

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

FORM 8-K/A
(Amendment No. 2)

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

Date of Report (Date of earliest event reported): August 23, 2024

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, \$0.0001 par value 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.

Explanatory Note

On August 26, 2024, Stran & Company, Inc., a Nevada corporation (the “Company”), filed a Current Report on Form 8-K (the “Original Report”) with the Securities and Exchange Commission (the “SEC”) reporting the completion of the previously announced Bangarang Transaction (as defined below). In the Original Report, the Company indicated that it would amend the Original Report at a later date to include any financial statements and any pro forma financial information required by Item 9.01 of Form 8-K.

On November 5, 2024, the Company filed a Current Report on Form 8-K/A (Amendment No. 1) (the “First Amended Report”) with the SEC, which amended the Original Report to include the financial statements required under Item 9.01(a) of Form 8-K, which were filed as Exhibit 99.1 and Exhibit 99.2 to the First Amended Report. The First Amended Report stated that the Company would file an additional Current Report on Form 8-K/A to further amend the Original Report to include the pro forma financial information required by Item 9.01(b) of Form 8-K as soon as practicable.

This Current Report on Form 8-K/A (Amendment No. 2) is being filed to amend the Original Report, as amended by the First Amended Report, to provide the pro forma financial information required by Item 9.01(b) of Form 8-K. The pro forma financial information included in this Form 8-K/A has been presented for informational purposes only, as required by Form 8-K. It does not purport to represent the actual results of operations that the Company and Bangarang (as defined below) would have achieved had the companies been combined during the periods presented in the pro forma financial information and is not intended to project the future results of operations that the combined company may achieve after the transactions.

The disclosure contained in Item 2.01 of the Original Report is repeated below for convenience. No other changes have been made to the Original Report, as amended by the First Amended Report.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On August 23, 2024, Stran Loyalty Solutions, LLC, a Nevada limited liability company (the “Purchaser”), a wholly-owned subsidiary of the Company, entered into a Secured Party Sale Agreement, dated as of August 23, 2024 (the “Sale Agreement”), with Sallyport Commercial Finance, LLC, a Delaware limited liability company (“Secured Party”), pursuant to which the Purchaser agreed to purchase, on an as-is basis, all of the rights and interests of Bangarang Enterprises, LLC, a California limited liability company (d/b/a Gander Group) (“Bangarang”), in and to substantially all of the assets of Bangarang (the “Bangarang Assets”) from Secured Party as a private sale pursuant to Article 9 of the Uniform Commercial Code (the “Bangarang Transaction”).

Under the Sale Agreement, the aggregate consideration for the Bangarang Assets consisted of (a) cash payments by the Purchaser to Secured Party of \$1,098,800 (the “Cash Purchase Price”), and (b) the assumption by the Purchaser of certain liabilities totaling approximately \$5.5 million (the “Assumed Liabilities”), subject to adjustments, as described below, at and following the Closing (as defined below), including the payment at the Closing of \$150,000 to Warson Capital Partners, LLC, an investment banking firm retained by Bangarang, for its fees and expenses with respect to the Bangarang Transaction, including the marketing for sale of the Bangarang Assets (the “Transaction Expense Payment”).

At the consummation of the transactions contemplated by the Sale Agreement (the “Closing”), the Purchaser paid the Cash Purchase Price and assumed the Assumed Liabilities, including the payment of the Transaction Expense Payment. As a result of the Closing, the Company indirectly acquired substantially all of the assets of Bangarang, including all of the equity of Gander Group Louisiana, LLC, a Louisiana limited liability company (“GGLA”), which will be a wholly-owned subsidiary of the Purchaser.

