

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-41038

STRAN & COMPANY, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

04-3297200

(I.R.S. 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)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 9, 2025, there were a total of 18,608,408 shares of the registrant's common stock outstanding.

STRAN & COMPANY, INC.

Quarterly Report on Form 10-Q
Period Ended March 31, 2025

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

STRAN & COMPANY, INC.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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STRAN & COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	March 31, 2025 (Unaudited)	December 31, 2024
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,236	\$ 9,358
Investments	7,939	8,856
Accounts receivable, net	18,296	18,092
Accounts receivable - related parties, net	402	573
Inventory	7,656	5,389
Prepaid corporate taxes	67	28
Prepaid expenses	2,570	2,308
Deposits	945	423
Other current assets	117	455
Total current assets	<u>42,228</u>	<u>45,482</u>
Property and equipment, net	1,684	1,701
OTHER ASSETS:		
Intangible assets - customer lists, net	4,040	4,170
Intangible assets - trade name	654	654
Goodwill	2,321	2,321
Other assets	—	23
Right of use asset - office leases	1,234	797
Total other assets	<u>8,249</u>	<u>7,965</u>
Total assets	<u>\$ 52,161</u>	<u>\$ 55,148</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 8,993	\$ 8,919
Accrued payroll and related	1,531	1,513
Unearned revenue	6,410	4,423
Rewards program liability	875	6,000
Sales tax payable	378	353
Current portion of contingent earn-out liabilities	256	256
Current portion of installment payment liabilities	337	365
Current portion of lease liability	455	366
Total current liabilities	<u>19,235</u>	<u>22,195</u>
LONG-TERM LIABILITIES:		
Long-term contingent earn-out liabilities	455	455
Long-term installment payment liabilities	425	425
Long-term lease liability	774	432
Total long-term liabilities	<u>1,654</u>	<u>1,312</u>
Total liabilities	<u>20,889</u>	<u>23,507</u>
Commitments and contingencies (Note K)		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.0001 par value; 50,000,000 shares authorized, 0 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	—	—
Common stock, \$0.0001 par value; 300,000,000 shares authorized, 18,608,407 and 18,598,574 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	2	2
Additional paid-in capital	38,400	38,391
Accumulated deficit	(7,135)	(6,742)
Accumulated other comprehensive loss	5	(10)
Total stockholders' equity	<u>31,272</u>	<u>31,641</u>
Total liabilities and stockholders' equity	<u>\$ 52,161</u>	<u>\$ 55,148</u>

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

STRAN & COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(in thousands, except share and per share amounts)
(unaudited)

	<u>2025</u>	<u>2024</u>
SALES		
Sales	\$ 28,694	\$ 18,781
Sales – related parties	—	46
Total sales	<u>28,694</u>	<u>18,827</u>
COST OF SALES:		
Cost of sales	20,212	13,178
Cost of sales - related parties	—	35
Total cost of sales	<u>20,212</u>	<u>13,213</u>
GROSS PROFIT	8,482	5,614
OPERATING EXPENSES:		
General and administrative expenses	9,017	6,279
Total operating expenses	<u>9,017</u>	<u>6,279</u>
LOSS FROM OPERATIONS	(535)	(665)
OTHER INCOME:		
Other (expense) income	(5)	15
Interest income	42	93
Realized gain on investments	67	70
Total other income	<u>104</u>	<u>178</u>
LOSS BEFORE INCOME TAXES	(431)	(487)
Provision (benefit) for income taxes	(38)	—
NET LOSS	\$ (393)	\$ (487)
NET LOSS PER COMMON SHARE		
Basic and diluted	\$ (0.02)	\$ (0.03)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING		
Basic and diluted	18,608,407	18,574,748

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

STRAN & COMPANY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(in thousands)
(unaudited)

	<u>2025</u>	<u>2024</u>
Net loss	\$ (393)	\$ (487)
Other comprehensive income:		
Unrealized gain (loss) on investment, net of tax	15	(67)
Total other comprehensive income	<u>15</u>	<u>(67)</u>
Comprehensive loss	<u>\$ (378)</u>	<u>\$ (554)</u>

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

STRAN & COMPANY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(in thousands, except share amounts)
(unaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity
	Shares	Value	Shares	Value				
Balance, January 1, 2025	—	\$ —	18,598,574	\$ 2	\$ 38,391	\$ (10)	\$ (6,742)	\$ 31,641
Stock-based compensation	—	—	9,833	—	9	—	—	9
Other comprehensive income	—	—	—	—	—	15	—	15
Net loss	—	—	—	—	—	—	(393)	(393)
Balance, March 31, 2025	—	\$ —	18,608,407	\$ 2	\$ 38,400	\$ 5	\$ (7,135)	\$ 31,272

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity
	Shares	Value	Shares	Value				
Balance, January 1, 2024	—	\$ —	18,539,000	\$ 2	\$ 38,263	\$ (13)	\$ (2,602)	\$ 35,650
Stock-based compensation	—	—	50,086	—	150	—	—	150
Other comprehensive income	—	—	—	—	—	(67)	—	(67)
Net loss	—	—	—	—	—	—	(487)	(487)
Balance, March 31, 2024	—	\$ —	18,589,086	\$ 2	\$ 38,413	\$ (80)	\$ (3,089)	\$ 35,246

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

STRAN & COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(in thousands)
(unaudited)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (393)	\$ (487)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	272	129
Adjustment to reconcile operating lease expense to cash paid	(6)	19
Change in allowance for credit losses	319	(215)
Noncash interest accretion	12	55
Stock-based compensation	9	150
Changes in operating assets and liabilities:		
Accounts receivable, net	(423)	2,229
Accounts receivable – related parties, net	71	(25)
Inventory	(2,267)	551
Prepaid corporate taxes	(38)	62
Prepaid expenses	(262)	5
Deposits	(522)	139
Other Assets	361	—
Accounts payable and accrued expenses	70	(1,397)
Accrued payroll and related	18	(858)
Unearned revenue	1,988	(524)
Rewards program liability	(5,125)	1,975
Sales tax payable	25	251
Net cash (used in) provided by operating activities	<u>(5,891)</u>	<u>2,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(124)	(188)
Proceeds from sale of investments	1,200	3,000
Purchase of investments	(267)	(3,384)
Net cash provided by (used in) investing activities	<u>809</u>	<u>(572)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of installment payment liabilities	(40)	(60)
Net cash used in financing activities	<u>(40)</u>	<u>(60)</u>
NET (DECREASE) INCREASE IN CASH	(5,122)	1,427
CASH AND CASH EQUIVALENTS - BEGINNING	9,358	8,059
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,236</u>	<u>\$ 9,486</u>

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

STRAN & COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(CONTINUED)
(in thousands)
(unaudited)

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	<u>2025</u>	<u>2024</u>
<i>Cash paid during the period for:</i>		
Interest	\$ 24	\$ —
Income taxes	\$ —	\$ —
<i>Noncash investing and financing activities:</i>		
Right of Use Asset	\$ 548	\$ —
Assumed Lease Liability	\$ (548)	\$ —

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

STRAN & COMPANY, INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)

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.

On August 23, 2024, Stran Loyalty Solutions, LLC, a Nevada limited liability company (the "Purchaser" or "Stran Loyalty Solutions"), a wholly-owned subsidiary of the Company, 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 the assets of Gander Group (the "Gander Group Assets") from Secured Party as a private sale pursuant to Article 9 of the Uniform Commercial Code (the "Gander Group Transaction").

The Gander Group Transaction was treated as a business combination in accordance with Accounting Standards Codification ("ASC") 805, Business Combinations. Stran Loyalty Solutions is a wholly owned subsidiary of the Company and Gander Group Louisiana, LLC is a wholly owned subsidiary of Stran Loyalty Solutions.

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. Basis of Presentation - The accompanying unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2025, include the accounts of the Company and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and the notes thereto included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 14, 2025.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, and we believe that the disclosures are adequate to make the information presented not misleading. In our opinion, all adjustments (consisting solely of normal recurring adjustments) necessary to state fairly the information in the following unaudited condensed consolidated financial statements of the Company have been included. The results of operations for interim periods are not necessarily indicative of the results for the full year.

5. Principles of Consolidation - The Company's consolidated financial statements include the accounts of its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.
6. 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 disclosure of certain assets, liabilities and expenses. The most significant estimates in the Company's financial statements relate to the fair value of assets and liabilities assumed in acquisitions. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results may differ materially and adversely from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations will be affected.

STRAN & COMPANY, INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)

7. Fair Value Measurements and Fair Value of Financial Instruments - The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

The carrying value of certain financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

8. 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.

As of March 31, 2025 and December 31, 2024, the Company maintained deposits in four banks that exceeded the federal insured deposit limit of the Federal Deposit Insurance Corporation (FDIC).

For the three months ended March 31, 2025, the Company had one major customer to which sales accounted for 16.5% of the Company's revenues. The Company had accounts receivable from this customer amounting to 10.5% of the total accounts receivable balance. The Company had an additional customer with an accounts receivable balance amounting to 18.1% of the total accounts receivable balance as of March 31, 2025.

For the three months ended March 31, 2024, the Company had one major customer to which sales accounted for approximately 20% of the Company's revenues. The Company had accounts receivable from this customer amounting to 10.6% of the total accounts receivable balance.

9. Revenue Recognition - The Company accounts for revenue under ASC 606, Revenue for Contracts with Customers ("ASC 606"). Revenue is generated through various types of transactions, including promotional product sales, administering a customer's rewards program, administering redemption code programs, and additional contract add-ons to enhance customer experience. The Company follows the five step model of revenue recognition:

- i. identify the contract(s) with a customer;
- ii. identify the performance obligations in the contract;
- iii. determine the transaction price;
- iv. allocate the transaction price to the performance obligations within the contract; and
- v. recognize revenue when (or as) the entity satisfies a performance obligation.

STRAN & COMPANY, INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)

The Company's contract assessment and approval varies based on whether the customer requests a one-time sale or a long-term contract. Customers with long-term contracts require signed Master Sales Agreements, while one-time sales contracts may be approved via email, electronic signature, or verbally. Once the contract is identified and approved, the Company assesses the goods or services promised within the contract to determine whether each promised good or service is a performance obligation. The Company identifies each piece of promotional product as an individual performance obligation based on the following fact pattern. Customers can benefit from each item of promotional product produced on its own. Each piece of promotional product does not significantly modify or customize other promotional products and are not highly interdependent or interrelated with each other. The Company can, and frequently does, break portions of contracts into separate shipments to meet Customer demands. As such, each piece of promotional product is considered a separate and distinct performance obligation.

