offering, including, without limitation related to the "road show." Notwithstanding the foregoing, the Company's obligations to reimburse the Representative for any out-of-pocket expenses actually incurred as set forth in the preceding sentence shall not exceed \$150,000 in the aggregate for all of the foregoing fees and expenses. The Representative may deduct from the net proceeds of the Offering payable to the Company on the Closing Date, or the Option Closing Date, if any, the expenses set forth herein to be paid by the Company to the Underwriters, less the Advance (as such term is defined in Section 8.3 hereof).

3.11. **Application of Net Proceeds.** The Company shall apply the net proceeds from the Offering received by it in a manner consistent with the application thereof described under the caption "Use of Proceeds" in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

3.12. **Delivery of Earnings Statements to Security Holders.** The Company shall make generally available to its security holders as soon as practicable, but not later than the first day of the fifteenth (15<sup>th</sup>) full calendar month following the date of this Agreement, an earnings statement (which need not be certified by an independent registered public accounting firm unless required by the Securities Act or the Securities Act Regulations, but which shall satisfy the provisions of Rule 158(a) under Section 11(a) of the Securities Act) covering a period of at least twelve (12) consecutive months beginning after the date of this Agreement.

3.13. **Stabilization.** Neither the Company nor, to its knowledge, any of its employees, directors or stockholders has taken or shall take, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under Regulation M of the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

3.14. **Internal Controls.** For a period of one (1) year after the date of this Agreement, the Company shall maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.15. **Accountants.** As of the date of this Agreement, the Company has retained an independent registered public accounting firm, as required by the Securities Act and the Securities Act Regulations and the Public Company Accounting Oversight Board, reasonably acceptable to the Representative, and the Company shall continue to retain a nationally recognized independent registered public accounting firm for a period of at least three (3) years after the date of this Agreement. The Representative acknowledges that BF Borgers CPA PC is acceptable to the Representative.

3.16. **FINRA.** For a period of 90 days from the later of the Closing Date or the Option Closing Date, the Company shall advise the Representative (who shall make an appropriate filing with FINRA) if it is or becomes aware that (i) any officer or director of the Company, (ii) any beneficial owner of 5% or more of any class of the Company's securities or (iii) any beneficial owner of the Company's unregistered equity securities which were acquired during the 180 days immediately preceding the filing of the Registration Statement is or becomes an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

3.17. **No Fiduciary Duties.** The Company acknowledges and agrees that the Underwriters' responsibility to the Company is solely contractual in nature and that none of the Underwriters or their affiliates or any selling agent shall be deemed to be acting in a fiduciary capacity, or otherwise owes any fiduciary duty to the Company or any of its affiliates in connection with the Offering and the other transactions contemplated by this Agreement.

3.18. **Company Lock-Up Agreements.** The Company, on behalf of itself and any successor entity, agrees that, without the prior written consent of the Representative, it will not, for a period of one hundred eighty (180) days after the date of this Agreement (the "**Lock-Up Period**"), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (ii) file or cause to be filed any registration statement with the Commission relating to the offering of any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company other than a registration statement on Form S-4 or S-8; (iii) complete any offering of debt securities of the Company, other than entering into a line of credit or senior credit facility with a traditional bank or other lending institution; or (iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company, whether any such transaction described in clause (i), (ii), (iii), or (iv) above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise.

The restrictions contained in this Section 3.18 shall not apply to (i) the Public Securities or the Representative's Securities; (ii) the issuance by the Company of shares of Common Stock upon the exercise of a stock option or warrant or the conversion of a security, in each case outstanding on the date hereof, provided that such options, warrants, securities are disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus and have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities or to extend the term of such securities, (iii) the issuance of shares of Common Stock issued as part of the purchase price in connection with acquisitions or strategic transactions, or (iv) the issuance by the Company of any shares of Common Stock or standard options to purchase Common Stock to directors, officers or employees of the Company in their capacity as such pursuant to an Approved Stock Plan (as defined below). "**Approved Stock Plan**" means any employee benefit plan which has been approved by the board of directors of the Company prior to or subsequent to the date hereof pursuant to which shares of Common Stock and standard options to purchase Common Stock may be issued to any employee, officer or director for services provided to the Company in their capacity as such.



**3.19. Release of D&O Lock-up Period.** If the Representative, in its sole discretion, agrees to release or waive the restrictions set forth in the Lock-Up Agreements described in Section 2.25 hereof for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three (3) Business Days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit C hereto through a major news service at least two (2) Business Days before the effective date of the release or waiver.

**3.20. Blue Sky Qualifications.** The Company shall use its best efforts, in cooperation with the Underwriters, if necessary, to qualify the Public Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representative may reasonably designate and to maintain such qualifications in effect so long as required to complete the distribution of the Public Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

**3.21. Reporting Requirements.** The Company, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and Exchange Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Public Securities as may be required under Rule 463 under the Securities Act Regulations.

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**3.22. Press Releases.** Prior to the Closing Date and any Option Closing Date, the Company shall not issue any press release or other communication directly or indirectly or hold any press conference with respect to the Company, its condition, financial or otherwise, or earnings, business affairs or business prospects (except for routine oral marketing communications in the ordinary course of business and consistent with the past practices of the Company and of which the Representative is notified), without the prior written consent of the Representative, which consent shall not be unreasonably withheld, unless in the judgment of the Company and its counsel, and after notification to the Representative, such press release or communication is required by law.

**3.23. Sarbanes-Oxley.** For a period of one (1) year after the date of this Agreement, the Company shall at all times comply in all material respects with all applicable provisions of the Sarbanes-Oxley Act in effect from time to time.

**3.24. IRS Forms.** If requested by the Representative, the Company shall deliver to each Underwriter (or its agent), prior to or at the Closing Date, a properly completed and executed Internal Revenue Service (“IRS”) Form W-9 or an IRS Form W-8, as appropriate, together with all required attachments to such form.

**3.25. Warrant Agent.** For so long as the Warrants are outstanding, the Company will maintain the Warrant Agent Agreement in full force and effect with Vstock Transfer, LLC or a transfer agent of similar competence and quality. The Firm Warrants, and, if applicable, Option Warrants, will be issued in accordance with the Warrant Agent Agreement.

#### 4. CONDITIONS OF UNDERWRITERS’ OBLIGATIONS.

The obligations of the Underwriters to purchase and pay for the Public Securities, as provided herein, shall be subject to (i) the continuing accuracy of the representations and warranties of the Company as of the date hereof and as of each of the Closing Date and the Option Closing Date, if any; (ii) the accuracy of the statements of officers of the Company made pursuant to the provisions hereof; (iii) the performance by the Company of its obligations hereunder; and (iv) the following conditions:

##### 4.1. Regulatory Matters.

4.1.1. Effectiveness of Registration Statement; Rule 430A Information. The Registration Statement has become effective not later than 5:30 p.m., Eastern time, on the date of this Agreement or such later date and time as shall be consented to in writing by the Representative, and, at each of the Closing Date and any Option Closing Date, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto shall have been issued under the Securities Act, no order preventing or suspending the use of any Preliminary Prospectus or the Prospectus shall have been issued and no proceedings for any of those purposes shall have been instituted or are pending or, to the Company’s knowledge, contemplated by the Commission. The Company has complied with each request (if any) from the Commission for additional information. A prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) under the Securities Act Regulations (without reliance on Rule 424(b)(8)) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A under the Securities Act Regulations.

4.1.2. FINRA Clearance. On or before the date of this Agreement, the Representative shall have received clearance from FINRA as to the amount of compensation allowable or payable to the Underwriters as described in the Registration Statement.

4.1.3. Exchange Clearance. On the Closing Date, the Common Stock shall have been approved for listing on the Exchange, subject only to official notice of issuance.

##### 4.2. Company Counsel Matters.

4.2.1. Closing Date Opinion of Counsel. On the Closing Date, the Representative shall have received the favorable opinions and negative assurance letter of Bevilacqua PLLC and/or Sherman & Howard, LLC (“**Company Counsel**”), counsel to the Company, dated the Closing Date and addressed to the Representative, in form and substance reasonably satisfactory to the Representative.