The Sale Agreement contains an avoidance claim provision acknowledging that, prior to the Closing, Secured Party will have given Bangarang credit for Secured Party’s receipt of payment instruments that, on or after the date of the Closing (the “Closing Date”), (i) may not clear or may be rescinded by the bank for insufficient funds, stop payment, or the like (a “Returned Item”), or (ii) may be sought to be recovered from Secured Party on the assertion that such payment is avoidable under the Bankruptcy Code or under state law as a preference, fraudulent transfer, or otherwise (“Avoidance Claim”), and that, but for the transactions contemplated by the Sale Agreement, Secured Party would have been able to look to the accounts factored by Secured Party under the Factor Purchase Agreement (as defined by the Sale Agreement) for reimbursement or recovery of losses attendant to such Returned Items or Avoidance Claims. In light of the foregoing, Secured Party and the Purchaser agreed as follows: (a) In the event any of the payments, received by Secured Party and credited to Bangarang’s indebtedness as of the Closing Date, become a Returned Item on or after the Closing Date, Secured Party will notify the Purchaser, and the Purchaser will promptly remit funds to reimburse Secured Party for the Returned Item; and (b) in the event any of the payments received by Secured Party and/or credited to Bangarang’s indebtedness as of the Closing Date are recoverable as a result of an account debtor bankruptcy that occurs within ninety (90) days of any such payment having been made, the Purchaser will pay to Secured Party, on demand in writing, the amount of such Avoidance Claim. Additionally, the Purchaser shall indemnify and hold Secured Party harmless from and against any out-of-pocket loss, liability, claim, damage or expense, including reasonable attorneys’ fees incurred (including those incurred at all trial and appellate levels) arising out of or relating to any Avoidance Claim. The Sale Agreement also provides that, commencing after the Closing Date, all sums standing to the credit of Bangarang with Secured Party as of the Closing Date, including any unpaid purchase price with respect to all outstanding factored accounts, will be paid over by Secured Party as and when payable under the terms of the Factor Purchase Agreement, subject to Secured Party’s rights under the Factor Purchase Agreement; and all proceeds of accounts that Secured Party charged back to Bangarang under the terms of the Factor Purchase Agreement during the ninety (90) day period prior to the Closing Date will likewise be applied to the obligations of the Purchaser under the Sale Agreement.

In addition, on August 23, 2024, Bangarang and the Purchaser entered into a Release Agreement, dated as of August 23, 2024 (the “Release Agreement”). Under the Release Agreement, Bangarang granted a full and complete waiver and release of the Purchaser and its affiliates of any non-competition, non-solicitation, or similar restrictive covenants of any parties owed to Bangarang or any of its affiliates. The Release Agreement also provides that Bangarang will promptly remit the Bangarang Assets and any security deposits, checks, cash, payments, mail or other communications relating to the Bangarang Assets or the Assumed Liabilities that are received by Bangarang after the Closing Date. Bangarang will also be required to take certain steps following the Closing Date to facilitate the orderly wind-down of Bangarang, including retaining a chief wind-down officer. In addition, pursuant to the Release Agreement, on the Closing Date, and in addition to the payment of the Cash Purchase Price to Secured Party and the assumption of the Assumed Liabilities under the Sale Agreement, the Purchaser tendered to Bangarang \$370,000, which was required to be paid via wire transfer to Bangarang in an account controlled exclusively by the chief wind-down officer.

The foregoing description of the Sale Agreement and the Release Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Sale Agreement and the Release Agreement, redacted copies of which are filed as Exhibit 2.1 and Exhibit 2.2 to this Current Report, respectively. The foregoing description has been included to provide investors and security holders with information regarding the terms of the Sale Agreement and the Release Agreement and is qualified in its entirety by the terms and conditions of the Sale Agreement and the Release Agreement, respectively. It is not intended to provide any other factual information about the Company, the Purchaser, Bangarang, Secured Party, or their respective subsidiaries and affiliates. The Sale Agreement and the Release Agreement contain representations, warranties and covenants by each of the parties to the Sale Agreement and the Release Agreement, respectively, which were made only for purposes of the Sale Agreement and the Release Agreement, respectively, and as of respective specified dates. The representations, warranties and covenants in the Sale Agreement and the Release Agreement were made solely for the benefit of the parties to the Sale Agreement and the Release Agreement, respectively, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Sale Agreement and the Release Agreement, respectively, instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the Company or any of its subsidiaries. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Sale Agreement and the Release Agreement, respectively, which subsequent information may or may not be fully reflected in the Company’s public disclosures.