The transaction price for the majority of the Company's sales can be clearly identified in a significant majority of the contracts due to an observable selling price. The transaction price is then allocated to the performance obligation(s), i.e. promotional product. The agreements include clearly identified prices.

The Company recognizes revenue when or as performance obligations are satisfied by transferring control of a promised good or service to a customer. Stran evaluates transfer of control primarily from the customer's perspective. Considering the transaction from the customer's perspective reduces the risk that revenue is recognized for activities that do not transfer control of a good or service to the customer. Management determines, at contract inception, whether control of a good or service transfers to a customer over time or at a point in time. The assessment of whether control transfers over time or at a point in time is critical to the timing of revenue recognition.

10. Accounts Receivable and Allowance for Credit Losses - Accounts receivable as of March 31, 2025 and December 31, 2024, includes allowance for credit losses of \$1,110 and \$791 (inclusive of \$427 and \$327 for related party receivables), respectively.

	March 31, 2025	December 31, 2024
Trade accounts receivable	\$ 18,979	\$ 18,556
Less: allowance for credit losses on accounts receivable	(683)	(464)
Total accounts receivable, net	\$ 18,296	\$ 18,092
Accounts receivable - related party	829	900
Less: allowance for credit losses on accounts receivable - related party	(427)	(327)
Total accounts receivable - related party, net	402	573
Total accounts receivable from all sources	\$ 18,698	\$ 18,665

The Company evaluates our accounts receivable through a continuous process of assessing our portfolio on an individual customer and overall basis. This process consists of a thorough review of historical collection experience, current aging status of the customer accounts and the financial condition of our customers. The Company also considers the economic environment of our customers, both from a marketplace and geographic perspective, in evaluating the need for an allowance. Based on our review of these factors, we establish or adjust allowances for specific customers. Credit losses can vary substantially over time and the process involves judgment and estimation that require a number of assumptions about matters that are uncertain. Accordingly, our results of operations can be affected by adjustments to the allowance due to actual write-offs that differ from estimated amounts. See Note P, "Credit Losses," to our financial statements included in this report for more information.

11. Goodwill - Goodwill represents the excess purchase price of the acquired businesses over the fair value of identifiable net assets acquired. Goodwill is not amortized; rather, it is subject to a periodic assessment for impairment. The Company reviews goodwill for possible impairment annually on October 1 every year or whenever events or circumstances indicate that the carrying amount may not be recoverable.

STRAN & COMPANY, INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)

To determine whether goodwill is impaired, annually or more frequently if needed, the Company performs a multi-step impairment test. Impairment testing is conducted at the reporting unit level. The Company first has the option to assess qualitative factors to determine if it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value. Under ASC 350, Intangibles - Goodwill and Other, the qualitative assessment requires the consideration of factors such as recent market transactions, macroeconomic conditions, and changes in projected future cash flows or planned revenue or earnings of the reporting unit as potential indicators when determining the need for a quantitative assessment of impairment. The Company may also elect to skip the qualitative testing and proceed directly to the quantitative testing. When performing quantitative testing, the Company first estimates the fair values of its reporting unit using a combination of an income and market approach. To determine fair values, the Company is required to make assumptions about a wide variety of internal and external factors. Significant assumptions used in the impairment analysis include financial projections of free cash flow (including significant assumptions about operations including the rate of future revenue growth, capital requirements, and income taxes), long-term growth rates for determining terminal value, and discount rates. Comparative market multiples are used to corroborate the results of the discounted cash flow test. These assumptions require significant judgement. The single step is to determine the estimated fair value of the reporting unit and compare it to the carrying value of the reporting unit, including goodwill. If we conclude based on our qualitative assessment that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we then measure the fair value of the reporting unit and compare its fair value to its carrying value (Step 1 of the goodwill impairment test). The majority of the inputs used in the discounted cash flow model are unobservable and thus are considered to be Level 3 inputs. The inputs for the market capitalization calculation are considered Level 1 inputs.

12. **Uncertainty in Income and Other Taxes** - The Company adopted the standards for Accounting for Uncertainty in Income Taxes, which required the Company to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of March 31, 2025 and December 31, 2024, the Company determined it had uncertain tax positions of \$3,211 and \$3,141, respectively. The Company believes the impact will not be material as it will be able to utilize net operating losses to offset a majority of the risk. The Company recorded a nominal amount of interest expense which is included as part of income tax expense.

13. **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 offset by a valuation allowance.

The Company's effective tax rate for the three months ended March 31, 2025, and 2024 was 8.89% and (0.00%) respectively. The increase in the effective tax rate from the comparison of 2025 and 2024, as noted above, primarily relates to the Company's taxable income forecast for 2025, as of the current period. The Company has maintained a full valuation allowance against its deferred tax assets as of the current period based on its consideration of available evidence.

14. **Stock-Based Compensation** - The Company accounts for its stock-based awards in accordance with ASC 718, Compensation - Stock Compensation. ASC 718 requires all stock-based payments to employees to be recognized in the consolidated statements of operations based on their fair values. The Company uses the Black-Scholes option pricing model to determine the fair value of options granted. The Company is recognizing compensation costs only for those stock-based awards expected to vest after considering expected forfeitures. Cumulative compensation expense is at least equal to the compensation expense for vested awards. Stock-based compensation is recognized on a straight-line basis over the service period of each award. The Company records compensation cost as an element of general and administrative expense in the accompanying consolidated statements of operations.

15. **Stock Option and Warrant Valuation** - Stock option and warrant valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived from an index of historical stock prices for comparable entities. For warrants and stock options issued to non-employees, the Company accounts for the expected life based on the contractual life of the warrants and stock options. For employees, the Company accounts for the expected life of options in accordance with the "simplified" method, which is used for "plain-vanilla" options, as defined in the accounting standards codification. The risk-free interest rate was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options.

16. **Segments** - In its operation of the business, management, including our chief operating decision maker (CODM), who is also our CEO, reviews certain financial information, including segmented internal profit and loss statements prepared on a basis not consistent with GAAP.

STRAN & COMPANY, INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)

For each of its segments, the CODM uses segment revenue, gross margin and segment operating income in the annual budgeting and forecasting process. The CODM considers budget-to-actual variances on a monthly basis for profit measures when making decisions about allocating capital and personnel to the segments. The CODM also uses segment gross margin for evaluating product pricing and segment operating income to assess the performance for each segment by comparing the results and return on assets of each segment with one another. The CODM uses segment gross margin and segment operating income in determining the compensation of certain employees.

During the periods presented, we reported our financial performance based on the following segments: Stran & Company, Inc. and Stran Loyalty Solutions, LLC.

17. Recent Accounting Pronouncements - Management has reviewed the following recent accounting pronouncements:

2023-09 – Income Taxes (Topic 740)

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, which amends the guidance on income tax disclosures. This update aims to improve the transparency and usefulness of income tax disclosures by requiring entities to provide more detailed information about the nature and effects of income tax uncertainties, the components of income tax expense, and the effective tax rate reconciliation. Additionally, the ASU mandates enhanced disclosures about deferred tax assets and liabilities, including the valuation allowance and the impact of tax law changes.

The guidance is effective for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025, with early adoption permitted. The Company is currently evaluating the timing and impacts of adoption of this ASU.

2024-01 – Compensation – Stock Compensation (Topic 718)

In March 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-01, which clarifies the accounting for profits interest awards. This update provides guidance on determining whether a profits interest or similar award falls within the scope of ASC 718 (Compensation—Stock Compensation) or other guidance. The ASU aims to ensure consistency and transparency in the accounting for these awards by providing clearer criteria and illustrative examples.

The guidance is effective for fiscal years and interim periods beginning after December 15, 2024, with early adoption permitted. The Company adopted the standard on January 1, 2025. The standard did not have a material impact of the Company's financial statements.

2024-03 - Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosure

In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03"), which requires the disaggregation, in the notes to the financial statements, of certain cost and expense captions presented on the face of the Company's Statement of Operations, to provide enhanced transparency to investors. The update may be applied either prospectively or retrospectively. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted.

The Company is currently evaluating the impact ASU 2024-03 will have on its disclosures.

18. Subsequent Events - Management has evaluated events occurring after the balance sheet date through May 15, 2025, the date on which the financial statements were filed.

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B. FAIR VALUE MEASUREMENTS:

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2025 and December 31, 2024. The carrying amount of accounts payable approximated fair value as they are short term in nature. The fair value of stock options are estimated based on the Black-Scholes model during the three months ended March 31, 2025 and the year ended December 31, 2024.

Fair Value on a Recurring Basis

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period. The estimated fair value of the Company's investments and money market accounts represent Level 1 measurements. The estimated fair value of the earn-out liabilities represent Level 3 measurements. The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2025 and December 31, 2024, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description	Level	March 31, 2025	December 31, 2024
Assets:			
Investments	1	\$ 7,939	\$ 8,856
Liabilities:			
Earn-out liabilities	3	\$ 711	\$ 711

Investments

The Company's investments consisted of the following as of March 31, 2025:

	Cost	Unrealized Gain (Loss)	Fair Value
Money market fund	\$ 4,105	\$ —	\$ 4,105
Corporate bonds	2,763	7	2,770
Mutual funds	267	—	267
US Treasury bills	799	(2)	797
	<u>\$ 7,934</u>	<u>\$ 5</u>	<u>\$ 7,939</u>

The Company's investments consisted of the following as of December 31, 2024:

	Cost	Unrealized Gain (Loss)	Fair Value
Money market fund	\$ 4,843	\$ —	\$ 4,843
Corporate bonds	2,958	(6)	2,952
Mutual funds	267	—	267
US Treasury bills	798	(4)	794
	<u>\$ 8,866</u>	<u>\$ (10)</u>	<u>\$ 8,856</u>

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Earn-Out Liabilities

A reconciliation of the earn-out liability is included below:

Balance as of December 31, 2024	\$	711
Payments earned and paid		—
Loss upon re-measurement		—
Balance as of March 31, 2025	\$	711
Current portion of contingent earn-out liabilities	\$	256
Long-term contingent earn-out liabilities	\$	455

Fair Value on a Non-Recurring Basis

Installment Payment Liabilities

The estimated fair value of the installment payment liabilities represent a Level 2 measurement. The Company measures the initial installment payment liabilities at fair value by discounting the contractually agreed upon payments by Bloomberg's B+ corporate yield curve as of the valuation date, using rates commensurate with the term to payment. The credit rating was determined utilizing Bloomberg's default risk function for the Company as of the valuation date. The installment payments and payment date (term) are based on the purchase agreements and the discount rate represents a quoted market price classified within Level 2 of the fair value hierarchy. All assumptions utilized in the determination of the fair values of assets and liabilities acquired in the Company's business combinations were determined to be Level 3 in the fair value hierarchy, see Note F. "Acquisitions" for the valuation assumptions used.