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4.2.2. Option Closing Date Opinions of Counsel. On the Option Closing Date, if any, the Representative shall have received the favorable opinion and negative assurance letter of Company Counsel listed in Section 4.2.1, dated the Option Closing Date, addressed to the Representative and in form and substance reasonably satisfactory to the Representative, confirming as of the Option Closing Date, the statements made by such counsel in its opinion or their respective opinions delivered on the Closing Date.

4.2.3. Reliance. The opinion of Company Counsel and any opinion relied upon by Company Counsel shall include a statement to the effect that it may be relied upon by Representative Counsel in its opinion delivered to the Underwriters.

##### 4.3. Comfort Letters.

4.3.1. Comfort Letter. At the time this Agreement is executed the Representative shall have received a cold comfort letter from the Auditors containing statements and information of the type customarily included in accountants’ comfort letters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus, addressed to the Representative and in form and substance reasonably satisfactory in all respects to the Representative and to Representative Counsel from the Auditors, dated as of the date of this Agreement.

4.3.2. **Bring-down Comfort Letter.** At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received from the Auditors a letter, dated as of the Closing Date or the Option Closing Date, as applicable, to the effect that the Auditors reaffirms the statements made in the letter furnished pursuant to Section 4.3.1.

#### 4.4. Officers' Certificates.

4.4.1. **Officers' Certificate.** The Company shall have furnished to the Representative a certificate, dated the Closing Date and any Option Closing Date (if such date is other than the Closing Date), of its Chief Executive Officer or President stating that on behalf of the Company and not in an individual capacity that (i) such officer has examined the Registration Statement, the Pricing Disclosure Package, any Issuer Free Writing Prospectus and the Prospectus and, in such officer's opinion, the Registration Statement and each amendment thereto after the Effective Date, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date) did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Pricing Disclosure Package, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the Prospectus and each amendment or supplement thereto after the Effective Date, as of the respective date thereof and as of the Closing Date, did not include any untrue statement of a material fact and did not omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading, (ii) to such officer's knowledge after reasonable investigation, as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the representations and warranties of the Company in this Agreement are true and correct and the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date (or any Option Closing Date if such date is other than the Closing Date), and (iii) there has not been, subsequent to the date of the most recent audited financial statements included in the Pricing Disclosure Package, a Material Adverse Change.

4.4.2. **Secretary's Certificate.** At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received a certificate of the Company signed by the Secretary of the Company, dated the Closing Date or the Option Closing Date, as the case may be, respectively, certifying on behalf of the Company and not in an individual capacity: (i) that each of the Charter and Bylaws is true and complete, has not been modified and is in full force and effect; (ii) that the resolutions of the Company's Board of Directors relating to the Offering are in full force and effect and have not been modified; (iii) as to the accuracy and completeness of all correspondence between the Company or its counsel and the Commission; and (iv) as to the incumbency of the officers of the Company. The documents referred to in such certificate shall be attached to such certificate.

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4.5. **No Material Changes.** Prior to and on each of the Closing Date and each Option Closing Date, if any: (i) there shall have been no Material Adverse Change in the condition or prospects or the business activities, financial or otherwise, of the Company from the latest dates as of which such condition is set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (ii) no action, suit or proceeding, at law or in equity, shall have been pending or threatened against the Company or any Insider before or by any court or federal or state commission, board or other administrative agency wherein an unfavorable decision, ruling or finding may reasonably be expected to cause a Material Adverse Change, except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (iii) no stop order shall have been issued under the Securities Act and no proceedings therefor shall have been initiated or threatened by the Commission; and (iv) the Registration Statement, the Pricing Disclosure Package and the Prospectus and any amendments or supplements thereto shall contain all material statements which are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations and shall conform in all material respects to the requirements of the Securities Act and the Securities Act Regulations, and neither the Registration Statement, the Pricing Disclosure Package nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.6. **No Material Misstatement or Omission.** The Underwriters shall not have discovered and disclosed to the Company on or prior to the Closing Date and any Option Closing Date that the Registration Statement or any amendment or supplement thereto contains an untrue statement of a fact which, in the opinion of Representative Counsel, is material or omits to state any fact which, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading, or that the Registration Statement, the Pricing Disclosure Package, any Issuer Free Writing Prospectus or the Prospectus or any amendment or supplement thereto contains an untrue statement of fact which, in the opinion of Representative Counsel, is material or omits to state any fact which, in the opinion of Representative Counsel, is material and is necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading.

4.7. **Corporate Proceedings.** All corporate proceedings and other legal matters incident to the authorization, form and validity of each of this Agreement, the Public Securities, the Registration Statement, the Pricing Disclosure Package, each Issuer Free Writing Prospectus, if any, and the Prospectus and all other legal matters relating to this Agreement, the Representative's Warrant Agreement and the transactions contemplated hereby shall be reasonably satisfactory in all material respects to Representative Counsel, and the Company shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

4.8. **Lock-Up Agreements.** On or before the date of this Agreement, the Company shall have delivered to the Representative executed copies of the Lock-Up Agreements from each of the persons listed in Schedule 3 hereto.

4.9. **Warrant Agent Agreement.** On or before the date of this Agreement, the Company shall have entered into a Warrant Agent Agreement between the Company and Vstock Transfer, LLC, as warrant agent with respect to the Warrants, in the form filed as an exhibit to the Registration Statement (the "Warrant Agent Agreement"), or if applicable, as otherwise directed by the Underwriters.

4.10. **Additional Documents.** At the Closing Date and at each Option Closing Date (if any) Representative Counsel shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling Representative Counsel to deliver an opinion to the Underwriters, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Public Securities and Representative's Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representative and Representative Counsel.

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## 5. INDEMNIFICATION.

### 5.1. Indemnification of the Underwriters.

5.1.1. **General.** The Company shall indemnify and hold harmless each Underwriter, its affiliates and each of its and their respective directors, officers, members, employees, representatives, partners, shareholders, affiliates, counsel and agents and each person, if any, who controls any such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively the "**Underwriter Indemnified Parties**," and each an "**Underwriter Indemnified Party**"), against any and all loss, liability, claim, damage and expense whatsoever (including but not limited to any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between any of the Underwriter Indemnified Parties and the Company or between any of the Underwriter Indemnified Parties and any third party, or otherwise) to which they or any of

them may become subject under the Securities Act, the Exchange Act or any other statute or at common law or otherwise or under the laws of foreign countries, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement, the Pricing Disclosure Package, the Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus (as from time to time each may be amended and supplemented); (ii) any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the Offering, including any “road show” or investor presentations made to investors by the Company (whether in person or electronically); or (iii) any application or other document or written communication (in this Section 5, collectively called “**application**”) executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Public Securities and the Representative’s Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, the Exchange or any other national securities exchange; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon, and in conformity with, the Underwriters’ Information. With respect to any untrue statement or omission or alleged untrue statement or omission made in the Pricing Disclosure Package, the indemnity agreement contained in this Section 5.1.1 shall not inure to the benefit of any Underwriter Indemnified Party to the extent that any loss, liability, claim, damage or expense of such Underwriter Indemnified Party (a) is based on the Underwriters’ Information or material omission therefrom, (b) results from the fact that a copy of the Prospectus was not given or sent to the person asserting any such loss, liability, claim or damage at or prior to the written confirmation of sale of the Public Securities to such person as required by the Securities Act and the Securities Act Regulations, and if the untrue statement or omission has been corrected in the Prospectus, unless such failure to deliver the Prospectus was a result of non-compliance by the Company with its obligations under Section 3.3 hereof, or (c) is found in a final, non-appealable judgment of a court of competent jurisdiction to have resulted primarily from the willful misconduct or gross negligence of such Underwriter Indemnified Party.

