Risk Factors Comparison 2024-03-28 to 2023-03-30 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

● Our business incurs significant freight and transportation costs. Any changes in our shipping arrangements or any interruptions in shipping could harm our business, results of operations and financial condition. ● Our business may be impacted by unforeseen or catastrophic events, including the emergence of pandemics or other widespread health emergencies, terrorist attacks, extreme weather events or other natural disasters and other unpredicted events. ● We face intense competition within our industry and our revenue and / or profits may decrease if we are not able to respond to this competition effectively. ● We face intense competition to gain market share, which may lead some competitors to sell substantial amounts of goods at prices against which we cannot profitably compete. ● Global, national or regional economic slowdowns, high unemployment levels, fewer jobs, changes in tax laws or cost increases might have an adverse effect on our operating results. ● The promotional products, ~~uniforms,~~ trade show and events marketplace, loyalty and program management business industries are subject to pricing pressures that may cause us to lower the prices we charge for our products and services that adversely affect our financial performance. ● Changes to trade regulation, quotas, duties, tariffs or other restrictions caused by the changing U. S. and geopolitical environments or otherwise, such as those with respect to China, may materially harm our revenue and results of operations, such as by increasing our costs and / or limiting the amount of products that we can import. ● The apparel industry, including ~~uniforms and~~ corporate identity apparel, is subject to changing fashion trends and if we misjudge consumer preferences, the image of one or more of our brands may suffer and the demand for our products may decrease. ● **Climate change impacts including supply chain disruptions, operational impacts, and geopolitical events may impact our business operations. ●** Our success depends upon the continued protection of our intellectual property rights and we may be forced to incur substantial costs to maintain, defend, protect and enforce our intellectual property rights. ● ~~Climate change and increased~~ **Increased** focus by governments, **vendors,** stockholders **,** and customers on sustainability issues, including those related to climate change, may have a material adverse effect on our business and operations. ● Some of the products that we design or otherwise assist customers with producing create exposure to potential product liability, warranty liability or personal injury claims and litigation. ● Defects in the products that we design or otherwise assist customers with producing could reduce demand for our products and result in a decrease in sales and market acceptance and damage to our reputation. ● We ~~are~~ **may be** subject to periodic litigation in both domestic and international jurisdictions that may adversely affect our financial position and results of operations. ● Volatility in the global financial markets could adversely affect results. ● Failure to achieve and maintain effective internal ~~controls~~ - **control over financial reporting** could adversely affect our business and price of our securities. ● Increases in the cost of employee benefits could impact our financial results and cash flow. ● Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and our financial condition and results of operations. ● We may recognize impairment charges, which could adversely affect our financial condition and results of operations ~~. ● Environmental regulations may impact our future operating results~~. ● If we are unable to accurately predict our future tax liabilities, become subject to increased levels of taxation or our tax contingencies are unfavorably resolved, our results of operations and financial condition could be adversely affected. ● Early termination of or failure to renew our secured line of credit could strain our ability to pay other obligations. PART I ITEM 1. BUSINESS. Overview We are an outsourced marketing solutions provider, working closely with our customers to develop sophisticated marketing programs that leverage our promotional products and loyalty incentive expertise. We develop long- term relationships with our customers, enabling them to connect with both their customers and employees in order to build lasting brand loyalty. It is our mission to drive brand awareness and affect behavior through visual, creative, and technology solutions. We purchase products and branding through various third- party manufacturers and decorators and resell the finished goods to customers. In addition to selling branded products, we offer our clients custom sourcing capabilities; a flexible and customizable e- commerce solution for promoting branded merchandise and other promotional products, managing promotional loyalty and incentives, print collateral, and event assets, order and inventory management, and designing and hosting online retail popup shops, fixed public retail online stores, and online business- to- business service offerings; creative and merchandising services; warehousing / fulfillment and distribution; print- on- demand; kitting; point