C. INVENTORY:

Inventory consists of the following:

	March 31, 2025	December 31, 2024
Finished goods (branded products)	\$ 7,439	\$ 5,093
Goods in process (un-branded products)	217	296
	\$ 7,656	\$ 5,389

D. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net consists of the following:

	March 31, 2025	December 31, 2024
Leasehold improvements	\$ 6	\$ 6
Office furniture and equipment	688	660
Software	3,063	2,967
Transportation equipment	62	62
	3,819	3,695
Accumulated depreciation	(2,135)	(1,994)
	\$ 1,684	\$ 1,701

The Company recorded depreciation expense of \$142 and \$43 for the three months ended March 31, 2025 and 2024, respectively.

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E. GOODWILL AND INTANGIBLE ASSETS:

The following table summarizes the activity in the Company's goodwill balance:

Balance as of December 31, 2023 (1)	\$	—
Gander Group Acquisition (see Note F)		2,542
Measurement period adjustment		(221)
Balance as of December 31, 2024	\$	2,321
Balance as of March 31, 2025	\$	2,321

(1) Net of accumulated impairment loss of \$1,992 as of December 31, 2023.

The following table presents details of the Company's intangible assets, estimated lives and related accumulated amortization:

	Weighted-Average Remaining Useful Life	As of March 31, 2025			As of December 31, 2024		
		Gross	Accumulated Amortization	Net Carrying Amount	Gross	Accumulated Amortization	Net Carrying Amount
Customer lists	8.4 years	\$ 5,175	\$ (1,135)	\$ 4,040	\$ 5,175	\$ (1,005)	\$ 4,170
Total intangible assets - customer lists, net		\$ 5,175	\$ (1,135)	\$ 4,040	\$ 5,175	\$ (1,005)	\$ 4,170
Trade name	Indefinite	\$ 654	\$ —	\$ 654	\$ 654	\$ —	\$ 654
Total intangible assets - trade name		\$ 654	\$ —	\$ 654	\$ 654	\$ —	\$ 654

The Company recorded amortization expense of \$130 and \$85 for the three months ended March 31, 2025 and 2024, respectively.

The following table presents future estimated amortization expense based on existing intangible assets held for use:

Fiscal Years:		
Remainder of 2025		\$ 366
2026		488
2027		488
2028		488
2029		488
Thereafter		1,722
Total		\$ 4,040

Actual future estimated amortization expense could differ from these estimated amounts as a result of future acquisitions, dispositions, impairments, and other factors or changes.

F. ACQUISITIONS

Gander Group Acquisition

On August 23, 2024, Stran Loyalty Solutions entered into the Sale Agreement, between Stran Loyalty Solutions and the Secured Party, pursuant to which Stran Loyalty Solutions agreed to purchase, on an as-is basis, all of the rights and interests of the Gander Group Assets from Secured Party as the Gander Group Transaction. Gander Group provides promotional products and programs to its customers. The Company entered into the acquisition to expand its customer base to other industries.

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.

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.

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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 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.

Cash	\$ 1,099
Gander release agreement payments	370
Total consideration	\$ 1,469

The following table summarizes the purchase price allocations relating to the Gander Group Acquisition:

Accounts receivable	\$ 1,717
Prepaid expenses and other assets	946
Inventory	939
Customer relationships	1,458
Goodwill	2,542
Trade name	654
Other long-term assets	58
Accounts payable and accrued expenses	(4,698)
Customer deposits	(2,147)
Total consideration	\$ 1,469

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 \$1,717 balance of accounts receivable is the fair value of accounts receivable, net of amounts that are expected to be collected as of the acquisition date. 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 incurred approximately \$435 of acquisition related transaction costs in conjunction with the Gander Group Acquisition.

Pro forma disclosure for the Gander Group Acquisition

The following unaudited pro forma financial information reflects the consolidated results of operations of the Company for the three months ended March 31, 2024, as if the Gander Group Acquisition had taken place on January 1, 2024. The pro forma financial information is not necessarily indicative of the results of operations as they would have been had the transactions been effected on the assumed date:

	March 31,
	2024
Sales	<u>\$ 35,461</u>
Net income	<u>646</u>

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G. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consists of the following:

	March 31, 2025	December 31, 2024
Inventory purchases	\$ 6,455	\$ 6,363
Accrued expenses	2,538	2,556
	<u>\$ 8,993</u>	<u>\$ 8,919</u>

H. 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. As of March 31, 2025 and December 31, 2024, the Company had deposits totaling \$875 and \$6,000, respectively.

I. INSTALLMENT PAYMENT LIABILITY:

A reconciliation of the installment payment liability is included below:

Balance as of December 31, 2024	\$ 790
Interest accretion	12
Payments made	(40)
Balance as of March 31, 2025	<u>\$ 762</u>
Current portion of installment payment liabilities	\$ 337
Long-term installment payment liabilities	\$ 425

J. REVENUE:

Revenue disaggregated according to the timing of transfer of goods or services (e.g., at a point in time) was as follows:

Revenue generated per major product category	March 31, 2025	March 31, 2024
Promotional products - dropshipping	\$ 9,185	\$ 8,412
Promotional products - bulk dropshipping	6,331	5,765
Promotional products - Company owned inventory	2,894	2,599
Casino continuity program	7,368	—
Promotional products - third-party distributor	2,595	1,674
Rewards program	226	285
Additional services	95	92
	<u>\$ 28,694</u>	<u>\$ 18,827</u>

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Unearned revenue includes customer deposits and deferred revenue which represent prepayments from customers. The Company had unearned revenue as follows:

	March 31, 2025	March 31, 2024
Balance at January 1,	\$ 4,423	\$ 1,116
Revenue recognized	(1,098)	(1,014)
Amounts collected or invoiced	3,085	490
Unearned revenue	<u>\$ 6,410</u>	<u>\$ 592</u>

K. COMMITMENTS AND CONTINGENCIES:

Legal Proceedings

The Company may from time to time become involved in various legal actions incidental to our business. As of the date of this report, the Company is not involved in any legal proceedings that it believes could have a material adverse effect on its financial position or results of operations. However, the outcome of any current or future legal proceeding is inherently difficult to predict and any dispute resolved unfavorably could have a material adverse effect on the Company's business, financial position, and operating results.

Lease Agreements - Operating Leases

On May 31, 2020, the Company renewed a lease for a 10,500 square foot office space in Quincy, MA. The lease renewed on June 1, 2020 and is for a term of 60 months from the renewal date. The lease included an escalation clause with annual increases of approximately 2.5% increase per year. The associated lease right-of-use asset and lease liability is \$54 as of March 31, 2025, based on the present value of payments and an incremental borrowing rate of 2%. As the Company's lease did not provide an implicit rate, the Company estimated the incremental borrowing rate based on the credit quality of the Company and by comparing interest rates available in the market for similar borrowings.

On February 1, 2023, the Company entered into a lease for a 5,600 square foot office space in Tomball, TX. The lease commenced on February 1, 2023 and is for a term of 36 months from the commencement date. The lease included an escalation clause with annual increases of approximately 2.3% increase per year. The associated lease right-of-use asset and lease liability is \$55 as of March 31, 2025, based on the present value of payments and an incremental borrowing rate of 4%. As the Company's lease did not provide an implicit rate, the Company estimated the incremental borrowing rate based on the credit quality of the Company and by comparing interest rates available in the market for similar borrowings.

On May 31, 2023, the Company entered into a lease for a 25,000 square foot office space and warehouse in Walpole, MA. The lease commenced on June 1, 2023 and is for a term of 60 months from the commencement date. The lease included an escalation clause with annual increases of approximately 2% increase per year. The associated lease right-of-use asset and lease liability is \$552 as of March 31, 2025, based on the present value of payments and an incremental borrowing rate of 4%. As the Company's lease did not provide an implicit rate, the Company estimated the incremental borrowing rate based on the credit quality of the Company and by comparing interest rates available in the market for similar borrowings.

On March 9, 2021, the Company entered into a lease for a 9,000 square foot office space in Irvine, CA. The lease commenced on April 1, 2021 and is for a term of 48 months from the commencement date. The lease was amended to terminate October 31, 2024. The lease included an escalation clause with annual increases of approximately 3% increase per year. The associated lease right-of-use asset and lease liability is \$0 as of December 31, 2024, based on the present value of payments and an incremental borrowing rate of 8%. As the Company's lease did not provide an implicit rate, the Company estimated the incremental borrowing rate based on the credit quality of the Company and by comparing interest rates available in the market for similar borrowings.

On November 26, 2024, the Company entered into a lease for a 6,500 square foot office space in Irvine, CA. The lease commenced on January 1, 2025 and is for a term of 36 months from the commencement date. The lease included an escalation clause with annual increases of approximately 4% increase per year. The associated lease right-of-use asset and lease liability is \$541 as of March 31, 2025, based on the present value of payments and an incremental borrowing rate of 6.7%. As the Company's lease did not provide an implicit rate, the Company estimated the incremental borrowing rate based on the credit quality of the Company and by comparing interest rates available in the market for similar borrowings.

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On January 10, 2025, the Company entered into a seven-year lease agreement for new office space in North Quincy, Massachusetts. The Company's existing lease agreement for its office space expires May 31, 2025. The new lease term begins on June 1, 2025 and expires on May 31, 2032 with an option to extend the lease an additional five years. The lease contains an initial base rent of approximately \$21 thousand per month with 2.2% - 2.5% annual escalations, plus a percentage of taxes and operating expenses incurred by the lessor in connection with the ownership and management of the property

The company rents other office space on terms of 12 months or less or on a month-to-month basis which are not included in the analysis above.