5.1.2. **Procedure.** If any action is brought against an Underwriter Indemnified Party in respect of which indemnity may be sought against the Company pursuant to Section 5.1.1, such Underwriter Indemnified Party shall promptly notify the Company in writing of the institution of such action and the Company shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense of such action, including the employment and fees of counsel (subject to the reasonable approval of such Underwriter Indemnified Party) and payment of actual expenses. Such Underwriter Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Underwriter Indemnified Party unless (i) the employment of such counsel at the expense of the Company shall have been authorized in writing by the Company in connection with the defense of such action, or (ii) the Company shall not have employed counsel to have charge of the defense of such action, or (iii) the action includes both the Company and the indemnified party as defendants and such indemnified party or parties shall have been advised by its counsel that there may be defenses available to it or them which are different from or additional to those available to the Company which makes it impossible or inadvisable for the Company and such indemnified party to be represented in the action by the same counsel (in which case the Company shall not have the right to direct the defense of such action on behalf of the indemnified party), in any of which events the reasonable fees and expenses of not more than one additional firm of attorneys selected by the Underwriter Indemnified Parties who are party to such action (in addition to local counsel) shall be borne by the Company. Notwithstanding anything to the contrary contained herein, if any Underwriter Indemnified Party shall assume the defense of such action as provided above, the Company shall have the right to approve the terms of any settlement of such action, which approval shall not be unreasonably withheld.

**5.2. Indemnification of the Company.** Each Underwriter, severally and not jointly, shall indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the foregoing indemnity from the Company to the several Underwriters, as incurred, but only with respect to such losses, liabilities, claims, damages and expenses (or actions in respect thereof) which arise out of or are based upon untrue statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or in any application, in reliance upon, and in strict conformity with, the Underwriters’ Information. In case any action shall be brought against the Company or any other person so indemnified based on any Preliminary Prospectus, the Registration Statement, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or any application, and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each other person so indemnified shall have the rights and duties given to the several Underwriters by the provisions of Section 5.1.2. The Company agrees promptly to notify the Representative of the commencement of any litigation or proceedings against the Company or any of its officers, directors or any person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, in connection with the issuance and sale of the Public Securities or in connection with the Registration Statement, the Pricing Disclosure Package, the Prospectus or any Issuer Free Writing Prospectus.

### **5.3. Contribution.**

5.3.1. **Contribution Rights.** If the indemnification provided for in this Section 5 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 5.1 or 5.2 in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company, on the one hand, and each of the Underwriters, on the other hand, from the Offering, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other, with respect to such Offering shall be deemed to be in the same proportion as the total proceeds from the Offering (before deducting expenses) received by the Company bear to the total underwriting discount and commissions received by the Underwriters in connection with the Offering, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company, on the one hand, and the Underwriters, on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Underwriters, on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement, omission, act or failure to act; provided that the parties hereto agree that the written information furnished to the Company through the Representative by or on behalf of any Underwriter for use in any Preliminary Prospectus, any Registration Statement or the Prospectus, or in any amendment or supplement thereto, consists solely of the Underwriters’ Information and any material information that was omitted therefrom. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 5.3.1 were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage, expense, liability, action, investigation or proceeding referred to above in this Section 5.3.1 shall be deemed to include, for purposes of this Section 5.3.1, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating, preparing to defend or defending against or appearing as a third party witness in respect of, or otherwise incurred in connection with, any such loss, claim, damage, expense, liability, action, investigation or proceeding. Notwithstanding the provisions of this Section 5.3.1 no Underwriter shall be required to contribute any amount in excess of the total discount and commission received by such Underwriter in connection with the Offering less the amount of any damages which such Underwriter has otherwise paid or becomes liable to pay by reason of any untrue or alleged untrue statement, omission or alleged omission, act or alleged act or failure to act or alleged failure to act. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

5.3.2. **Contribution Procedure.** Within fifteen (15) days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party (“contributing party”), notify the contributing party of the commencement thereof, but the failure to so notify the contributing party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a contributing party or its representative of the commencement thereof within the aforesaid 15 days, the contributing party will be entitled to participate therein with the notifying party and any other contributing party similarly notified. Any such contributing party shall not be liable to any party seeking contribution on account of any settlement of any claim, action or proceeding

affected by such party seeking contribution without the written consent of such contributing party. The contribution provisions contained in this Section 5.3.2 are intended to supersede, to the extent permitted by law, any right to contribution under the Securities Act, the Exchange Act or otherwise available. The Underwriters' obligations to contribute as provided in this Section 5.3 are several and in proportion to their respective underwriting obligation, and not joint.

## 6. DEFAULT BY AN UNDERWRITER.

**6.1. Default Not Exceeding 10% of Firm Units or Option Units.** If any Underwriter or Underwriters shall default in its or their obligations to purchase the Firm Units or the Option Units, if the Over-allotment Option is exercised hereunder, and if the number of the Firm Units or Option Units with respect to which such default relates does not exceed in the aggregate 10% of the number of Firm Units or Option Units that all Underwriters have agreed to purchase hereunder, then such Firm Units or Option Units to which the default relates shall be purchased by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

**6.2. Default Exceeding 10% of Firm Units or Option Units.** In the event that the default addressed in Section 6.1 relates to more than 10% of the number of Firm Units or Option Units, the Representative may in its discretion arrange for itself or for another party or parties to purchase such Firm Units or Option Units to which such default relates on the terms contained herein. If, within one (1) Business Day after such default relating to more than 10% of the number of Firm Units or Option Units, the Representative does not arrange for the purchase of such Firm Units or Option Units, then the Company shall be entitled to a further period of one (1) Business Day within which to procure another party or parties satisfactory to the Representative to purchase said Firm Units or Option Units on such terms. In the event that neither the Representative nor the Company arrange for the purchase of the Firm Units or Option Units to which a default relates as provided in this Section 6, this Agreement will automatically be terminated by the Representative or the Company without liability on the part of the Company (except as provided in Sections 3.10 and 5 hereof) or the several Underwriters (except as provided in Section 5 hereof); provided, however, that if such default occurs with respect to the Option Units, this Agreement will not terminate as to the Firm Units; and provided, further, that nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other Underwriters and to the Company for damages occasioned by its default hereunder.

**6.3. Postponement of Closing Date.** In the event that the Firm Units or Option Units to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, the Representative or the Company shall have the right to postpone the Closing Date or Option Closing Date for a reasonable period, but not in any event exceeding five (5) Business Days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus that in the reasonable opinion of Representative Counsel may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any party substituted under this Section 6 with like effect as if it had originally been a party to this Agreement with respect to such Firm Units or Option Units.

## 7. ADDITIONAL COVENANTS.

**7.1. Prohibition on Press Releases and Public Announcements.** The Company shall not issue press releases or engage in any other publicity, without the Representative's prior written consent, for a period ending at 5:00 p.m., Eastern time, on the first (1<sup>st</sup>) Business Day following the fortieth (40<sup>th</sup>) day after the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business.

**7.2. Right of First Refusal.** The Representative shall have an irrevocable right of first refusal (the "Right of First Refusal"), for a period of twelve (12) months following the Closing Date, to act as sole investment banker, sole book-runner and/or sole placement agent, at the Representative's sole discretion, for each and every future public and private equity and debt offering, including all equity linked financings (each, a "Subject Transaction"), during such twelve (12) month period for the Company, or any successor to or Subsidiary of the Company, on terms and conditions agreed to by both the Company and the Representative in good faith. The Company shall notify the Representative of its intention to pursue a Subject Transaction, including the material terms thereof, by providing written notice thereof by registered mail or overnight courier service addressed to the Representative. If the Representative fails to exercise its Right of First Refusal with respect to any Subject Transaction within ten (10) Business Days after the mailing of such written notice, then the Representative shall have no further claim or right with respect to the Subject Transaction. The Representative may elect, in its sole and absolute discretion, not to exercise its Right of First Refusal with respect to any Subject Transaction; provided that any such election by the Representative shall not adversely affect the Representative's Right of First Refusal with respect to any other Subject Transaction during the period agreed to above. For the avoidance of any doubt, the Company shall not retain, engage or solicit any additional investment banker, book-runner, financial advisor, underwriter, sales agent and/or placement agent in a Subject Transaction without the express written consent of the Representative unless the Representative does not exercise its Right of First Refusal after being provided adequate notice and expiration of any period in which to reply, and this Right of First Refusal shall not apply to any transaction where the Company does not engage an investment banker, underwriter, placement agent or other intermediary. The Representative shall have the sole right to determine whether or not any other broker-dealer shall have the right to participate in any Subject Transaction in which it exercises this Right of First Refusal and the economic terms of any such participation.