There were no material relationships, other than in respect of the Bangarang Transaction, the Sale Agreement, and the Release Agreement, between the Secured Party or Bangarang and the Company, the Purchaser, any of the Company's or the Purchaser's affiliates, including any director or officer of the Company or the Purchaser, or any associate of any director or officer of the Company or the Purchaser.

Item 9.01 Financial Statements and Exhibits.

(b) Pro forma financial information.

The unaudited pro forma combined statements of operations for the year ended December 31, 2023 and six-month period ended June 30, 2024 for the Company and Bangarang are included as Exhibit 99.1 hereto.

(d) Exhibits

Exhibit No.	Description of Exhibit
2.1*+	Secured Party Sale Agreement, dated as of August 23, 2024, between Stran Loyalty Solutions, LLC and Sallyport Commercial Finance, LLC (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed on August 26, 2024)
2.2*	Release Agreement, dated as of August 23, 2024, between Bangarang Enterprises, LLC and Stran Loyalty Solutions, LLC (incorporated by reference to Exhibit 2.2 of the Current Report on Form 8-K filed on August 26, 2024)
99.1	Unaudited pro forma combined statements of operations of Stran & Company, Inc. and Bangarang Enterprises, LLC for the fiscal year ended December 31, 2023 and the six months ended June 30, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Portions of this exhibit have been omitted in compliance with Regulation S-K Item 601(b)(2)(ii) because the Company has determined that the information is not material and is the type that the Company treats as private or confidential.

+ The schedules and other attachments to this exhibit have been omitted. The Company agrees to furnish a copy of any omitted schedules or attachments to the SEC upon request.

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: April 7, 2025

STRAN & COMPANY, INC.

/s/ Andrew Shape

Name: Andrew Shape

Title: President and Chief Executive Officer

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following unaudited pro forma combined financial information has been prepared in accordance with Article 11 of Regulation S-X under the Securities Act of 1933, as amended and presents the pro forma effects of the acquisition (such transaction, the “Acquisition”) by Stran Loyalty Solutions, LLC (“SLS”), a wholly owned subsidiary of Stran & Company, Inc. (the “Company” or “Stran”), of all of the rights and interests in and to substantially all of the assets of Bangarang Enterprises, LLC, a California limited liability company (d/b/a Gander Group) (“Gander Group”) for total cash consideration of \$1.5 million completed as of August 23, 2024 (“Closing Date”).

Description of the Acquisition

On August 23, 2024, Stran Loyalty Solutions entered into a Secured Party Sale Agreement, dated as of August 23, 2024 (the “Sale Agreement”), between Stran Loyalty Solutions and Sallyport Commercial Finance, LLC, a Delaware limited liability company (“Secured Party”), pursuant to which Stran Loyalty Solutions agreed to purchase, on an as-is basis, all of the rights and interests of Gander Group, in and to substantially all of Gander Group Assets from Secured Party as a private sale pursuant to Article 9 of the Uniform Commercial Code (the “Gander Group Transaction”).

Under the Sale Agreement, the aggregate consideration for the Gander Group Assets consisted of (a) cash payments by Stran Loyalty Solutions to Secured Party of approximately \$1.1 million (the “Cash Purchase Price”), and (b) cash payment of \$370 thousand per the Release Agreement (as defined below). The aggregate purchase price was \$1.5 million.

As a result of the Gander Group Transaction Closing, the Company indirectly acquired substantially all of the assets of Gander Group, including all of the equity of Gander Group Louisiana, LLC, a Louisiana limited liability company, which became a wholly-owned subsidiary of Stran Loyalty Solutions.

In addition, Stran Loyalty Solutions entered into a Release Agreement, dated as of August 23, 2024, between Gander Group and Stran Loyalty Solutions (the “Release Agreement”). Under the Release Agreement, Gander Group granted a full and complete waiver and release of Stran Loyalty Solutions and its affiliates of any non-competition, non-solicitation, or similar restrictive covenants of any parties owed to Gander Group or any of its affiliates and Stran was required to pay an additional \$370 thousand to Gander Group.