The following schedule represents the components of lease expense:

	March 31, 2025	March 31, 2024
Lease cost		
Operating lease cost	\$ 201	\$ 172
Total	<u>\$ 201</u>	<u>\$ 172</u>

The following schedule represents maturities of operating lease liabilities as of March 31, 2025:

	Operating Minimum Lease Payments
Remainder of 2025	\$ 398
2026	440
2027	407
2028	65
Less amount representing interest	<u>(81)</u>
Present value of payments	<u>\$ 1,229</u>

The following schedule sets forth supplemental cash flow information related to operating leases for the three months ended March 31, 2025 and 2024 :

	March 31, 2025	March 31, 2024
Other information		
Operating cash flows from operating lease	\$ (6)	\$ 19

The aggregate weighted average remaining lease term was 2.65 years as of March 31, 2025. The aggregate weighted average discount rate was 4.88% as of March 31, 2025.

L. STOCKHOLDERS' EQUITY:

Stock Repurchase Program

On February 21, 2022, the Board of Directors of the Company authorized a repurchase of up to \$10,000 of the Company's shares from time to time pursuant to a stock repurchase program, or the Repurchase Program. Under the terms of the Repurchase Program, the Company may repurchase shares through open market or negotiated private transactions. The timing and extent of any purchases depend upon ongoing assessments of the Company's capital needs, market conditions and the price of the Company's common stock, and other corporate considerations, as determined by management, and are subject to the restrictions relating to volume, price and timing under applicable laws, including but not limited to, Rule 10b-18 promulgated under the Exchange Act. The Repurchase Plan was terminated in June 2024.

The Company did not repurchase any shares during the three months ended March 31, 2024.

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M. STOCK-BASED COMPENSATION:

In November 2021, the Board of Directors adopted the Amended and Restated 2021 Equity Incentive Plan (the “2021 Plan”) which provides for the granting of non-qualified stock options and restricted stock to the Company’s employees, officers, directors, and outside consultants to purchase shares of the Company’s common stock. As of March 31, 2025, the number of shares of common stock available for issuance under the 2021 Plan is 1,048,419 shares of common stock.

Stock-based compensation expense included the following components:

	March 31, 2025	March 31, 2024
Stock options	\$ 8	\$ —
Restricted stock	1	150
	<u>\$ 9</u>	<u>\$ 150</u>

All stock-based compensation expense is recorded in General and administrative expense in the Statements of Operations.

Non-Qualified Stock Options

The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model using the assumptions noted in the table below. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. The Company uses historical data on employee turnover and terminations to estimate the percentage of options that will ultimately be exercised. Expected volatility is based on historical volatility from a representative sample of publicly traded companies. The expected term represents the period of time that the options are expected to be outstanding. The risk-free interest rate is estimated using the rate of return on U.S. Treasury Notes with a life that approximates the expected life of the option. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual results differ from the estimates. Stock-based compensation is based on awards that are ultimately expected to vest.

Option awards are generally granted with an exercise price equal to the fair value of the Company’s stock at the date of grant; those options generally vest based on four years of continuous service and have 10-years contractual terms.

A summary of option activity under the 2021 Plan as of and for the three months ended March 31, 2025 is presented below:

Options	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2024	1,376,333	\$ 4.03	\$ —
Granted	15,000	1.48	—
Forfeited or expired and other adjustments	(3,334)	3.75	—
Outstanding at March 31, 2025	<u>1,387,999</u>	<u>\$ 4.00</u>	<u>\$ —</u>
Vested and exercisable at March 31, 2025	<u>1,223,667</u>	<u>\$ 4.04</u>	<u>\$ —</u>

The Company did not issue any options during the three months ended March 31, 2025 and 2024. The weighted-average remaining contractual term for the outstanding options is approximately 7 years as of March 31, 2025.

Restricted Stock:

Restricted stock consists of time-based restricted stock units (RSUs) and performance-based restricted stock units (PSUs). RSUs granted under the 2021 Plan generally vest over 3 to 4 years, based on continued employment, and are settled upon vesting with shares of the Company’s common stock on a one-for-one basis. PSUs granted under the 2021 Plan are issued and vest immediately as various performance goals and targets are achieved.

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A summary of restricted stock activity under the 2021 Plan as of and for the three months ended March 31, 2025 is presented below:

Restricted Stock	Time-Based
Outstanding at December 31, 2024	4,000
Granted	—
Vested	(4,000)
Forfeited	—
Outstanding at March 31, 2025	—

N. LOSS PER SHARE:

The following outstanding shares of common stock equivalents were excluded from the computation of diluted net loss per share for the periods in which a net loss is presented because their effect would have been anti-dilutive.

	March 31, 2025	March 31, 2024
Warrants	10,074,195	10,074,195
Stock options	1,223,667	864,167
	11,297,862	10,938,362

For the three months ended March 31, 2025 and 2024, as a result of the net losses in these periods, all warrants and stock options have been excluded from the calculation of diluted earnings per share and, therefore, there was no difference in the weighted average number of common shares for basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive.

O. SEGMENTS:

In its operation of the business, management, including our chief operating decision maker, who is also our CEO, reviews certain financial information, including segment information prepared on a basis that is consistent with GAAP. There is no expense or asset information that is supplemental to information disclosed within the consolidated financial statements, that is regularly provided to the CODM to monitor and evaluate segment performance.

During the periods presented, we reported our financial performance based on the following reportable segments: Stran & Company, Inc. (“Stran”) and Stran Loyalty Solutions, LLC (“SLS”).

Our reportable segments are described below.

The Stran segment’s business is focused on being an outsourced marketing solutions and promotional products provider for a variety of customers and industries, working closely with customers to develop sophisticated marketing programs that leverage Stran’s promotional products and loyalty incentive expertise. Stran purchases products and branding through various third-party manufacturers and decorators and resells the finished goods to customers. The segment earns the majority of its revenue from the sale of unique, quality promotional products for a wide variety of industries primarily to support marketing efforts.

The SLS segment’s business is focused on the casino, gaming, and entertainment industries as an extension of the Company’s newly formed Casino Continuity and Loyalty group. The group specializes in creating high-quality, branded merchandise for casinos, sourced through various third-party manufacturers, focusing on promotional products that enhance customer loyalty and engagement. It partners with nationally recognized brands to create high-quality, custom products that resonate with casino patrons, helping casinos drive redemption rates and ROI through tailored merchandise and marketing solutions to build recurring revenues for SLS customers and the segment itself.

The accounting policies of our reportable segments are the same as those described in the “Organization and Summary of Significant Accounting Policies” in the notes to the consolidated financial statements for the Company.

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For each of the two segments, the CODM uses segment gross margin and segment operating profits or losses in the annual budgeting and forecasting process. The CODM considers budget-to-actual variances on a monthly basis for revenue as well as profit measures when making decisions about allocating capital and personnel to the segments. The CODM uses segment gross margin and segment operating income in determining the compensation of certain employees, primarily for its recently acquired Gander business, which is consolidated as part of the SLS subsidiary and also comprises the segment SLS.

As of March 31, 2025 Stran and SLS had total assets of \$39,128 and \$13,032, respectively. As of December 31, 2024, Stran and SLS had total assets of \$45,206 and \$9,944, respectively. The entire goodwill balance of \$2,321 as of March 31, 2025 and December 31, 2024, was allocated to the SLS segment.

Revenue and costs are directly attributed to our segments, and the revenues recognized as well as the costs incurred in generating those revenues within each segment are distinguishable based on the information systems in which each segment's financial information gets recorded. There are no intersegment revenues or other transactions between the two segments that are eliminated in consolidation by the Company for external reporting.

The table below presents information about reported segments for the three months ended March 31, 2025 and 2024.

	March 31, 2025			March 31, 2024		
	Stran	SLS	Total	Stran	SLS	Total
Sales	\$ 20,935	\$ 7,759	\$ 28,694	\$ 18,827	\$ —	\$ 18,827
Gross profit	6,791	1,691	8,482	5,614	—	5,614
Operating loss	\$ (73)	\$ (462)	\$ (535)	\$ (665)	\$ —	\$ (665)

The segment SLS was not a part of the Company until the segment was acquired and all of its business operations were incorporated within the Company's newly created subsidiary in August 2024. The Stran segment's operations have remained consistent for all periods presented, however, the Company only had one operating and reportable segment prior to the acquisition. Significant segment expenses for the Stran segment during the three months ended March 31, 2024 are consistent with those presented on the consolidated statements of operations.

P. CREDIT LOSSES:

The Company is exposed to credit losses primarily through sales of products and services. The Company's expected loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions and a review of the current status of customers' trade accounts receivable. Customers are pooled based on sharing specific risk factors. Due to the short-term nature of such receivables, the estimated accounts receivable that may not be collected is based on aging of the accounts receivable balances.

Customers are assessed for credit worthiness upfront through a credit review, which includes assessment based on the Company's analysis of their financial statements when a credit rating is not available. The Company evaluates contract terms and conditions, country and political risk, and may require prepayment to mitigate risk of loss. Specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The Company monitors changes to the receivables balance on a timely basis, and balances are written off as they are determined to be uncollectible after all collection efforts have been exhausted. Estimates of potential credit losses are used to determine the allowance. It is based on assessment of anticipated payment and all other historical, current and future information that is reasonably available.

The accounts receivable balance from all sources on the Company's balance sheets as of March 31, 2025 was \$18,698, net of \$1,110 (inclusive of \$427 for related party receivables) of allowances. The following table provides a roll-forward of the allowance for credit losses for the three months ended March 31, 2025 and 2024 that is deducted from the amortized cost basis of accounts receivable to present the net amount expected to be collected:

	March 31, 2025	March 31, 2024
Balance of allowance for credit losses, beginning of period	\$ (791)	\$ (317)
Current period change for write-offs	78	107
Current period change for expected credit losses	(397)	(215)
Balance of allowance for credit losses, end of period	<u>\$ (1,110)</u>	<u>\$ (425)</u>

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Q. RELATED PARTY TRANSACTIONS:

Amount due from related party

Name of Related Party	Relationship	Nature	March 31, 2025	December 31, 2024
Innovative Genetics, Inc.	Alejandro Tani, member of board of directors, the chairman of the Company's Nominating and Corporate Governance Committee, and a member of the Compensation Committee and the Company's Audit Committee, is the Chief Executive Officer, Chief Information Officer, and majority owner of Innovative Genetics.	Limited, non-exclusive, revocable license to use Innovative Genetics' logos, trade name and trademarks on apparel and promotional products as branded products for sale to Innovative Genetics and Innovative Genetics-authorized persons.	\$ 402	\$ 573

Amounts due and paid to related party

Transactions with Engage & Excel Enterprises Inc.