**7.3. Tail Period.** Notwithstanding any other provision of this Agreement, in the event that the Offering is not consummated by the Underwriters as contemplated herein, the Company agrees to pay the Representative a cash fee equal to eight percent (8.0%) of the gross proceeds received by the Company from the sale of the securities offered to any investor actually introduced by the Representative to the Company during the Engagement Period (as defined below) (the "Tail Financing"), and such Tail Financing is consummated at any time during the Engagement Period or within the twelve (12) month period following the expiration of the Engagement Period, provided that such financing is by a party actually introduced to the Company in an offering in which the Company has direct knowledge of such party's participation and not a party that the Company can demonstrate was already known to the Company. In addition, unless (x) the Company terminates this Agreement for "Cause" (as defined below), or (y) the Representative fails to provide the underwriting services provided in this Agreement, upon termination of this Agreement, if the Company subsequently completes a public or private financing with any investors introduced to the Company by the Representative during the twelve (12) month period following such termination, the Representative shall be entitled to receive the same compensation to be paid to the Representative in connection with the Offering. "Cause", for the purpose of this Agreement, shall mean, as determined by a court of competent jurisdiction, willful misconduct, gross negligence or a material breach of this Agreement by the Representative. In the event that the Company believes that the Representative has engaged in conduct constituting Cause, the Company must first notify the Representative in writing of the facts and circumstances supporting such an assertion(s), and the Representative shall have twenty (20) days to cure such alleged conduct. "Engagement Period" shall mean the period beginning on March 9, 2021, and ending on the earlier of (i) twelve (12) months from the date of such date, (ii) the final closing, if any, of the Offering, or (iii) the date that either party to this Agreement gives the other party to this Agreement at least thirty (30) days' advance written notice of termination of that certain engagement letter agreement by and between the Company and the Representative, dated as of March 9, 2021.

## 8. EFFECTIVE DATE OF THIS AGREEMENT AND TERMINATION THEREOF.

**8.1. Effective Date.** This Agreement shall become effective when both the Company and the Representative have executed the same and delivered counterparts of such signatures to the other party.

**8.2. Termination.** The Representative shall have the right to terminate this Agreement at any time prior to any Closing Date, (i) if any domestic or international event or act or occurrence has materially disrupted, or in the Representative's reasonable opinion will in the immediate future materially disrupt, general securities markets in the United States; or (ii) if trading on the New York Stock Exchange or the Nasdaq Stock Market LLC shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required by FINRA or by order of the Commission or any other government

authority having jurisdiction; or (iii) if a banking moratorium has been declared by a New York State or federal authority; or (iv) if a moratorium on foreign exchange trading has been declared which materially adversely impacts the United States securities markets; or (v) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in the Representative's reasonable opinion, make it inadvisable to proceed with the delivery of the Firm Units or Option Units; or (vi) if the Company is in material breach of any of its representations, warranties or covenants hereunder; or (vii) if the Representative shall have become aware after the date hereof of a Material Adverse Change, or an adverse material change in general market conditions as in the Representative's judgment would make it impracticable to proceed with the offering, sale and/or delivery of the Public Securities or to enforce contracts made by the Underwriters for the sale of the Public Securities.

**8.3. Expenses.** Notwithstanding anything to the contrary in this Agreement, except in the case of a default by the Underwriters, pursuant to Section 6.2 above, in the event that this Agreement shall not be carried out for any reason whatsoever, within the time specified herein or any extensions thereof pursuant to the terms herein, the Company shall be obligated to pay to the Underwriters their actual and accountable out-of-pocket expenses related to the transactions contemplated herein then due and payable (including the fees and disbursements of Representative Counsel) up to \$50,000, inclusive of the payments totaling up to \$50,000 in advance for accountable expenses previously paid by the Company to the Representative (the "Advance"), and upon demand the Company shall pay the full amount thereof to the Representative on behalf of the Underwriters; provided, however, that such expense cap in no way limits or impairs the indemnification and contribution provisions of this Agreement.

Notwithstanding the foregoing, any advance received by the Representative will be reimbursed to the Company to the extent not actually incurred in compliance with FINRA Rule 5110(g)(4)(A).

**8.4. Indemnification.** Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Section 5 shall remain in full force and effect and shall not be in any way affected by, such election or termination or failure to carry out the terms of this Agreement or any part hereof.

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**8.5. Representations, Warranties, Agreements to Survive.** All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its affiliates or selling agents, any person controlling any Underwriter, its officers or directors or any person controlling the Company or (ii) delivery of and payment for the Public Securities.

## 9. MISCELLANEOUS.

**9.1. Constructive Knowledge.** Whenever a representation or warranty or other statement in this Agreement (including, without limitation, schedules hereto) is made with respect to a party's "knowledge," such statement refers to the knowledge, after reasonable inquiry, of such party's employees or agents who were or are responsible for or involved with the indicated matter.

**9.2. Notices.** All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed (registered or certified mail, return receipt requested), personally delivered or sent by email or facsimile transmission and confirmed and shall be deemed given when so delivered or emailed or faxed and confirmed (which confirmation may be by email or facsimile transmission) or if mailed, two (2) days after such mailing.

If to the Representative:

EF Hutton  
590 Madison Avenue, 39<sup>th</sup> Floor  
New York, New York 10022  
Attn: Joseph T. Rallo  
Fax: (212) - [ ]  
Email: jrallo@efhuttongroupcm.com

with a copy (which shall not constitute notice) to:

Robinson & Cole LLP  
1055 Washington Boulevard  
Stamford, CT 06901  
Attn: Mitchell L. Lampert  
Fax No.: (203) 462-7599  
Email: MLampert@rc.com

If to the Company:

Stran & Company, Inc.  
2 Heritage Drive, Suite 600  
Quincy, MA 02171  
Attn: Andrew Shape, Chief Executive Officer  
Fax No.: [ ]  
Email: andyshape@stran.com

with a copy (which shall not constitute notice) to:

Bevilacqua PLLC  
1050 Connecticut Avenue, NW, Suite 500  
Washington, DC 20036  
Attn: Louis A. Bevilacqua  
Fax No.: [ ]  
Email: lou@bevilacquapllc.com

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**9.3. Headings.** The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

**9.4. Amendment.** This Agreement may only be amended by a written instrument executed by each of the parties hereto.

**9.5. Entire Agreement.** This Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

**9.6. Binding Effect.** This Agreement shall inure solely to the benefit of and shall be binding upon the Representative, the Underwriters, the Company and the controlling persons, directors and officers referred to in Section 5 hereof, and their respective successors, legal representatives, heirs and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provisions herein contained. The term "successors and assigns" shall not include a purchaser, in its capacity as such, of securities from any of the Underwriters.

**9.7. Governing Law; Consent to Jurisdiction; Trial by Jury.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Agreement shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.1 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

**9.8. Execution in Counterparts.** This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Delivery of a signed counterpart of this Agreement by facsimile or email/pdf transmission shall constitute valid and sufficient delivery thereof.

**9.9. Waiver, etc.** The failure of any of the parties hereto to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Agreement or any provision hereof or the right of any of the parties hereto to thereafter enforce each and every provision of this Agreement. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

*[Signature Page Follows]*

If the foregoing correctly sets forth the understanding between the Underwriters and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

**Stran & Company, Inc.**

By: \_\_\_\_\_  
 Name: Andrew Shape  
 Title: Chief Executive Officer

Confirmed as of the date first written above mentioned, on behalf of itself and as Representative of the several Underwriters named on Schedule 1 hereto:

**EF HUTTON,  
 division of Benchmark Investments, LLC**

By: \_\_\_\_\_  
 Name:  
 Title:

*[Signature Page to Underwriting Agreement]*

**SCHEDULE 1**

<u>Underwriter</u>	<u>Total Number of Firm Units to be Purchased</u>	<u>Number of Additional Option Units to be Purchased if the Over-Allotment Option is Fully Exercised</u>
EF Hutton, division of Benchmark Investments, LLC	[●]	[●]
US Tiger Securities, Inc.	[●]	[●]
<b>TOTAL</b>	<b>[●]</b>	<b>[●]</b>

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**SCHEDULE 2-A**  
**Pricing Information**

Number of Firm Units: [ ]  
Number of Option Units: [ ]  
Public Offering Price per Firm Unit: \$[ ]  
Public Offering Price per Option Unit: \$[ ]  
Underwriting Discount per Firm Unit: \$[ ]  
Underwriting Discount per Option Unit: \$[ ]  
Proceeds to Company per Firm Unit (before expenses): \$[ ]  
Proceeds to Company per Option Unit (before expenses): \$[ ]

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**SCHEDULE 2-B**

**Issuer General Use Free Writing Prospectuses**

None.