The Sale Agreement and the Release Agreement included provisions for indemnification, reimbursement for returned items, handling of assets and liabilities during Gander Group’s wind-down, and certain other matters.

Accounting for the Acquisition

The Acquisition was accounted for as a business combination using the acquisition method with Stran as the accounting acquirer in accordance with Accounting Standards Codification Topic 805 (“ASC 805”), Business Combinations. Under ASC 805, assets acquired and liabilities assumed in a business combination are to be recognized and measured at their estimated acquisition date fair value.

Basis of Pro Forma Presentation

The Acquisition has been accounted for in the Unaudited Pro Forma Combined Statements of Operations for the six months ended June 30, 2024, and the year ended December 31, 2023, as if the Acquisition had been completed on January 1, 2023.

A pro forma balance sheet is not presented, as the Company’s most recent balance sheet already reflects the Acquisition.

This unaudited pro forma combined financial information was based on and should be read in conjunction with:

- The Company’s historical financial statements and accompanying notes in its Form 10-Q for the six months ended June 30, 2024;
- The Company’s historical financial statements and accompanying notes in its Annual Report on Form 10-K/A for the fiscal year ended December 31, 2023;
- The historical financial information of Gander Group for the six months ended June 30, 2024; and
- The historical financial information of Gander Group for the year ended December 31, 2023.

The unaudited pro forma combined financial information is provided for informational purposes only and is not necessarily indicative of results that would have occurred had the Acquisition been completed as of the dates indicated. In addition, the unaudited pro forma combined financial information does not purport to be indicative of the future financial position or operating results of the combined entity. The pro forma adjustments are based on the information currently available and the assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma combined financial information.

STRAN & COMPANY, INC.
UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
Six Months Ended June 30, 2024

	Stran (Historical)	Gander Group (Historical)	Transaction Accounting Adjustments	Pro Forma Combined
SALES				
Sales	\$ 35,474	\$ 24,911	\$ —	\$ 60,385
Sales – related parties	46	—	—	46
Total sales	35,520	24,911	—	60,431
COST OF SALES:				
Cost of sales	24,405	20,086	—	44,491
Cost of sales - related parties	35	—	—	35
Total cost of sales	24,440	20,086	—	44,526
GROSS PROFIT	11,080	4,825	—	15,905
OPERATING EXPENSES:				
General and administrative expenses	12,857	3,899	73 A	16,829
Goodwill impairment	—	—	—	—
Total operating expenses	12,857	3,899	73	16,829
(LOSS) INCOME FROM OPERATIONS	(1,777)	926	(73)	(924)
OTHER INCOME (EXPENSE):				
Other income	16	1,999	—	2,015
Interest income (expense)	175	(532)	391 D	34
Realized gain on investments	73	—	—	73
Total other income	264	1,467	391	2,122
(LOSS) INCOME BEFORE INCOME TAXES	(1,513)	2,393	318	1,198
Provision for income taxes	3	—	—	3
NET (LOSS) INCOME	\$ (1,516)	\$ 2,393	\$ 318	\$ 1,195
NET LOSS ATTRIBUTABLE TO PARENT	\$ —	\$ 2,264	\$ (2,264)	E \$ —
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	\$ —	\$ 129	\$ (129)	E \$ —
NET (LOSS) INCOME PER COMMON SHARE				
Basic	\$ (0.08)			\$ 0.06
Diluted	\$ (0.08)			\$ 0.06
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING				
Basic	18,581,957			18,581,957
Diluted	18,581,957			18,581,957

STRAN & COMPANY, INC.
UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
Year Ended December 31, 2023