Alan Chippindale, a member of the Company's board of directors, the chairman of the Compensation Committee, and a member of the Nominating and Corporate Governance Committee, is the President of Engage & Excel Enterprises Inc. ("Engage & Excel"). The Company and Engage & Excel are parties to a Buyer's Agreement, dated June 25, 2020 (the "Buyer's Agreement"). Under the Buyer's Agreement, Engage & Excel agreed to provide certain merger and acquisition, management and recruitment consulting services in connection with the Company's acquisition of the Wildman Imprints assets. The Company agreed to pay Engage & Excel a fee of \$20 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 Company has paid Engage & Excel approximately \$5 as of March 31, 2025 and December 31, 2024.

R. ADVERTISING:

The Company follows the policy of charging the costs of advertising to expense as incurred. For the three months ended March 31, 2025 and 2024, advertising costs amounted to \$141 and \$105, respectively.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following management’s discussion and analysis of financial condition and results of operations provides information that management believes is relevant to an assessment and understanding of our plans and financial condition. The following financial information is derived from our financial statements and should be read in conjunction with such financial statements and notes thereto set forth elsewhere herein.

Use of Terms

Except as otherwise indicated by the context and for the purposes of this report only, references in this report to “we,” “us,” “our,” and the “Company” are to Stran & Company, Inc., a Nevada corporation, and its consolidated subsidiaries; references to “Stran” or “Stran & Company, Inc.” are to Stran & Company, Inc., a Nevada corporation; references to “Stran Loyalty Solutions” or “SLS” are to Stran Loyalty Solutions, LLC, a Nevada limited liability company and a wholly-owned subsidiary of Stran & Company, Inc.; and references to “Gander Group Louisiana” are to Gander Group Louisiana, LLC, a Louisiana limited liability company, a wholly owned subsidiary of Stran Loyalty Solutions.

Special Note Regarding Forward-Looking Statements

This report 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. 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:

- evolving trade matters, including tariffs on goods that we purchase from manufacturers in other countries, and how they could impact our ability to compete cost-effectively;
- our goals and strategies;
- our business development, financial condition and results of operations;
- expected changes in our revenue, costs or expenditures;
- growth and competition trends in our industry;
- our expectations regarding demand for, and market acceptance of, our products or services;
- our expectations regarding our relationships with investors, institutional funding sources and other parties with whom we collaborate;
- our expectations regarding the availability and use of financing from credit facilities or sales of equity or debt securities;
- future fluctuations in general economic and business conditions in the markets in which we operate; and
- future 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 Item 1A. “*Risk Factors*” included in our Annual Reports on Form 10-K filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and elsewhere in this report. 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.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

The forward-looking statements made in this report relate only to events or information as of the date on which the statements are made in this report. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

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 three months ended March 31, 2025 and 2024, program clients accounted for 83.8% and 86.0% of total revenue, respectively. Fewer than 350 of our more than 2,000 active customers are considered to be program clients. 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 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.

Since February 2025 and as of the date of this report, the United States has implemented and then amended additional tariffs on goods imported from other countries a number of times, particularly with respect to tariffs on imports from China. As of May 12, 2025, the United States had announced that previously-imposed additional tariffs of 145% on most goods imported from China would be reduced to 30% for 90 days effective May 14, 2025, changing to 54% effective August 13, 2025; had imposed a temporary 90-day 10% additional tariff on goods imported from most other countries, which was scheduled to increase automatically to a higher percentage on goods imported from many other countries on a country-by-country basis effective July 9, 2025; and had imposed tariffs on certain low-value items imported from China at either a temporary 90-day rate of 54%, which will revert to 120% effective August 13, 2025, or an alternative \$100 flat rate. We have historically imported many of the goods or components used in our promotional products business from China in particular and to some extent from other countries. As a result, we have had to increase prices for certain products, and may be required to raise those prices further, which may result in the loss of customers. We have also attempted to shift away from Chinese suppliers in particular, and other foreign suppliers in general, and may seek to increase this shift due to U.S. tariffs or other aspects of U.S. trade policy, in an effort to reduce the effect of tariff increases on our product prices. However, due to the limited availability of competitive pricing from suppliers whose goods are not currently subject to tariffs or that are subject to relatively lower tariffs, and the possibility that some of the current or planned additional U.S. tariffs may increase, decrease, or become subject to exceptions or suspensions, with little or no prior notice, our ability to cost-effectively mitigate some of the effects of current and future scheduled U.S. tariffs may be significantly limited. These trends and uncertainties may result in additional costs and disruption to our operations, which may have a significant negative effect on the Company's sales and gross margins in future periods. As a result, investors should not assume that any trends reflected in our past results, including those that may be indicated below for the three months ended March 31, 2025 and 2024, respectively, may be expected to continue to occur in future periods.

Our sales for the three months ended March 31, 2025 increased 52.4% compared to sales for the three months ended March 31, 2024, which we believe was primarily due to higher spending from existing clients as well as business from new customers. We also benefited from the acquisition of substantially all of the assets (the "Gander Group Assets") of Bangarang Enterprises, LLC, a California limited liability company (d/b/a Gander Group) ("Gander Group"), in August 2024.

As of March 31, 2025, we had approximately \$52.2 million of total assets with approximately \$31.3 million of total stockholders' equity.

Emerging Growth Company and Smaller Reporting Company

We qualify as an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012 (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 control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”);
- present three years, and may instead present only two years, of audited financial statements, with correspondingly reduced “Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosure in this report;
- 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);
- comply with certain greenhouse gas emissions disclosure and related third-party assurance requirements;
- submit certain executive compensation matters to stockholder 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 until the earliest of (i) the last day of the fiscal year following the fifth anniversary of our initial public offering, (ii) the last day of the first fiscal year in which our total annual gross revenues are \$1.07 billion or more, (iii) 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 common stock that is held by non-affiliates exceeds \$700.0 million as of the last business day of our most recently completed second fiscal quarter or (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt during the preceding three year period.

To the extent that we continue to qualify as a “smaller reporting company,” as such term is defined in Rule 12b-2 under the Exchange Act, after we cease to qualify as an emerging growth company, certain of the exemptions and accommodations available to us as an emerging growth company may continue to be available to us as a smaller reporting company, including as to: (i) the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act; (ii) scaled executive compensation disclosures; (iii) presenting three years of audited financial statements; and (iv) compliance with certain greenhouse gas emissions disclosure and related third-party assurance requirements.

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;
- our ability to identify or to complete acquisitions or to successfully integrate the businesses we acquire; and
- market conditions and our market position.

Results of Operations

Comparison of Three Months Ended March 31, 2025 and 2024

The following table sets forth key components of our results of operations during the three months ended March 31, 2025 and 2024 both in dollars and as a percentage of our revenues.

	Three Months Ended March 31,			
	2025		2024	
	Amount (in thousands)	% of Revenues	Amount (in thousands)	% of Revenues
SALES				
Sales	\$ 28,694	100.0%	\$ 18,781	99.8%
Sales – related parties	—	—%	46	0.2%
Total sales	28,694	100.0%	18,827	100.0%
COST OF SALES:				
Cost of sales	20,212	70.4%	13,178	70.0%
Cost of sales - related parties	—	—%	35	0.2%
Total cost of sales	20,212	70.4%	13,213	70.2%
GROSS PROFIT	8,482	29.6%	5,614	29.8%
OPERATING EXPENSES:				
General and administrative expenses	9,017	31.4%	6,279	33.4%
Total operating expenses	9,017	31.4%	6,279	33.4%
LOSS FROM OPERATIONS	(535)	(1.9)%	(665)	(3.5)%
OTHER INCOME:				
Other (expense) income	(5)	—%	15	0.1%
Interest income	42	0.1%	93	0.5%
Realized gain on investments	67	0.2%	70	0.4%
Total other income	104	0.4%	178	0.9%
LOSS BEFORE INCOME TAXES	(431)	(1.5)%	(487)	(2.6)%
Provision (benefit) for income taxes	(38)	(0.1)%	—	—%
NET LOSS	\$ (393)	(1.4)%	\$ (487)	(2.6)%

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. Sales by segment and in total were as follows (in thousands):

	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024		Increase / (Decrease)	
	\$	% of Total	\$	% of Total	\$	%
Stran	\$ 20,935	73.0%	\$ 18,827	100%	\$ 2,108	11.2%
SLS	7,759	27.0%	—	—%	7,759	100.0%
Total sales	\$ 28,694	100.0%	\$ 18,827	100%	\$ 9,867	52.4%

Our total sales increased 52.4% to approximately \$28.7 million for the three months ended March 31, 2025, from approximately \$18.8 million for the three months ended March 31, 2024. Sales by our Stran segment increased to approximately \$20.9 million for the three months ended March 31, 2025 from approximately \$18.8 million for the three months ended March 31, 2024. Sales by our SLS segment (which consists of the former Gander Group business) increased to approximately \$7.8 million for the three months ended March 31, 2025 from \$0 for the three months ended March 31, 2024. For the Stran segment, the increase in sales was primarily due to higher spending from existing clients as well as business from new customers. For the SLS segment, the increase in sales was due to the acquisition of the Gander Group Assets in August 2024.

Cost of Sales

Cost of sales by segment and in total were as follows (in thousands):

	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024		Increase / (Decrease)	
	\$	% of Total	\$	% of Total	\$	%
Stran	\$ 14,144	70.0%	\$ 13,213	100.0%	\$ 931	7.0%
SLS	6,068	30.0%	—	—%	6,068	100.0%
Total cost of sales	\$ 20,212	100.0%	\$ 13,213	100.0%	\$ 6,999	53.0%

Our total cost of sales increased 53.0% to approximately \$20.2 million for the three months ended March 31, 2025, from approximately \$13.2 million for the three months ended March 31, 2024. As a percentage of sales, total cost of sales increased to 70.4% for the three months ended March 31, 2025 from 70.2% for the three months ended March 31, 2024. Cost of sales by our Stran segment increased to approximately \$14.1 million for the three months ended March 31, 2025 from approximately \$13.2 million for the three months ended March 31, 2024. Cost of sales by our SLS segment increased to approximately \$6.1 million for the three months ended March 31, 2025 from \$0 for the three months ended March 31, 2024. The increase in the dollar amount of total cost of sales was primarily due to the increase in sales of 52.4% from period to period. For the Stran segment, the increase was primarily due to the increase in sales described above. For the SLS segment, the increase was due to the acquisition of the Gander Group Assets in August 2024.