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**SCHEDULE 3**

**List of Lock-Up Parties**

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**EXHIBIT A**

**Form of Representative's Warrant Agreement**

THE REGISTERED HOLDER OF THIS PURCHASE WARRANT BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS PURCHASE WARRANT EXCEPT AS HEREIN PROVIDED AND THE REGISTERED HOLDER OF THIS PURCHASE WARRANT AGREES THAT IT WILL NOT SELL, TRANSFER, ASSIGN, PLEDGE OR HYPOTHECATE THIS PURCHASE WARRANT FOR A PERIOD OF ONE HUNDRED EIGHTY DAYS FOLLOWING THE EFFECTIVE DATE (DEFINED BELOW) TO ANYONE OTHER THAN (I) EF HUTTON, DIVISION OF BENCHMARK INVESTMENTS, LLC OR AN UNDERWRITER OR A SELECTED DEALER IN CONNECTION WITH THE OFFERING, OR (II) A BONA FIDE OFFICER OR PARTNER OF EF HUTTON, DIVISION OF BENCHMARK INVESTMENTS, LLC OR OF ANY SUCH UNDERWRITER OR SELECTED DEALER.

THIS PURCHASE WARRANT IS NOT EXERCISABLE PRIOR TO [ ] [DATE THAT IS SIX MONTHS FROM THE EFFECTIVE DATE OF THE OFFERING]. VOID AFTER 5:00 P.M., EASTERN TIME, [ ] [DATE THAT IS FIVE YEARS FROM THE EFFECTIVE DATE OF THE OFFERING].

**COMMON STOCK PURCHASE WARRANT**

For the Purchase of [ ] Shares of Common Stock  
of  
Stran & Company, Inc.

1. Purchase Warrant. THIS CERTIFIES THAT, in consideration of funds duly paid by or on behalf of EF Hutton, division of Benchmark Investments, LLC ("**Holder**"), as registered owner of this Purchase Warrant of Stran & Company, Inc., a Nevada corporation (the "**Company**"), Holder is entitled, at any time or from time to time from [ ] [DATE THAT IS SIX MONTHS FROM THE EFFECTIVE DATE OF THE OFFERING] (the "**Commencement Date**"), and at or before 5:00 p.m., Eastern time, [ ] [DATE THAT IS FIVE YEARS FROM THE EFFECTIVE DATE OF THE OFFERING] (the "**Expiration Date**"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to [ ] shares of common stock of the Company, par value \$0.0001 per share (the "**Shares**"), subject to adjustment as provided in Section 6 hereof. If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Purchase Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. During the period ending on the Expiration Date, the Company agrees not to take any action that would terminate this Purchase Warrant. This Purchase Warrant is initially exercisable at \$[ ] per Share; provided, however, that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Purchase Warrant, including the exercise price per Share and the number of Shares to be received upon such exercise, shall be adjusted as therein specified. The term "**Exercise Price**" shall mean the initial exercise price or the adjusted exercise price, depending on the context. The term "**Effective Date**" shall mean [ ], 2021, the date on which the Registration Statement on Form S-1 (File No. 333-[ ]) of the Company was declared effective by the Securities and Exchange Commission.

2. Exercise.

2.1 Exercise Form. In order to exercise this Purchase Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Purchase Warrant and payment of the Exercise Price for the Shares being purchased payable in cash by wire transfer of immediately available funds to an account designated by the Company or by certified check or official bank check. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern time, on the Expiration Date, this Purchase Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

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**2.2 Cashless Exercise.** If at any time after the Commencement Date there is no effective registration statement registering, or no current prospectus available for, the resale of the Shares by the Holder, then in lieu of exercising this Purchase Warrant by payment of cash or check payable to the order of the Company pursuant to Section 2.1 above, Holder may elect to receive the number of Shares equal to the value of this Purchase Warrant (or the portion thereof being exercised), by surrender of this Purchase Warrant to the Company, together with the exercise form attached hereto, in which event the Company shall issue to Holder, Shares in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where,

- X = The number of Shares to be issued to Holder;
- Y = The number of Shares for which the Purchase Warrant is being exercised;
- A = The fair market value of one Share; and
- B = The Exercise Price.

For purposes of this Section 2.2, the fair market value of a Share is defined as follows:

- (i) if the Company's common stock is traded on a securities exchange, the value shall be deemed to be the closing price on such exchange prior to the exercise form being submitted in connection with the exercise of the Purchase Warrant; or
- (ii) if the Company's common stock is actively traded over-the-counter, the value shall be deemed to be the closing bid price prior to the exercise form being submitted in connection with the exercise of the Purchase Warrant; if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Company's Board of Directors.

**2.3 Legend.** Each certificate for the securities purchased under this Purchase Warrant shall bear a legend as follows unless such securities have been registered under the Securities Act of 1933, as amended (the "**Securities Act**"):

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE LAW. NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE LAW WHICH, IN THE OPINION OF COUNSEL TO THE COMPANY, IS AVAILABLE."

### 3. Transfer.

**3.1 General Restrictions.** The registered Holder of this Purchase Warrant agrees by his, her or its acceptance hereof, that such Holder will not: (a) sell, transfer, assign, pledge or hypothecate this Purchase Warrant or the securities issuable hereunder for a period of one hundred eighty (180) days following the Effective Date to anyone other than: (i) EF Hutton, division of Benchmark Investments, LLC ("**EF Hutton**") or an underwriter or a selected dealer participating in the Offering, or (ii) a bona fide officer or partner of EF Hutton or of any such underwriter or selected dealer, in each case in accordance with FINRA Conduct Rule 5110(e)(1), or (b) for a period of one hundred eighty (180) days following the Effective Date, cause this Purchase Warrant or the securities issuable hereunder to be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of this Purchase Warrant or the securities hereunder, except as provided for in FINRA Rule 5110(e)(2). On and after one hundred eighty (180) days after the Effective Date, transfers to others may be made subject to compliance with or exemptions from applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with the Purchase Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall within five (5) business days transfer this Purchase Warrant on the books of the Company and shall execute and deliver a new Purchase Warrant or Purchase Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of Shares purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

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**3.2 Restrictions Imposed by the Securities Act.** The securities evidenced by this Purchase Warrant shall not be transferred unless and until: (i) the Company has received the opinion of counsel for the Holder that the securities may be transferred pursuant to an exemption from registration under the Securities Act and applicable state securities laws, the availability of which is established to the reasonable satisfaction of the Company (the Company hereby agreeing that the opinion of Bevilacqua PLLC shall be deemed satisfactory evidence of the availability of an exemption), or (ii) a registration statement or a post-effective amendment to the Registration Statement relating to the offer and sale of such securities has been filed by the Company and declared effective by the U.S. Securities and Exchange Commission (the "**Commission**") and compliance with applicable state securities law has been established.

### 4. Registration Rights.

#### 4.1 Demand Registration.

**4.1.1 Grant of Right.** The Company, upon written demand (a "**Demand Notice**") of the Holders of at least 51% of the Purchase Warrants and/or the underlying Shares, agrees to register, on one (1) occasion, all or any portion of the Shares underlying the Purchase Warrants (collectively, the "**Registrable Securities**"). On such occasion, the Company will file a registration statement with the Commission covering the Registrable Securities within sixty (60) days after receipt of a Demand Notice and use its reasonable best efforts to have the registration statement declared effective promptly thereafter, subject to compliance with review by the Commission; provided, however, that the Company shall not be required to comply with a Demand Notice if the Company has filed a registration statement with respect to which the Holder is entitled to piggyback registration rights pursuant to Section 4.2 hereof and either: (i) the Holder has elected to participate in the offering covered by such registration statement or (ii) if such registration statement relates to an underwritten primary offering of securities of the Company, until the offering covered by such registration statement has been withdrawn or until thirty (30) days after such offering is consummated. The Company covenants and agrees to give written notice of its receipt of any Demand Notice by any Holders to all other registered Holders of the Purchase Warrants and/or the Registrable Securities within ten (10) days after the date of the receipt of any such Demand Notice.

