

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

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 15, 2023

STRAN & COMPANY, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

001-41038
(Commission File Number)

04-3297200
(IRS Employer
Identification No.)

2 Heritage Drive, Suite 600, Quincy, MA
(Address of principal executive offices)

02171
(Zip Code)

800-833-3309
(Registrant's telephone number, including area code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging Growth Company

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

Item 2.02. Results of Operations and Financial Condition.

On May 15, 2023, Stran & Company, Inc. (the "Company") issued a press release providing a business update and reporting its financial results for the quarter ended March 31, 2023. The press release also announced that the Company will hold a conference call at 10:00 AM Eastern Time on May 15, 2023 to discuss its financial results for the quarter ended March 31, 2023, the Company's corporate progress and other developments. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information furnished pursuant to this Item 2.02 (including Exhibit 99.1 hereto), shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933, as amended (the "Securities Act"), except as expressly set forth by specific reference in such a filing.

Forward-Looking Statements

The press release and the statements contained therein include "forward-looking" statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or the Company's future financial or operating performance. In some cases, you can identify these statements because they contain words such as "may," "will," "believes," "expects," "anticipates," "estimates," "projects," "intends," "should," "seeks," "future," "continue," "plan," "target," "predict," "potential," or the negative of such terms, or other comparable terminology that concern the Company's expectations, strategy, plans, or intentions. Forward-looking statements relating to expectations about future results or events are based upon information available to the Company as of today's date and are not guarantees of the future performance of the Company, and actual results may vary materially from the results and expectations discussed. Forward-looking statements include, but are not limited to, the Company's expectations regarding its financial position and operating performance, its expectations regarding its business initiatives, the Company's expectations about its operating performance, trends in its business, the effectiveness of its strategies, its market opportunity, and demand for its products and services in general. The Company's expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected, including risks and uncertainties

described in the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and other filings with the Securities and Exchange Commission. All subsequent written and oral forward-looking statements concerning the Company or other matters and attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. The Company does not undertake any obligation to publicly update any of these forward-looking statements to reflect events or circumstances that may arise after the date hereof, except as required by law.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description of Exhibit
99.1	Press Release dated May 15, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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SIGNATURES

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

Date: May 15, 2023

STRAN & COMPANY, INC.

/s/ Andrew Shape

Name: Andrew Shape

Title: President and Chief Executive Officer

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Stran & Company Reports 28.7% Increase in Revenue for the First Quarter of 2023 and Achieves \$15.8 Million in Revenue

Gross profit increases 45.9% over the same period last year

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

Quincy, MA / May 15, 2023 / Stran & Company, Inc. (“Stran” or the “Company”) (NASDAQ: SWAG) (NASDAQ: SWAGW), a leading outsourced marketing solutions provider that leverages its promotional products and loyalty incentive expertise, today provided a business update and reported financial results for the three months ended March 31, 2023.

Andy Shape, President and Chief Executive Officer of Stran, commented, “We are proud to report a 28.7% increase in revenue to \$15.8 million for the first quarter of 2023. Most notably, we achieved organic revenue growth of 17.7%, while many other companies in our industry are contracting, reflecting our increasing market share and diversified customer base. At the same time, our gross profit increased 45.9% over the same period last year. Historically the first quarter has been our slowest quarter in terms of revenue, however, we believe as a result of continually executing on our growth strategy, including M&A and organic growth, we have positioned ourselves for sustainable revenue growth. We incurred higher expenses, due in part to temporary costs associated with the integration of our recent acquisitions; however, we look forward to leveraging our fixed costs as we endeavor to grow revenue in order to result in strong future profitability. On the M&A front, we are effectively onboarding our previously announced acquisitions of Premier NYC Services (“Premier NYC”), Trend Promotional Marketing Corporation (“Trend Brand Solutions”), and G.A.P. Promotions, LLC (“G.A.P. Promotions”), and also entered into a definitive agreement to acquire T R Miller Co., Inc. (“TR Miller”) as announced in January. We expect to complete the TR Miller acquisition during the second quarter and believe the combination of these acquisitions brings important and unique advantages to Stran. At the same time, we have preserved a solid balance sheet with more than \$10 million in cash, \$5 million in short-term treasuries, and \$5 million in AAA-rated corporate bonds and diversified mutual funds, which allows us to pursue additional growth initiatives, including accretive acquisitions.”