Gross Profit

Gross profit and gross margin percentages by segment and in total were as follows (in thousands):

	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024		Increase / (Decrease)	
	\$	% of Total	\$	% of Total	\$	%
Stran	\$ 6,791	80.1%	\$ 5,614	100.0%	\$ 1,177	21.0%
SLS	1,691	19.9%	—	—%	1,691	100.0%
Total gross profit	\$ 8,482	100.0%	\$ 5,614	100.0%	\$ 2,868	51.1%

Gross profit consists of sales less total cost of sales. Our total gross profit increased 51.1% to approximately \$8.5 million, or 29.6% of sales, for the three months ended March 31, 2025, from approximately \$5.6 million, or 29.8% of sales, for the three months ended March 31, 2024. Gross profit of our Stran segment increased to approximately \$6.8 million for the three months ended March 31, 2025 from approximately \$5.6 million for the three months ended March 31, 2024. Gross profit of our SLS segment increased to approximately \$1.7 million for the three months ended March 31, 2025 from \$0 for the three months ended March 31, 2024. The increase in the dollar amount of total gross profit was primarily due to the acquisition of the Gander Group Assets in August 2024. For the Stran segment, the increase in the dollar amount of gross profit was due to an increase in sales of approximately \$2.1 million for the reasons described above, which was partially offset by an increase of cost of sales of approximately \$0.9 million for the reasons described above. For the SLS segment, the increase in the dollar amount of gross profit was due to the acquisition of the Gander Group Assets in August 2024. The decrease in total gross profit margin to 29.6% for the three months ended March 31, 2025 from 29.8% for the three months ended March 31, 2024 was primarily due to the acquisition of the Gander Group Assets in August 2024, which operates at a lower gross margin than the Stran segment. The gross profit margin for the Stran segment increased to 32.4% for the three months ended March 31, 2025 from 29.8% for the three months ended March 31, 2024. The gross profit margin for the SLS segment was 21.8% for the three months ended March 31, 2025.

Operating Expenses

Operating expenses by segment and in total were as follows (in thousands):

	Three Months Ended March 31,		Three Months Ended March 31,		Increase / (Decrease)	
	2025	% of Total	2024	% of Total	\$	%
Stran	\$ 6,864	76.1%	\$ 6,279	100.0%	\$ 585	9.3%
SLS	2,153	23.9%	—	—%	2,153	100.0%
Total operating expenses	\$ 9,017	100.0%	\$ 6,279	100.0%	\$ 2,738	43.6%

Operating expenses consist of general and administrative expenses. Our total operating expenses increased 43.6% to approximately \$9.0 million for the three months ended March 31, 2025, from approximately \$6.3 million for the three months ended March 31, 2024. Operating expenses of our Stran segment increased to approximately \$6.9 million for the three months ended March 31, 2025 from approximately \$6.3 million for the three months ended March 31, 2024. Operating expenses of our SLS segment increased to approximately \$2.2 million for the three months ended March 31, 2025 from \$0 for the three months ended March 31, 2024. As a percentage of sales, operating expenses decreased to 31.4% for the three months ended March 31, 2025, from 33.4% for the three months ended March 31, 2024. As a percentage of sales, operating expenses of our Stran segment decreased to 32.8% for the three months ended March 31, 2025 from 33.4% for the three months ended March 31, 2024. As a percentage of sales, operating expenses of our SLS segment were 27.7% for the three months ended March 31, 2025. For the Stran segment, the increase in the dollar amount of operating expenses was primarily due to expenses related to Stran's NetSuite enterprise resource planning system implementation, acquisition and integration of the Gander Group Assets, and legal and accounting expenses related to the re-audit of historical financial statements. For the SLS segment, the increase in the dollar amount of operating expenses was due to the acquisition of the Gander Group Assets in 2024.

Other (Expense) Income

Other (expense) income consists of other income, interest income, change in fair value of contingent earn-out liability, and realized gain on investments. Our other (expense) income was approximately \$(5) thousand for the three months ended March 31, 2025, compared to approximately \$15 thousand for the three months ended March 31, 2024. This change was primarily due to factoring fees. Our interest income was approximately \$42 thousand for the three months ended March 31, 2025, compared to approximately \$93 thousand for the three months ended March 31, 2024. This change was primarily due to a decrease in interest generated from investments. Our realized gain on investments was approximately \$67 thousand for the three months ended March 31, 2025, compared to approximately \$70 thousand for the three months ended March 31, 2024.

Income Tax Provision

Income tax provision reflects statutory tax rates in the jurisdictions in which we operate adjusted for permanent book/tax differences.

Income tax benefit for the three months ended March 31, 2025 was approximately \$(38) thousand compared to income tax provision of approximately \$— thousand for the three months ended March 31, 2024. Income tax provision for the three months ended March 31, 2025 accounted for 8.9% of loss before income taxes of approximately \$0.4 million. Income tax provision for the three months ended March 31, 2024 accounted for —% of income before income taxes of approximately \$0.5 million. As of March 31, 2025 and 2024, the Company recorded an income tax provision comprised of state income taxes and a valuation allowance against its net deferred tax assets. The Company recorded a valuation allowance due to a cumulative loss over a three-year period.

Based on management’s expectations of future earnings and recognition of a valuation allowance, we anticipate that our effective tax rate will remain similar to the rate recorded in 2024.

Net Loss

Our net loss for the three months ended March 31, 2025 was approximately \$0.4 million, compared to approximately \$0.5 million for the three months ended March 31, 2024. This change was primarily due to an increase in gross profit, partially offset by an increase in operating expenses, for the reasons described above.

Liquidity and Capital Resources

As of March 31, 2025, we had cash and cash equivalents of approximately \$4.2 million and investments of approximately \$7.9 million. We have financed our operations primarily through cash generated from our initial public offering of common stock and warrants to purchase common stock in November 2021, our private placement of common stock and warrants to purchase common stock in December 2021, and operations.

We believe that our current levels of cash will be sufficient to meet our anticipated cash needs for our operations and cash payment obligations for both the 12 months ended March 31, 2026 and in the long-term beyond this period, including our anticipated costs associated with being 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 stockholders. 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 Flows

The following table provides detailed information about our net cash flows for the three months ended March 31, 2025 and 2024.

	Three Months Ended	
	March 31,	
	2025	2024
	(in thousands)	(in thousands)
Net cash (used in) provided by operating activities	\$ (5,891)	\$ 2,059
Net cash provided by (used in) investing activities	809	(572)
Net cash used in financing activities	(40)	(60)
Net increase (decrease) in cash	(5,122)	1,427
Cash and cash equivalents - beginning	9,358	8,059
Cash and cash equivalents - ending	<u>\$ 4,236</u>	<u>\$ 9,486</u>

Net cash used in operating activities was approximately \$5.9 million for the three months ended March 31, 2025, as compared to net cash provided by operating activities of approximately \$2.1 million for the three months ended March 31, 2024. The change was primarily due to a decrease in rewards program liability.

Net cash provided by investing activities was approximately \$0.8 million for the three months ended March 31, 2025, as compared to net cash used in investing activities of approximately \$0.6 million for the three months ended March 31, 2024. The change was primarily due to proceeds from the sale of investments.

Net cash used in financing activities was approximately \$0.04 million for the three months ended March 31, 2025, as compared to approximately \$0.1 million for the three months ended March 31, 2024. The decrease in net cash used in financing activities was primarily due to decreased payments of installment payment liabilities.

Debt

On November 22, 2021, we entered into the Revolving Demand Line of Credit Loan Agreement, dated as of November 22, 2021 (the “Initial Loan Agreement”), between the Company and Salem Five Cents Savings Bank, a Massachusetts savings bank (“Salem Five Cents”), for a revolving line of credit (the “Revolving Line of Credit”), consisting of aggregate loans of up to \$7.0 million, evidenced by the Revolving Demand Line of Credit Note, dated November 22, 2021, by the Company in favor of Salem Five Cents (the “Demand Note”). The Revolving Line of Credit and the Demand Note were secured by a first priority security interest in all assets and property of the Company, as provided in the Security Agreement, dated November 22, 2021, between Salem Five Cents and the Company (the “Security Agreement”), and as described below. Under a Commercial Loan Modification Agreement, dated as of February 12, 2024, between Salem Five Cents and the Company (the “Loan Modification Agreement”), certain terms of the Initial Loan Agreement were modified as of February 12, 2024, as described below (as amended, the “Loan Agreement” and together with the Security Agreement and the Demand Note, the “Loan Documents”).

The amount available under the Revolving Line of Credit was the lesser of \$7.0 million or the sum of (x) eighty percent (80.0%) of the then-outstanding amount of Eligible Accounts (as defined below), plus (y) fifty percent (50.0%) of Eligible Inventory (as defined below); minus one hundred (100.0%) percent of the aggregate amount then drawn under the Revolving Line of Credit for the account of the Company. In addition, advances based upon Eligible Inventory were required to be capped at all times at \$2.0 million. “Eligible Accounts” was defined as accounts that meet a number of requirements, including, unless otherwise approved by Salem Five Cents, being less than 90 days from the date of invoice not subject to any prior assignment, claim, lien, or security interest, not subject to set-off, credit, allowance or adjustment by the account debtor, arose in the ordinary course of the Company’s business, not an intercompany obligation, not subject to notice of bankruptcy or insolvency of the account debtor, not owed by an account debtor whose principal place of business was outside the United States, not a government account, not be evidenced by promissory notes, and not one of the accounts owed by an account debtor 25% or more of whose accounts were 90 or more days past invoice date; or otherwise not deemed acceptable by Salem Five Cents in accordance with its normal credit policies. “Eligible Inventory” was defined as all finished goods, work in progress and raw materials and component parts of inventory owned by the Company. Eligible Inventory did not include any inventory held on consignment or not otherwise owned by the Company; any inventory which had been returned by a customer or was damaged or subject to any legal encumbrances other than a first priority security interest held by the Company; any inventory which was not in the possession of the Company; any inventory which was held by the Company on property leased by the Company unless Salem Five Cents had received a Landlord’s Waiver and Consent from the lessor of such property satisfactory to Salem Five Cents; any inventory which was not located within the United States; any inventory which Salem Five Cents reasonably deemed to be obsolete or non-marketable; and any inventory not subject to a first priority fully perfected lien held by Salem Five Cents.