**4.1.2 Terms.** The Company shall bear all fees and expenses attendant to the registration of the Registrable Securities pursuant to Section 4.1.1, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. The Company agrees to use its reasonable best efforts to cause the filing required herein to become effective promptly and to qualify or register the Registrable Securities in such states as are reasonably requested by the Holders; provided, however, that in no event shall the Company be required to register the Registrable Securities in a State in which such registration would cause: (i) the Company to be obligated to register or license to do business in such State or submit to general service of process in such State, or (ii) the principal stockholders of the Company to be obligated to escrow their shares of capital stock of the Company. The Company shall cause any registration statement filed pursuant to the demand right granted under Section 4.1.1 to remain effective for a period of at least twelve (12) consecutive months after the date that the Holders of the Registrable Securities covered by such registration statement are first given the opportunity to sell all of such securities. The Holders shall only use the prospectuses provided by the Company to sell the shares covered by such registration statement, and will immediately cease to use any prospectus furnished by the Company if the Company advises the Holder that such prospectus may no longer be used due to a material misstatement or omission. Notwithstanding the provisions of this Section 4.1.2, the Holder shall be entitled to a demand registration under this Section 4.1.2 on only one (1) occasion and such demand registration right shall terminate on the fifth anniversary of the Effective Date in accordance with FINRA Rule 5110(g)(8)(C).



#### 4.2 “Piggy-Back” Registration.

4.2.1 Grant of Right. In addition to the demand right of registration described in Section 4.1 hereof, the Holder shall have the right, for a period of no more than seven (7) years from the Effective Date in accordance with FINRA Rule 5110(g)(8)(D), to include the Registrable Securities as part of any other registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145(a) promulgated under the Securities Act or pursuant to Form S-8 or Form S-4 or any equivalent form); provided, however, that if, solely in connection with any primary underwritten public offering for the account of the Company, the managing underwriter(s) thereof shall, in its reasonable discretion, impose a limitation on the number of shares of common stock which may be included in the Registration Statement because, in such underwriter(s)’ judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such Registration Statement only such limited portion of the Registrable Securities with respect to which the Holder requested inclusion hereunder as the underwriter shall reasonably permit. Any exclusion of Registrable Securities shall be made pro rata among the Holders seeking to include Registrable Securities in proportion to the number of Registrable Securities sought to be included by such Holders; provided, however, that the Company shall not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled to inclusion of such securities in such Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities.

4.2.2 Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities pursuant to Section 4.2.1 hereof, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holders of outstanding Registrable Securities with not less than thirty (30) days’ written notice prior to the proposed date of filing of such registration statement. Such notice to the Holders shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the “piggy-back” rights provided for herein by giving written notice within ten (10) days of the receipt of the Company’s notice of its intention to file a registration statement. Except as otherwise provided in this Purchase Warrant, there shall be no limit on the number of times the Holder may request registration under this Section 4.2.2; provided, however, that such registration rights shall terminate on the fifth anniversary of the Commencement Date.

#### 4.3 General Terms.

4.3.1 Indemnification. The Company shall indemnify the Holders of the Registrable Securities to be sold pursuant to any registration statement hereunder and each person, if any, who controls such Holders within the meaning of Section 15 of the Securities Act or Section 20(a) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), against all loss, claim, damage, expense or liability (including all reasonable attorneys’ fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, arising from such registration statement but only to the same extent and with the same effect as the provisions pursuant to which the Company has agreed to indemnify the Underwriters contained in Section 5.1 of the Underwriting Agreement between the Underwriters and the Company, dated as of [\_\_\_\_], 2021. The Holders of the Registrable Securities to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, against all loss, claim, damage, expense or liability (including all reasonable attorneys’ fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Securities Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, or their successors or assigns, in writing, for specific inclusion in such registration statement to the same extent and with the same effect as the provisions contained in Section 5.2 of the Underwriting Agreement pursuant to which the Underwriters have agreed to indemnify the Company.

4.3.2 Exercise of Purchase Warrants. Nothing contained in this Purchase Warrant shall be construed as requiring the Holders to exercise their Purchase Warrants prior to or after the initial filing of any registration statement or the effectiveness thereof.

4.3.3 Documents Delivered to Holders. The Company shall furnish to each Holder participating in any of the foregoing offerings and to each underwriter of any such offering, if any, a signed counterpart, addressed to such Holder or underwriter, of: (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under any underwriting agreement related thereto), and (ii) a “cold comfort” letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent registered public accounting firm which has issued a report on the Company’s financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants’ letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer’s counsel and in accountants’ letters delivered to underwriters in underwritten public offerings of securities. The Company shall also deliver promptly to each Holder participating in the offering requesting the correspondence and memoranda described below and to the managing underwriter, if any, copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of FINRA. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times as any such Holder shall reasonably request.

4.3.4 Underwriting Agreement. The Company shall enter into an underwriting agreement with the managing underwriter(s), if any, selected by any Holders whose Registrable Securities are being registered pursuant to this Section 4, which managing underwriter shall be reasonably satisfactory to the Company. Such agreement shall be reasonably satisfactory in form and substance to the Company, each Holder and such managing underwriters, and shall contain such representations, warranties and covenants by the Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter. The Holders shall be parties to any underwriting agreement relating to an underwritten sale of their Registrable Securities and may, at their option, require that any or all the representations, warranties and covenants of the Company to or for the benefit of such underwriters shall also be made to and for the benefit of such Holders. Such Holders shall not be required to make any representations or warranties to or agreements with the Company or the underwriters except as they may relate to such Holders, their Shares and their intended methods of distribution.

4.3.5 Documents to be Delivered by Holders. Each of the Holders participating in any of the foregoing offerings shall furnish to the Company a completed and executed questionnaire provided by the Company requesting information customarily sought of selling security holders.

4.3.6 Damages. Should the registration or the effectiveness thereof required by Sections 4.1 and 4.2 hereof be delayed by the Company or the Company otherwise fails to comply with such provisions, the Holders shall, in addition to any other legal or other relief available to the Holders, be entitled to obtain specific performance or other equitable (including injunctive) relief against the threatened breach of such provisions or the continuation of any such breach, without the necessity of proving actual damages and without the necessity of posting bond or other security.

4.4 Termination of Registration Rights. The registration rights afforded to the Holders under this Section 4 shall terminate on the earliest date when all Registrable Securities of such Holder either: (i) have been publicly sold by such Holder pursuant to a Registration Statement, (ii) have been covered by an effective Registration Statement on Form S-1 or Form S-3 (or successor form), which may be kept effective as an evergreen Registration Statement, or (iii) may be sold by the Holder within a 90 day period

without registration pursuant to Rule 144 or consistent with applicable SEC interpretive guidance (including CD&I no. 201.04 (April 2, 2007) or similar interpretive guidance).

## 5. New Purchase Warrants to be Issued.

5.1 Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Purchase Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Purchase Warrant for cancellation, together with the duly executed exercise or assignment form and funds sufficient to pay any Exercise Price and/or transfer tax if exercised pursuant to Section 2.1 hereto, the Company shall cause to be delivered to the Holder without charge a new Purchase Warrant of like tenor to this Purchase Warrant in the name of the Holder evidencing the right of the Holder to purchase the number of Shares purchasable hereunder as to which this Purchase Warrant has not been exercised or assigned.

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5.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Purchase Warrant and of reasonably satisfactory indemnification or the posting of a bond, the Company shall execute and deliver a new Purchase Warrant of like tenor and date. Any such new Purchase Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

## 6. Adjustments.

6.1 Adjustments to Exercise Price and Number of Securities. The Exercise Price and the number of Shares underlying the Purchase Warrant shall be subject to adjustment from time to time as hereinafter set forth:

6.1.1 Share Dividends; Split Ups. If, after the date hereof, and subject to the provisions of Section 6.3 below, the number of outstanding Shares is increased by a stock dividend payable in Shares or by a split up of Shares or other similar event, then, on the effective day thereof, the number of Shares purchasable hereunder shall be increased in proportion to such increase in outstanding Shares, and the Exercise Price shall be proportionately decreased.