	<u>Stran (Historical)</u>	<u>Gander Group (Historical)</u>	<u>Transaction Accounting Adjustments</u>	<u>Pro Forma Combined</u>
SALES				
Sales	\$ 75,147	\$ 34,768	\$ —	\$ 109,915
Sales – related parties	853	—	—	853
Total sales	<u>76,000</u>	<u>34,768</u>	<u>—</u>	<u>110,768</u>
COST OF SALES:				
Cost of sales	50,492	25,979	—	76,471
Cost of sales - related parties	656	—	—	656
Total cost of sales	<u>51,148</u>	<u>25,979</u>	<u>—</u>	<u>77,127</u>
GROSS PROFIT	24,852	8,789	—	33,641
OPERATING EXPENSES:				
General and administrative expenses	25,310	8,341	146 A 435 B	34,232
Goodwill impairment	810	—	—	810
Total operating expenses	<u>26,120</u>	<u>8,341</u>	<u>581</u>	<u>35,042</u>
LOSS FROM OPERATIONS	(1,268)	448	(581)	(1,401)
OTHER INCOME:				
Other income, net	186	360	—	546
Interest income (expense)	570	(2,637)	(27) C 2,280 D	186
Change in fair value of earnout liability	65	—	—	65
Realized gain on investments	103	—	—	103
Total other income	<u>924</u>	<u>(2,277)</u>	<u>2,253</u>	<u>900</u>
LOSS BEFORE INCOME TAXES	(344)	(1,829)	1,672	(501)
Provision for income taxes	41	—	—	41
NET LOSS	\$ (385)	\$ (1,829)	\$ 1,672	\$ (542)
NET LOSS ATTRIBUTABLE TO PARENT	\$ —	\$ (1,780)	\$ 1,780 E	\$ —
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	\$ —	\$ (49)	\$ 49 E	\$ —
NET LOSS PER COMMON SHARE				
Basic	\$ (0.02)			\$ (0.03)
Diluted	\$ (0.02)			\$ (0.03)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING				
Basic	18,519,892			18,519,892
Diluted	18,519,892			18,519,892

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION (in thousands)

Note 1 - Basis of Pro Forma Presentation

Basis of Preparation of the Pro Forma Information

The Unaudited Pro Forma Combined Statements of Operations have been prepared using, and should be read in conjunction with, the following:

- The Company's historical financial statements and accompanying notes in its Quarterly Reports on Form 10-Q for the six months ended June 30, 2024;
- The Company's historical financial statements and accompanying notes in its Annual Reports on Form 10-K/A for the fiscal year ended December 31, 2023;
- The historical financial information of Gander Group for the six months ended June 30, 2024; and
- The historical financial information of Gander Group for the year ended December 31, 2023.

The following unaudited pro forma combined financial information has been prepared in accordance with Article 11 of Regulation S-X. The Transaction Accounting Adjustments reflecting the Acquisition based on certain currently available information and certain assumptions and methodologies that the Company believes are reasonable under the circumstances. The Transaction Accounting Adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the Transaction Accounting Adjustments, and it is possible such differences may be material. The Company believes that these assumptions and methodologies provide a reasonable basis for presenting all the significant effects of the Acquisition based on information available to management at the time and that the Transaction Accounting Adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial information.

Accounting for the Transaction

The unaudited pro forma combined financial information was prepared using the acquisition method of accounting and is based on the historical financial statements of Stran and Gander Group. The acquisition method of accounting is based on Accounting Standards Codification ("ASC") 805, Business Combinations, with the Company as the accounting acquirer, and uses the fair value concepts defined in ASC 820, Fair Value Measurement.

ASC 805 requires, among other things, that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. In addition, ASC 805 requires that the consideration transferred be measured at the date the Acquisition is completed.

ASC 820 defines the term "fair value," sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, Stran may be required to record the fair value of assets which are not intended to be used or sold and/or to value assets at fair value measures that do not reflect Stran's intended use of those assets. Many of these fair value measurements can be highly subjective, and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Under the acquisition method of accounting, the assets acquired and liabilities assumed are recorded, as of the completion of the Acquisition, primarily at their respective fair values, with the excess of the purchase consideration over the fair value of Gander Group's net assets, allocated to goodwill, if any, and added to those of Stran. Financial statements and reported results of operations of Stran issued after completion of the Acquisition will reflect these values and will not be retroactively restated to reflect the historical financial position or results of operations of Gander Group. The pro forma allocation of the purchase price reflected in the unaudited pro forma combined financial information is preliminary and thus subject to adjustment and may vary materially from the final purchase price allocation that will be completed within the measurement period, but in no event later than one year following the Closing Date.