The Revolving Line of Credit was subject to interest at the prime rate plus 0.5% per annum. The Company was required to repay interest on the Revolving Line of Credit proceeds on a monthly basis. The Revolving Line of Credit continued indefinitely, subject to Salem Five Cents’ demand rights and the Company’s ongoing affirmative and other obligations under the Loan Documents, as summarized below.

The Company could freely draw upon the Revolving Line of Credit subject to Salem Five Cents’ right to demand complete repayment of the Revolving Line of Credit at any time. Late payments were subject to a late payment charge of 5.0%. In the event of failure to repay the loan after Salem Five Cents made demand for full repayment, the interest rate would increase by 10.0%. The Demand Note could be prepaid at any time without penalty. Salem Five Cents could assign the Demand Note without the Company’s consent.

Under the Security Agreement and the other Loan Documents, the Company granted Salem Five Cents a first priority security interest in all of its assets, including both assets owned as of the date of the Revolving Line of Credit and afterwards, as collateral for full repayment of the Revolving Line of Credit. Salem Five Cents had the right to file Uniform Commercial Code financing statements with any jurisdiction and with sufficient descriptions of the property to perfect its security interest in all of the Company’s current and future assets. Upon default of the Revolving Line of Credit, Salem Five Cents could accelerate repayment of the Revolving Line of Credit, take possession of the Company’s assets, assign a receiver over the Company’s assets, and enforce other rights as to the Company’s assets as secured creditor. The Company was required to pay for all of Salem Five Cents’ reasonable legal fees and expenses incurred to enforce its rights under the Loan Documents.

Under the Initial Loan Agreement, the Company was required to continue its current business of outsourced marketing solutions, and, without the prior consent of Salem Five Cents, the Company could not acquire in whole or in part any other company or business or engage in any other business or open any other locations. The Company was required to use the proceeds of the Revolving Line of Credit only in connection with the general and ordinary operations of its business and for the following purpose: general working capital for accounts receivable and inventory purchases.

The Revolving Line of Credit was also subject to ongoing affirmative obligations of the Company, including: Making punctual repayment of the Revolving Line of Credit amount; maintaining proper accounting books and records in accordance with the opinion of LMHS, P.C. or another Certified Public Accountant acceptable to Salem Five Cents; allowing Salem Five Cents to inspect its accounting books and records; furnishing audited, quarterly, monthly and other financial statements to Salem Five Cents; prior to the date of the Loan Modification Agreement, making payment of Salem Five Cents' reasonable expenses for a field exam in 2022; and following the date of the Loan Modification Agreement, making payment of Lender's reasonable expenses for a field exam in 2024; allowing Salem Five Cents to communicate with its accountants; maintaining its properties in good repair subject to ordinary wear and tear; obtaining replacement-cost insurance for its property with Salem Five Cents as Mortgagee/Loss Payee; causing management contracts for the Company's properties to be subordinated to the rights of Salem Five Cents; and allowing no change of property management company without the prior written consent of Salem Five Cents.

Prior to the date of the Loan Modification Agreement, the Revolving Line of Credit was further subject to the following financial requirements: (a) Debt Service Coverage Ratio: Cash flow to be calculated on an annual basis of at least 1.20 times EBITDA less cash taxes, distributions, dividends, shareholder withdrawals in any form, and unfinanced CAPEX divided by all scheduled principal payments on all debt plus cash interest payments made on all debt; and (b) Minimum Net Worth thresholds: The Company was required to meet the following minimum net worth thresholds: \$2,000,000 at December 31, 2021, \$2,750,000 at December 31, 2022, and \$3,500,000 at December 31, 2023.

Following the date of the Loan Modification Agreement, the Revolving Line of Credit was no longer subject to the Company's compliance with the Debt Service Coverage Ratio and the Minimum Net Worth terms described above. Instead, the Company was required to meet the following financial requirements:

- The Company was required to maintain a "Minimum Interest Coverage" of 1.25:1, tested for fiscal year ending December 31, 2024 only, and defined as follows: EBITDA (as defined below), divided by cash interest payments made on all debt. "EBITDA" was defined as the trailing year's total of net income before total interest expense, tax expense, and depreciation and amortization expense. EBITDA was required to be adjusted for extraordinary and/or non-cash items as defined in accordance with generally accepted accounting principles in the United States ("GAAP").
- The Company was required to maintain a "Minimum Debt Service Coverage Ratio" of 1.20:1, tested annually beginning with the fiscal year ending December 31, 2025, defined as follows: EBITDA, less cash taxes, distributions, dividends, stockholder withdrawals in any form, and unfinanced capital expenditures (as defined below), divided by all scheduled principal payments on all debt, plus cash interest payments made on all debt, plus cash payments made on contingent earn-out liabilities. "Unfinanced capital expenditures" was defined as the current fiscal-year-end net fixed assets, plus current fiscal-year-end depreciation, less prior fiscal-year-end net fixed assets, less the long-term debt increase.
- The Company's "Ratio of Debt to Tangible Net Worth" was required not to exceed 1.50:1, tested at financial year-end, defined as total liabilities divided by "tangible net worth," defined as total assets, less total liabilities, less intangible assets and amounts due from stockholder/related parties.
- The Company was required to maintain a "Minimum Liquidity" of \$7.5 million at all times, defined as cash and short-term investments, less rewards program liabilities.

The Company also could not incur any additional indebtedness, secured or unsecured, except in the ordinary course of business; make loans or advances to others or guarantee others' obligations except for certain ordinary advances to employees or ordinary customer credit terms; make investments; acquire any business; make capital expenditures except in the ordinary course of business; sell any material assets except in the ordinary course of business; or grant any security interests or mortgages in its properties or assets. After the date of the Loan Modification Agreement, any future contingent earn-out obligations were required to be subordinated to the Loan Documents.

In connection with the Initial Loan Agreement, on November 22, 2021, the Company, Salem Five Cents and Harte Hanks Response Management/ Boston, Inc. (the “Warehouse Provider”), the lessor of certain warehouse facilities to the Company, executed a Warehouseman’s Waiver in favor of Salem Five Cents (the “Warehouseman’s Waiver”). Under the Warehouseman’s Waiver, the Warehouse Provider disclaimed any interest in the property of the Company stored on the premises (the “Collateral”), and agreed not to interfere with Salem Five Cents’ enforcement of its rights in the Collateral. The Warehouse Provider further agreed to provide notice to Salem Five Cents of any default by the Company of its obligations as to the Warehouse Provider, and to give Salem Five Cents at least 30 days to exercise its rights, which period could be extended by Salem Five Cents up to 60 days upon its payment of the per-diem rental amount. After that period, unless the default had been cured by Salem Five Cents, the Warehouse Provider could dispose of such Collateral as it deemed fit. Upon the receipt of written notice from Salem Five Cents and until such notice was rescinded, the Warehouse Provider was required to honor only instructions from Salem Five Cents with respect to the Collateral, including, any direction from Salem Five Cents to dispose of all or any portion of the Collateral at any time, without any further consent or instruction from Company.

On August 23, 2024, Stran Loyalty Solutions entered into a factoring arrangement to provide accounts receivable financing to Stran Loyalty Solutions. In connection with the factoring arrangement, the Company provided a secured guarantee of Stran Loyalty Solutions’ obligations under the factoring arrangement. In discussions with Salem Five Cents prior to the establishment of the factoring arrangement, Salem Five Cents indicated that it would terminate the Revolving Line of Credit because of a policy which prohibited it from agreeing to subordination of its security interest in the Company’s assets.

Accordingly, on September 9, 2024, Salem Five Cents delivered a letter (the “Termination Letter”) to the Company that stated that, effective August 26, 2024 (the “Termination Date”), Salem Five Cents terminated all obligations under the Loan Agreement and the Demand Note. The Termination Letter further stated that the Loan Agreement and the Demand Note and the Loan Documents shall no longer be considered in force or effect. The Company had no funds drawn on the Revolving Line of Credit on the Termination Date.

As of March 31, 2025 and December 31, 2024, the Revolving Line of Credit had been terminated.

Acquisition of Assets of Gander Group

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 the 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) the assumption by Stran Loyalty Solutions of certain liabilities totaling approximately \$5.5 million (the “Gander Group Assumed Liabilities”), subject to adjustment, at and following the Gander Group Transaction Closing (as defined below), including the payment at the Gander Group Transaction Closing of \$150 thousand to Warson Capital Partners, LLC, an investment banking firm retained by Gander Group, for its fees and expenses with respect to the Gander Group Transaction, including the marketing for sale of the Gander Group Assets (the “Transaction Expense Payment”).

At the consummation of the transactions contemplated by the Sale Agreement (the “Gander Group Transaction Closing”), Stran Loyalty Solutions paid the Cash Purchase Price, including the payment of the Transaction Expense Payment, and assumed the Gander Group Assumed Liabilities. As a result of the Gander Group Transaction Closing, the Company indirectly acquired substantially all of the asset of Gander Group, including all of the equity of Gander Group Louisiana, 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.

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.

Contractual Obligations

Property Leases

On January 10, 2025, the Company entered into a seven-year lease agreement for new office space in North Quincy, Massachusetts. The Company's existing lease agreement for its office space expires May 31, 2025. The new lease term begins on June 1, 2025 and expires on May 31, 2032 with an option to extend the lease an additional five years. The lease contains an initial base rent of approximately \$21 thousand per month with 2.2% - 2.5% annual escalations, plus a percentage of taxes and operating expenses incurred by the lessor in connection with the ownership and management of the property.

On November 26, 2024, the Company entered into a lease for a 6,500-square foot office space in Irvine, California. The lease commenced on January 1, 2025 and is for a term of 36 months from the commencement date. The lease included an escalation clause with annual increases of approximately 4% increase per year.

The following is a schedule by years of future minimum lease payments (in thousands):

Remainder of 2025	398
2026	440
2027	407
2028	65
Total future non-cancelable minimum lease payments	<u>\$ 1,310</u>

Lease costs for the three months ended March 31, 2025 and 2024 totaled approximately \$0.2 million and \$0.2 million, respectively. We anticipate no deficiencies in our ability to make these payments.

Other Cash Obligations

The Company manages reward card programs for clients. Under these programs, 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. As of March 31, 2025 and December 31, 2024, the Company had net deposits totaling approximately \$0.9 million and \$0.4 million, respectively.

Our other principal cash payment obligations have consisted principally of obligations under the Revolving Line of Credit. As stated above, as of March 31, 2025 and December 31, 2024, we had not drawn any funds from the Revolving Line of Credit under the Loan Documents.