6.1.2 Aggregation of Shares. If, after the date hereof, and subject to the provisions of Section 6.3 below, the number of outstanding Shares is decreased by a consolidation, combination or reclassification of Shares or other similar event, then, on the effective date thereof, the number of Shares purchasable hereunder shall be decreased in proportion to such decrease in outstanding Shares, and the Exercise Price shall be proportionately increased.

6.1.3 Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding Shares other than a change covered by Section 6.1.1 or 6.1.2 hereof or that solely affects the par value of such Shares, or in the case of any share reconstruction or amalgamation or consolidation of the Company with or into another corporation (other than a consolidation or share reconstruction or amalgamation in which the Company is the continuing corporation and that does not result in any reclassification or reorganization of the outstanding Shares), or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Purchase Warrant shall have the right thereafter (until the expiration of the right of exercise of this Purchase Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, share reconstruction or amalgamation, or consolidation, or upon a dissolution following any such sale or transfer, by a Holder of the number of Shares of the Company obtainable upon exercise of this Purchase Warrant immediately prior to such event; and if any reclassification also results in a change in Shares covered by Section 6.1.1 or 6.1.2, then such adjustment shall be made pursuant to Sections 6.1.1, 6.1.2 and this Section 6.1.3. The provisions of this Section 6.1.3 shall similarly apply to successive reclassifications, reorganizations, share reconstructions or amalgamations, or consolidations, sales or other transfers.

6.1.4 Changes in Form of Purchase Warrant. Except as may otherwise be required under Section 6.2 hereof, this form of Purchase Warrant need not be changed because of any change pursuant to this Section 6.1, and Purchase Warrants issued after such change may state the same Exercise Price and the same number of Shares as are stated in the Purchase Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Purchase Warrants reflecting a required or permissive change shall not be deemed to waive any rights to an adjustment occurring after the Commencement Date or the computation thereof.

6.2 Substitute Purchase Warrant. In case of any consolidation of the Company with, or share reconstruction or amalgamation of the Company with or into, another corporation (other than a consolidation or share reconstruction or amalgamation which does not result in any reclassification or change of the outstanding Shares), the corporation formed by such consolidation or share reconstruction or amalgamation shall execute and deliver to the Holder a supplemental Purchase Warrant providing that the holder of each Purchase Warrant then outstanding or to be outstanding shall have the right thereafter (until the stated expiration of such Purchase Warrant) to receive, upon exercise of such Purchase Warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or share reconstruction or amalgamation, by a holder of the number of Shares for which such Purchase Warrant might have been exercised immediately prior to such consolidation, share reconstruction or amalgamation, sale or transfer. Such supplemental Purchase Warrant shall provide for adjustments which shall be identical to the adjustments provided for in this Section 6. The above provision of this Section shall similarly apply to successive consolidations or share reconstructions or amalgamations.

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6.3 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of Shares upon the exercise of the Purchase Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up or down, as the case may be, to the nearest whole number of Shares or other securities, properties or rights.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized Shares, solely for the purpose of issuance upon exercise of the Purchase Warrants, such number of Shares or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Purchase Warrants and payment of the Exercise Price therefor, in accordance with the terms hereby, all Shares and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable and not subject to preemptive rights of any stockholder. As long as the Purchase Warrants shall be outstanding, the Company shall use its commercially reasonable efforts to cause all Shares issuable upon exercise of the Purchase Warrants to be listed (subject to official notice of issuance) on all national securities exchanges (or, if applicable, on the OTC Bulletin Board or any successor trading market) on which the Shares issued to the public in the Offering may then be listed and/or quoted.

## 8. Certain Notice Requirements.

8.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holders the right to vote or consent or to receive notice as a stockholder for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Purchase Warrants and their exercise, any of the events described in Section 8.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least fifteen (15) days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be. Notwithstanding the foregoing, the Company shall deliver to each Holder a copy of each notice given to the other stockholders of the Company at the same time and in the same manner that such notice is given to the stockholders.

8.2 Events Requiring Notice. The Company shall be required to give the notice described in this Section 8 upon one or more of the following events: (i) if the

Company shall take a record of the holders of its Shares for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company; (ii) the Company shall offer to all the holders of its Shares any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or (iii) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or share reconstruction or amalgamation) or a sale of all or substantially all of its property, assets and business shall be proposed.

8.3 Notice of Change in Exercise Price. The Company shall, promptly after an event requiring a change in the Exercise Price pursuant to Section 6 hereof, send notice to the Holders of such event and change ("**Price Notice**"). The Price Notice shall describe the event causing the change and the method of calculating same and shall be certified as being true and accurate by the Company's Chief Executive Officer or Chief Financial Officer.

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8.4 Transmittal of Notices. All notices, requests, consents and other communications under this Purchase Warrant shall be in writing and shall be deemed to have been duly made when hand delivered or mailed by express mail or private courier service: (i) if to the registered Holder of the Purchase Warrant, to the address of such Holder as shown on the books of the Company, or (ii) if to the Company, to the following address or to such other address as the Company may designate by notice to the Holders:

If to the Holder:

EF Hutton  
590 Madison Avenue, 39<sup>th</sup> Floor  
New York, New York 10022  
Attn: Joseph T. Rallo

with a copy (which shall not constitute notice) to:

Robinson & Cole LLP  
1055 Washington Boulevard  
Stamford, CT 06901  
Attn: Mitchell L. Lampert  
Fax No.: (203) 462-7599

If to the Company:

Stran & Company, Inc.  
2 Heritage Drive, Suite 600  
Quincy, MA 02171  
Attn: Andrew Shape, Chief Executive Officer  
Fax No.: [ ]

with a copy (which shall not constitute notice) to:

Bevilacqua PLLC  
1050 Connecticut Avenue, NW, Suite 500  
Washington, DC 20036  
Attn: Louis A. Bevilacqua  
Fax No.: [ ]

## 9. Miscellaneous.

9.1 Amendments. The Company and EF Hutton may from time to time supplement or amend this Purchase Warrant without the approval of any of the Holders in order to cure any ambiguity, to correct or supplement any provision contained herein that may be defective or inconsistent with any other provisions herein, or to make any other provisions in regard to matters or questions arising hereunder that the Company and EF Hutton may deem necessary or desirable and that the Company and EF Hutton deem shall not adversely affect the interest of the Holders. All other modifications or amendments shall require the written consent of and be signed by the party against whom enforcement of the modification or amendment is sought.

9.2 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Purchase Warrant.

9.3 Entire Agreement. This Purchase Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Purchase Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.4 Binding Effect. This Purchase Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their permitted assignees, respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Purchase Warrant or any provisions herein contained.

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9.5 Governing Law; Submission to Jurisdiction; Trial by Jury. This Purchase Warrant shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Purchase Warrant shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 8 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company and the Holder agree that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and the Holder hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.6 Waiver, etc. The failure of the Company or the Holder to at any time enforce any of the provisions of this Purchase Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Purchase Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Purchase Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Purchase Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

9.7 Execution in Counterparts. This Purchase Warrant may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Such counterparts may be delivered by facsimile transmission or other electronic transmission.

9.8 Exchange Agreement. As a condition of the Holder's receipt and acceptance of this Purchase Warrant, Holder agrees that, at any time prior to the complete exercise of this Purchase Warrant by Holder, if the Company and EF Hutton enter into an agreement ("**Exchange Agreement**") pursuant to which they agree that all outstanding Purchase Warrants will be exchanged for securities or cash or a combination of both, then Holder shall agree to such exchange and become a party to the Exchange Agreement.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Company has caused this Purchase Warrant to be signed by its duly authorized officer as of the \_\_\_\_ day of \_\_\_\_\_, 2021.