Under ASC 805, acquisition-related transaction costs (e.g., advisory, legal and other professional fees) are not included as a component of consideration transferred but are accounted for as expenses in the periods in which such costs are incurred. Total acquisition-related transaction costs incurred by Stran were \$435 thousand and incurred after June 30, 2024. These acquisition related transaction costs are reflected as a pro forma adjustment to the unaudited pro forma combined statements of operations.

The unaudited pro forma combined financial statements do not include any adjustments to the realization of any costs (or cost savings) from operating efficiencies, synergies, or other restructuring activities that might result from the Gander Group Transaction. The pro forma adjustments represent management’s best estimates and are based upon currently available information and certain assumptions that the Company believes are reasonable under the circumstances.

The unaudited pro forma combined financial information is presented for informational purposes only and does not necessarily indicate the financial results of the combined company had the companies been combined at the beginning of the period presented, nor does it necessarily indicate the results of operations in future periods or the future financial position of the combined company.

Note 2 - Accounting Policies and Reclassifications

Upon consummation of the Gander Group Transaction, the Company performed a comprehensive review of the two entities’ accounting policies. Based on its analysis, the Company did not identify any differences that would have a material impact on the unaudited pro forma combined financial information. As a result, the unaudited pro forma combined financial information does not assume any differences in accounting policies.

As part of the preparation of these unaudited pro forma combined financial statements, certain reclassifications were made to align Gander Group’s financial statement presentation with that of Stran.

Note 3 - Transaction and Estimated Purchase Consideration

Under the Sale Agreement, the aggregate consideration for the Gander Group Assets consisted of (a) cash payments by Stran Loyalty Solutions to Secured Party of approximately \$1,099 (the “Cash Purchase Price”), and (b) cash payment of \$370 per the Release Agreement (as defined below). The aggregate purchase price was \$1,469.

The estimated purchase price allocation is based on preliminary estimates of fair value as follows (in thousands):

Preliminary Amount Recognized as of the Acquisition Date

Assets acquired	
Accounts receivable	\$ 1,717
Prepaid expenses and other assets	946
Inventory	939
Customer Relationship	1,458
Trade Name	654
Other long-term assets	58
Goodwill	2,542
Total assets acquired	<u>\$ 8,314</u>
Liabilities assumed	
Accounts payable and accrued expenses	\$ 4,698
Customer deposits	2,147
Total liabilities assumed	<u>\$ 6,845</u>
Net assets acquired	<u>1,469</u>

The Gander Group Assets were valued using a combination of a multi-period excess earnings methodology, a form of a discounted cash flow approach, and a relief from royalty methodology, a form of a present value of cash flows approach. The goodwill represents the excess fair value after the allocation of intangibles, of which approximately \$2,542 is expected to be deductible for tax purposes.

The Company used the assistance of a third-party firm to estimate the fair value of the intangible assets acquired.

Identifiable intangible assets acquired were comprised of the following (in thousands, except for estimated useful life):

	Amount	Estimated Life
Trade name	\$ 654	Indefinite
Customer relationships	1,458	10 years
Total intangible assets	<u>\$ 2,112</u>	

Note 4 - Transaction Accounting Adjustments to Unaudited Pro Forma Combined Statements of Operations

The Transaction Accounting Adjustments included in the Unaudited Pro Forma Condensed Combined Statements of Operations for the six months ended June 30, 2024, and the year ended December 31, 2023 are as follows:

- (A) Represents pro forma adjustment to reflect amortization expense for customer relationships with a useful life of ten years.
- (B) Represents pro forma adjustment to reflect Stran transaction cost of \$435 that was paid in cash.
- (C) Represents pro forma adjustments to eliminate interest income associated with a loan to a member that was excluded from acquired assets.
- (D) Represents pro forma adjustments to eliminate interest expense associated with a contractual obligation and notes payable that were excluded from assumed liabilities.
- (E) Represents pro forma adjustments to eliminate allocation of net loss between parent and noncontrolling interest.