Critical Accounting Estimates

We prepare our financial statements in accordance with U.S. GAAP. The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statements presentation, financial condition, results of operations, and cash flows will be affected.

We believe that the assumptions and estimates associated with the valuation of goodwill and intangible assets, and contingent earn-out liabilities have the greatest potential impact on our financial statements. Therefore, we consider these to be our critical accounting policies and estimates. For further information on all of our significant accounting policies, see the notes to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q.

Valuation of Goodwill and Intangible Assets

We perform an annual impairment review of our goodwill during the fourth fiscal quarter of each year, and more frequently if we believe indicators of impairment exist. The process of evaluating the potential impairment of goodwill is highly subjective and requires significant judgment. To review for impairment, we first assess qualitative factors to determine whether events or circumstances lead to a determination that it is more likely than not that the fair value of our reporting unit is less than its carrying amount. Our qualitative assessment of the recoverability of goodwill, whether performed annually or based on specific events or circumstances, considers various macroeconomic, industry-specific and company-specific factors. These factors include: (i) severe adverse industry or economic trends; (ii) significant company-specific actions; (iii) current, historical or projected deterioration of our financial performance; or (iv) a sustained decrease in our market capitalization below our net book value. After assessing the totality of events and circumstances, if we determine that it is more likely than not that the fair value of our reporting unit to which goodwill is assigned is greater than its carrying amount, no further assessment is performed. If we determine that it is more likely than not that the fair value of our reporting unit is less than its carrying amount, we calculate the fair value of that reporting unit and compare the fair value to the reporting unit's net book value.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Our goodwill impairment test uses both the income approach and the market approach to estimate a reporting unit's fair value. The income approach is based on the discounted cash flow method that uses the reporting unit estimates for forecasted future financial performance, including revenues, operating expenses, and taxes, as well as working capital and capital asset requirements. These estimates are developed as part of our long-term planning process based on assumed market segment growth rates and our assumed market segment share, estimated costs based on historical data and various internal estimates. Projected cash flows are then discounted to a present value employing a discount rate that properly accounts for the estimated market weighted-average cost of capital, as well as any risk unique to the subject cash flows. The market approach is based on weighting the financial multiples of comparable companies and applying a control premium. A reporting unit's carrying value represents the assignment of various assets and liabilities, excluding certain corporate assets and liabilities, such as cash and debt.

We assess the impairment of long-lived assets, including purchased property and equipment, right-of-use assets, and intangible assets, whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Factors we consider important which could trigger an impairment review include: (i) significant underperformance relative to historical or projected future operating results, (ii) significant changes in the manner of our use of the acquired assets or the strategy for our overall business, or (iii) significant negative industry or economic trends. The process of evaluating the potential impairment of long-lived assets under the accounting guidance on property and equipment and intangible assets is also highly subjective and requires significant judgment. In order to estimate the fair value of long-lived assets, we typically make various assumptions about the future prospects of our business or the part of our business to which the long-lived assets relate. We also consider market factors specific to the business and estimate future cash flows to be generated by the business, which requires significant judgment as it is based on assumptions about market demand for our products over a number of future years. Based on these assumptions and estimates, we determine whether we need to take an impairment charge to reduce the value of the long-lived assets stated on our consolidated balance sheets to reflect their estimated fair value. Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors, such as the real estate market, industry and economic trends, and internal factors, such as changes in our business strategy and our internal forecasts. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, changes in assumptions and estimates could materially impact our reported financial results.

Recent Accounting Pronouncements

For a discussion of recently adopted accounting pronouncements, see *Recently Issued Accounting Pronouncements* in Note A.18 to our financial statements beginning on page 1 of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) prior to the filing of this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were not effective due to the following material weaknesses in our internal control over financial reporting:

- There was a material weakness in our internal controls related to the proper design and implementation of control over formal review, approval, and evaluation of complex accounting transactions associated with business combinations.
- We identified a material weakness in internal control related to the proper design and implementation of certain controls over management's formal review process that includes multiple levels of review as well as timely review of accounts and reconciliations leading to material adjustments.
- We identified a material weakness in internal control related to the proper design and implementation of certain controls over income tax provision and management's review of the income tax provision.
- We did not design and maintain effective controls over financial reporting for accounts receivable and unearned revenue, freight charges, and inventory and cost of sales accounts.
- We did not design and maintain effective controls over financial reporting related to the proper presentation and disclosure for related party transactions.
- We did not effectively select and develop certain information technology general controls related to access and change management controls that led to deficiencies in the design and operation of control activities.

Changes in Internal Control Over Financial Reporting

Following the identification and communication of the material weaknesses described above, management continued to implement the following remediation actions relating to these material weaknesses during the three months ended March 31, 2025, as follows:

- We continued to utilize the services of external consultants for non-routine and/or technical accounting issues as they arise.
- We continued to expand and improve our review process for complex accounting transactions by enhancing access to accounting literature, engaging third-party professionals with whom to consult regarding complex accounting applications, and hiring additional staff with the requisite experience and training to supplement existing accounting professionals.
- Management, with the assistance of a third party, continued to perform an evaluation of the processes and procedures around our processes, internal control design gaps, and recommend process enhancements.
- We continued to implement enhancements and process improvements, including the design and implementation of reporting systems relating to the January 2025 launch of our new NetSuite enterprise resource planning system.

The material weaknesses identified above will not be considered fully remediated until these additional controls and procedures have operated effectively for a sufficient period of time and management has concluded, through testing, that these controls are effective. Our management will monitor the effectiveness of our remediation plans and will make changes management determines to be appropriate.

There were no changes in our internal control over financial reporting during the three months ended March 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except as described above.

Inherent Limitation on the Effectiveness of Internal Control

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with our policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II

OTHER INFORMATION

ITEM 1. 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 currently aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Unregistered Sales of Equity Securities

During the three months ended March 31, 2025, we did not sell any equity securities that were not registered under the Securities Act and that were not previously disclosed under Item 3.02 in a Current Report on Form 8-K.

Purchases of Equity Securities

No repurchases of our common stock were made during the three months ended March 31, 2025.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Deadlines for Stockholder Proposals and Nominations at Combined 2024 and 2025 Annual Meeting

The Company's combined 2024 and 2025 annual meeting of stockholders (the "Annual Meeting") has been scheduled to be held on Friday, July 25, 2025, and that the record date for the determination of stockholders of the Company entitled to receive notice of and to vote at the Annual Meeting shall be the close of business on Tuesday, May 27, 2025. The time and location of the Annual Meeting will be as set forth in the Company's definitive proxy statement for the Annual Meeting to be filed with the Securities and Exchange Commission.

Due to the fact that the date of the Annual Meeting has been changed by more than 30 days from the anniversary date of the 2023 annual meeting of stockholders, the Company is providing the deadlines for submission of any qualified stockholder proposal for inclusion in the Company's proxy materials for the Annual Meeting, for proper presentation of proposals or director nominations at the Annual Meeting, and for solicitation of proxies in support of director nominees in compliance with the universal proxy rules.

For a proposal to be included in our proxy statement for the Annual Meeting in accordance with Rule 14a-8 under the Exchange Act, the proposal must be received no later than Friday, May 30, 2025. A proposal which is received after the applicable date or which otherwise fails to meet the requirements for stockholder proposals established by the SEC will not be included. The submission of a stockholder proposal does not guarantee that it will be included in the proxy statement. The proposal must also comply with the other requirements for stockholder proposals under Rule 14a-8 under the Exchange Act in order for it to be required to be included in our proxy statement for the Annual Meeting. In addition, if the requirements of Rule 14a-4(c)(2) under the Exchange Act are not complied with, the Company may exercise discretionary voting authority under proxies it solicits to vote in accordance with its best judgment on any such proposal.

In accordance with the Company's Amended and Restated Bylaws ("Bylaws"), for any proposal or any director nomination that is not included in the Company's proxy statement for the Annual Meeting to be brought by a stockholder before the Annual Meeting, notice of the proposal or nomination must be received by May 26, 2025.

On March 19, 2025, the Compensation Committee approved the grant of the following discretionary cash bonuses: \$50,000 was granted to Andrew Shape, Chief Executive Officer and President; \$25,000 was granted to David Browner, Chief Financial Officer; and \$25,000 was granted to John Audibert, Vice President of Growth and Strategic Initiatives. The bonus compensation was in addition to any cash bonus or other compensation that each of the recipients may be entitled to or eligible for under his respective employment or consulting agreement with the Company.

None of our directors or "officers," as defined in Rule 16a-1(f) under the Exchange Act, adopted or terminated a Rule 10b5-1 trading plan or arrangement or a non-Rule 10b5-1 trading plan or arrangement, as defined in Item 408(c) of Regulation S-K, during the fiscal quarter ended March 31, 2025.

ITEM 6. EXHIBITS.

Exhibit No.	Description
3.1	Articles of Incorporation of Stran & Company, Inc. (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 filed on October 7, 2021)
3.2	Amended and Restated Bylaws of Stran & Company, Inc. (incorporated by reference to Exhibit 3.2 to the Amendment No.1 to Registration Statement on Form S-1 filed on October 22, 2021)
31.1*	Certifications of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certifications of Principal Financial and Accounting Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certifications of Principal Executive Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certifications of Principal Financial and Accounting Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

** Furnished herewith

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 thereunto duly authorized.

Date: May 15, 2025

STRAN & COMPANY, INC.

/s/ Andrew Shape

Name: Andrew Shape

Title: Chief Executive Officer and President

(Principal Executive Officer)

/s/ David Browner

Name: David Browner

Title: Chief Financial Officer

(Principal Accounting and Financial Officer)

CERTIFICATIONS

I, Andrew Shape, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Stran & Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2025

/s/ Andrew Shape

Andrew Shape
Chief Executive Officer and President
(Principal Executive Officer)

CERTIFICATIONS

I, David Browner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Stran & Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2025

/s/ David Browner

David Browner

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned Chief Executive Officer of STRAN & COMPANY, INC. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement on May 15, 2025.

/s/ Andrew Shape

Andrew Shape
Chief Executive Officer and President
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Stran & Company, Inc. and will be retained by Stran & Company, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned Chief Financial Officer of STRAN & COMPANY, INC. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement on May 15, 2025.

/s/ David Browner

David Browner

Chief Financial Officer

(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Stran & Company, Inc. and will be retained by Stran & Company, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.