**Stran & Company, Inc.**

By: \_\_\_\_\_  
Name:  
Title:

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[Form to be used to exercise Purchase Warrant]

Date: \_\_\_\_\_, 20\_\_

The undersigned hereby elects irrevocably to exercise the Purchase Warrant for \_\_\_\_\_ shares of common stock, par value \$0.0001 per share (the "**Shares**"), of Stran & Company, Inc., a Nevada corporation (the "**Company**"), and hereby makes payment of \$\_\_\_\_ (at the rate of \$\_\_\_\_ per Share) in payment of the Exercise Price pursuant thereto. Please issue the Shares as to which this Purchase Warrant is exercised in accordance with the instructions given below and, if applicable, a new Purchase Warrant representing the number of Shares for which this Purchase Warrant has not been exercised.

or

The undersigned hereby elects irrevocably to convert its right to purchase \_\_\_\_ Shares of the Company under the Purchase Warrant for \_\_\_\_\_ Shares, as determined in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where,

- X = The number of Shares to be issued to Holder;
- Y = The number of Shares for which the Purchase Warrant is being exercised;
- A = The fair market value of one Share which is equal to \$\_\_\_\_; and
- B = The Exercise Price which is equal to \$\_\_\_\_ per share

The undersigned agrees and acknowledges that the calculation set forth above is subject to confirmation by the Company and any disagreement with respect to the calculation shall be resolved by the Company in its sole discretion.

Please issue the Shares as to which this Purchase Warrant is exercised in accordance with the instructions given below and, if applicable, a new Purchase Warrant representing the number of Shares for which this Purchase Warrant has not been converted.

Signature \_\_\_\_\_

Signature Guaranteed \_\_\_\_\_

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name: \_\_\_\_\_  
(Print in Block Letters)

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

NOTICE: The signature to this form must correspond with the name as written upon the face of the Purchase Warrant without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

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ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Purchase Warrant):

FOR VALUE RECEIVED, \_\_\_\_\_ does hereby sell, assign and transfer unto the right to purchase shares of common stock, par value \$0.0001 per share, of Stran & Company, Inc., a Nevada corporation (the "**Company**"), evidenced by the Purchase Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated: \_\_\_\_\_, 20\_\_

Signature \_\_\_\_\_

Signature Guaranteed \_\_\_\_\_

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Purchase Warrant without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

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**EXHIBIT B**

**Form of Lock-Up Agreement**

**Lock-Up Agreement**

\_\_\_\_\_, 2021

EF Hutton,  
division of Benchmark Investments, LLC  
as Representative of the Underwriters  
590 Madison Avenue, 39<sup>th</sup> Floor  
New York, New York 10022

Ladies and Gentlemen:

The undersigned understands that EF Hutton, division of Benchmark Investments, LLC (the "**Representative**") proposes to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Stran & Company, Inc., a Nevada corporation (the "**Company**"), providing for the public offering (the "**Public Offering**") of shares of common stock of the Company, par value \$0.0001 per share (the "**Common Stock**"), together with warrants to purchase shares of Common Stock each at an exercise price equal to 125% of the public offering price per Firm Unit (as defined hereafter) (the "**Warrants**," and collectively with the Common Stock, the "**Securities**").

To induce the Representative to continue its efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representative, the undersigned will not, during the period commencing on the date hereof and ending 180 days after the date of the Underwriting Agreement (the "**Lock-Up Period**"), (1) offer, pledge, sell, contract to sell, grant, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock or any securities convertible into or exercisable or exchangeable for the Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition (collectively, the "**Lock-Up Securities**"); (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Lock-Up Securities, in cash or otherwise; (3) make any demand for or exercise any right with respect to the registration of any Lock-Up Securities; or (4) publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement relating to any Lock-Up Securities. Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer Lock-Up Securities without the prior written consent of the Representative in connection with (a) transactions relating to Lock-Up Securities acquired in open market transactions after the completion of the Public Offering; provided that no filing under Section 13 or Section 16(a) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or other public announcement shall be required or shall be voluntarily made during the Lock-Up Period in connection with subsequent sales of Lock-Up Securities acquired in such open market transactions; (b) transfers of Lock-Up Securities as a *bona fide* gift, by will or intestacy or to a family member or trust for the benefit of a family member (for purposes of this lock-up agreement, "family member" means any relationship by blood, marriage or adoption, not more remote than first cousin); (c) transfers of Lock-Up Securities to a charity or educational institution; or (d) if the undersigned, directly or indirectly, controls a corporation, partnership, limited liability company or other business entity, any transfers of Lock-Up Securities to any shareholder, partner or member of, or owner of similar equity interests in, the undersigned, as the case may be; provided that in the case of any transfer pursuant to the foregoing clauses (b), (c) or (d), (i) it shall be a condition to any such transfer that (i) the transferee/donee agrees to be bound by the terms of this lock-up agreement (including, without limitation, the restrictions set forth in the preceding sentence) to the same extent as if the transferee/donee were a party hereto; (ii) each party (donor, donee, transferor or transferee) shall not be required by law (including without limitation the disclosure requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Exchange Act) to make, and shall agree to not voluntarily make, any filing or public announcement of the transfer or disposition prior to the expiration of the Lock-Up Period; and (iii) the undersigned notifies the Representative at least two (2) business days prior to the proposed transfer or disposition.

In addition, the foregoing restrictions shall not apply to (i) the exercise or vesting of stock options or other equity awards granted pursuant to the Company's equity incentive plans; provided that it shall apply to any of the undersigned's Common Stock issued upon such exercise, (ii) the conversion or exercise of convertible debt or warrants; provided that it shall apply to any of the undersigned's Common Stock issued upon such exercise, or (iii) the establishment of any new plan (a "**Plan**") that satisfies all of the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act; provided that no sales of the undersigned's Securities shall be made pursuant to such new Plan prior to the expiration of the Lock-Up Period (as such may have been extended pursuant to the provisions hereof), and such a Plan may only be established if no public announcement of the establishment or existence thereof and no filing with the Securities and Exchange Commission or other regulatory authority in respect thereof or transactions thereunder or contemplated thereby, by the undersigned, the Company or any other person, shall be required, and no such announcement or filing is made voluntarily, by the undersigned, the Company or any other person, prior to the expiration of the Lock-Up Period (as such may have been extended pursuant to the provisions hereof).

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the undersigned's Securities subject to this lock-up agreement except in compliance with this lock-up agreement.

If the undersigned is an officer or director of the Company, (i) the undersigned agrees that the foregoing restrictions shall be equally applicable to any Securities that the undersigned may purchase in the Public Offering; (ii) the Representative agrees that, at least three (3) business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Lock-Up Securities, the Representative will notify the Company of the impending release or waiver; and (iii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two (2) business days before the effective date of the release or waiver. Any release or waiver granted by the Representative hereunder to any such officer or director shall only be effective two (2) business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer of Lock-Up Securities not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this lock-up agreement to the extent and for the duration that such terms remain in effect at the time of such transfer.

The undersigned understands that the Company and the Representative are relying upon this lock-up agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this lock-up agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

The undersigned understands that, if the Underwriting Agreement does not become effective, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder, the undersigned shall be released from all obligations under this lock-up agreement.

This lock-up agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

\_\_\_\_\_  
(Name - Please Print)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name of Signatory, in the case of entities - Please Print)

\_\_\_\_\_  
(Title of Signatory, in the case of entities - Please Print)

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**EXHIBIT C**

**Form of Press Release**

[\_\_\_\_\_]

**[Date]**

Stran & Company, Inc. (the "Company") announced today that EF Hutton, division of Benchmark Investments, LLC, acting as representative for the underwriters in the Company's recent public offering of \_\_\_\_\_ units consisting of the Company's Common Stock and warrants to purchase the Company's Common Stock, is [waiving] [releasing] a lock-up restriction with respect to \_\_\_\_\_ shares of Common Stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on \_\_\_\_\_, 20\_\_\_\_, and such shares of Common Stock may be sold on or after such date.

**This press release is not an offer or sale of the securities in the United States or in any other jurisdiction where such offer or sale is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act of 1933, as amended.**

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation in this Registration Statement on Form S-1-A2 of our report dated July 23, 2021 (Except for the effects on the financial statements of the stock split, as to which the date is October 6, 2021), relating to the financial statements of Stran & Company, Inc. as of December 31, 2020 and 2019 and to all references to our firm included in this Registration Statement.

B F Benjmn CPA PC

Certified Public Accountants  
Lakewood, CO  
October 29, 2021