“We are witnessing strong contract momentum as a result of our marketing initiatives and signed a contract with a multinational direct-selling beauty product company during the quarter where we are providing incentive merchandise to bolster their loyalty program. We are currently in the process of launching their e-commerce store, which will provide easy access to products for their more than four million influencers. Overall, we have developed and executed a business growth strategy resulting in increased awareness of Stran, a strong customer base, and national footprint that we believe positions us to rapidly capture market share within the over \$25 billion promotional products industry.”

Financial Results

Revenue increased 28.7% to approximately \$15.8 million for the three months ended March 31, 2023 from approximately \$12.3 million for the three months ended March 31, 2022. The increase was primarily due to higher spending from existing clients as well as business from new customers. Additionally, the Company benefited from the acquisitions of the G.A.P. Promotions assets in January 2022, the Trend Brand Solutions assets in August 2022, and the Premier NYC assets in December 2022.

Gross profit increased 45.9% to approximately \$4.7 million, or 29.8% of revenue, for the three months ended March 31, 2023, from approximately \$3.2 million, or 26.3% of revenue, for the three months ended March 31, 2022. The increase in the dollar amount of gross profit was due to increased sales, partially offset by an increase in purchasing costs.

Net loss for the three months ended March 31, 2023 was approximately \$0.7 million, compared to a net loss of approximately \$0.5 million for the three months ended March 31, 2022. The increase was primarily due to increased expenses relating to an increase in lead generation initiatives, integration expenses related to the acquisition of the G.A.P. Promotions assets, the Trend Brand Solutions assets, and the Premier NYC assets; due diligence relating to the asset purchase agreement for the acquisition of TR Miller’s assets; the implementation of an ERP system on NetSuite ERP’s platform; ongoing expenses related to being a public company; and higher cost of purchases in the three months ended March 31, 2023. This was partially offset by lower cost of purchases as a percentage of revenue in the three months ended March 31, 2023 and organic growth in our business.

Conference Call

The Company will host a conference call at 10:00 A.M. Eastern Time today to discuss the company’s financial results for the first quarter of 2023 ended March 31, 2023, as well as the company’s corporate progress and other developments.

The conference call will be available via telephone by dialing toll free 888-506-0062 for U.S. callers or +1 973-528-0011 for international callers and using entry code: 133705. A webcast of the call may be accessed at <https://www.webcaster4.com/Webcast/Page/2855/48347> or on the Company’s Investors section of the website: ir.stran.com/news-events/ir-calendar.

A webcast replay will be available on the company’s Investors section of the website (ir.stran.com/news-events/ir-calendar) through, May 15, 2024. A telephone replay of the call will be available approximately one hour following the call, through May 29, 2023, and can be accessed by dialing 877-481-4010 for U.S. callers or +1 919-882-2331 for international callers and entering conference ID: 48347.

About Stran

Over the past 27 years, Stran has grown to become a leader in the promotional products industry, specializing in complex marketing programs to help recognize the value of promotional products, branded merchandise, and loyalty incentive programs as a tool to drive awareness, build brands and impact sales. Stran is the chosen promotional programs manager of many Fortune 500 companies, across a variety of industries, to execute their promotional marketing, loyalty and incentive, sponsorship activation, recruitment, retention, and wellness campaigns. Stran provides world-class customer service and utilizes cutting-edge technology, including efficient ordering and logistics technology to provide order processing, warehousing and fulfillment functions. The Company’s mission is to develop long-term relationships with its clients, enabling them to connect with both their customers and employees in order to build lasting brand loyalty. Additional information about the Company is available at: www.stran.com.

Forward Looking Statements

This press release contains “forward-looking statements” that are subject to substantial risks and uncertainties. All statements, other than statements of historical fact, contained in this press release are forward-looking statements. Forward-looking statements contained in this press release may be identified by the use of words such as “anticipate,” “believe,” “contemplate,” “could,” “estimate,” “expect,” “intend,” “seek,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “target,” “aim,”

“should,” “will” “would,” or the negative of these words or other similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are based on the Company’s current expectations and are subject to inherent uncertainties, risks and assumptions that are difficult to predict. Further, certain forward-looking statements are based on assumptions as to future events that may not prove to be accurate. These and other risks and uncertainties are described more fully in the section titled “Risk Factors” in the Company’s periodic reports which are filed with the Securities and Exchange Commission. Forward-looking statements contained in this announcement are made as of this date, and the Company undertakes no duty to update such information except as required under applicable law.

Contacts:

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BALANCE SHEETS

	March 31, 2023	December 31, 2022
	(unaudited)	
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 10,596,595	\$ 15,253,756
Investments	10,269,101	9,779,355
Accounts Receivable, Net	11,914,586	14,442,626
Deferred Income Taxes	1,205,000	841,000
Inventory	5,665,924	6,867,564
Prepaid Corporate Taxes	87,459	87,459
Prepaid Expenses	611,320	386,884
Deposits	1,172,754	910,486
	<u>41,522,739</u>	<u>48,569,130</u>
PROPERTY AND EQUIPMENT, NET:	1,193,356	1,000,090
OTHER ASSETS:		
Intangible Assets - Customer Lists, Net	5,654,804	6,272,205
Right of Use Asset - Office Leases	775,742	784,683
	<u>6,430,546</u>	<u>7,056,888</u>
	<u>\$ 49,146,641</u>	<u>\$ 56,626,108</u>
<u>LIABILITIES AND STOCKHOLDER’S EQUITY</u>		
CURRENT LIABILITIES:		
Current Portion of Contingent Earn-Out Liabilities	\$ 2,171,603	\$ 1,809,874
Current Portion of Lease Liability	320,197	324,594
Accounts Payable and Accrued Expenses	2,938,995	4,051,657
Accrued Payroll and Related	674,123	608,589
Unearned Revenue	1,871,846	633,148
Rewards Program Liability	-	6,000,000
Sales Tax Payable	259,633	365,303
Note Payable - Wildman	162,358	162,358
	<u>8,398,755</u>	<u>13,955,523</u>
LONG-TERM LIABILITIES:		
Long-Term Contingent Earn-Out Liabilities	1,594,944	2,845,944
Long-Term Lease Liability	455,545	460,089
	<u>2,050,489</u>	<u>3,306,033</u>
STOCKHOLDERS’ EQUITY:		
Common Stock, \$.0001 Par Value; 300,000,000 Shares Authorized, 18,483,334 and 18,475,521 Shares Issued and Outstanding as of March 31, 2023 and December 31, 2022, respectively	1,849	1,848
Additional Paid-In Capital	38,306,533	38,279,151
Retained Earnings	389,015	1,083,553
	<u>38,697,397</u>	<u>39,364,552</u>
	<u>\$ 49,146,641</u>	<u>\$ 56,626,108</u>

	<u>2023</u>	<u>2022</u>
SALES	\$ 15,776,247	\$ 12,259,583
COST OF SALES:		
Purchases	10,023,546	7,956,616
Freight	1,058,748	1,084,802
	<u>11,082,294</u>	<u>9,041,418</u>
GROSS PROFIT	4,693,953	3,218,165
OPERATING EXPENSES:		
General and Administrative Expenses	6,079,095	4,024,218
	<u>6,079,095</u>	<u>4,024,218</u>
EARNINGS (LOSS) FROM OPERATIONS	(1,385,142)	(806,053)
OTHER INCOME AND (EXPENSE):		
Other Income (Expense)	56,637	(3,680)
Interest Income (Expense)	138,082	90,595
Unrealized Gain (Loss) on Investments	131,885	(3,731)
	<u>326,604</u>	<u>83,184</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	(1,058,538)	(722,869)
PROVISION FOR INCOME TAXES	(364,000)	(177,055)
NET EARNINGS (LOSS)	(694,538)	(545,814)
NET EARNINGS (LOSS) PER COMMON SHARE		
Basic	\$ (0.04)	\$ (0.03)
Diluted	\$ (0.04)	\$ (0.03)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING		
Basic	18,477,604	20,061,143
Diluted	18,477,604	20,061,143