of sale displays; and loyalty and incentive programs. These valuable services, as well as the deep level of commitment we have to the business operations of our customers, have resulted in a strong and stable position within the industry. We specialize in managing complex promotional marketing programs to help recognize the value of promotional products and branded merchandise as a tool to drive awareness, build brands and impact sales. This form of advertising is very powerful and impactful and particularly effective at building brand loyalty because it typically uses products that are considered useful and appreciated by recipients and are retained and used or seen repeatedly, repeating the imprinted message many times without adding cost to the advertiser. We have built the tools, processes, relationships and the blueprint to maximize the potential of these products and deliver the most value to our customers. For over ~~27~~ **28** years we have grown into a leader in the promotional products industry, ranking **24th** ~~36th in 2021 revenues in the United States~~ on **PPAI** ~~Print Promo Marketing~~ ' s ~~2022~~ Top **100** Distributors **2023** list ~~,~~ and 34th on ASI' s Top 40 Distributors ~~2022~~ **2023** list. Our co- founder and Chief Executive Officer **and President** , Andrew Shape, was also recently **named** ~~ranked 45th on ASI' s 2022~~ **2023 Person** ~~Power 50 list~~ of ~~influential people in our~~ **the Year by promotional products** industry **periodical Counselor** . Since our first year of operations in 1995, our annual revenues have gradually grown from approximately $ 240, 000 to **approximately** $ ~~59~~ **75** . ~~0~~ **9** million in ~~2022~~ **2023** , a compound annual growth rate of approximately 22. ~~6~~ **8** %, and between ~~2017~~ **2018** and ~~2022~~ **2023** , our revenues grew at a compound annual growth rate of approximately ~~24~~ **25** . ~~4~~ **8** %. During ~~2017~~ **2018** through ~~2022~~ **2023** , we had consistent gross margins of approximately 30 %, and processed more than 50, 000 customer orders per year. As of December 31, ~~2022~~ **2023** , we had total assets of $ ~~56~~ **61** . 6 million with total stockholder equity of $ 39. ~~4~~ **5** million. We serve a highly diversified customer base across many industry verticals including pharmaceutical and healthcare, manufacturing, technology, finance, construction and consumer goods. Many of our customers are household names and include some of the largest corporations in the world. Our sales increased ~~48~~ **28** . ~~5~~ **7** % year- over- year in **2023 compared to** 2022 ~~compared to 2021~~ , which we believe was primarily due to higher spending from existing clients as well as business from new customers. Additionally, we benefited from the acquisition of the G. A. P. Promotions, LLC, or G. A. P. Promotions, assets in January 2022, the assets of Trend Promotional Marketing Corporation (d / b / a Trend Brand Solutions), or Trend Brand Solutions, in August 2022, ~~and~~ the assets of Premier Business Services, or Premier NYC, in December 2022 ~~. We expect going forward that pent- up demand from more widespread immunity to the COVID- 19 virus~~ , ~~the return of many significant in- person tradeshows~~ and ~~other industry- related opportunities~~ **T R Miller Co.** , **Inc.,** ~~and societal reopening in general may help compensate for~~ - **or T R Miller** ~~lower sales in prior periods. However~~ , ~~these trends are expected to be partially offset by continued increases~~ in **June** ~~expenses, especially higher raw material costs and a more challenging supply chain. According to the U. S. Bureau of Labor Statistics, the Producer Price Index for final demand moved up 4. 6 % for the 12 months ended in February,~~ 2023, **respectively** ~~on an unadjusted basis. In addition, we believe that the COVID- 19 pandemic has had significant adverse effects on our industry and our company, and that it may continue to do so. For further discussion, see " — The COVID- 19 Pandemic' s Effects on the Promotional Products Industry " and " — The COVID- 19 Pandemic' s Effects on Our Business " below~~ . Our headquarters are located at Quincy, Massachusetts, with additional offices located in Warsaw, Indiana; Mt. Pleasant, South Carolina; **Walpole, Massachusetts;** and Tomball, Texas. We also have sales representatives in ~~17~~ **20** additional locations across the United States and a network of service providers in the U. S. and abroad, including factories, decorators, printers, logistics firms, and warehouses. Our Industry Overview of Promotional Products Market The promotional products industry is large yet highly- fragmented, with thousands of smaller participants and indications of a lack of market power in any one firm or group of firms. The industry has generally experienced growth as businesses continuously invest in sophisticated marketing campaigns involving multiple types of advertising. Promotional products are items used to promote a product, service or company program including advertising specialties, premiums, incentives, business gifts, awards, prizes, commemoratives and other imprinted or decorated items. They are usually given away by companies to consumers or employees. The largest promotional products trade organizations are the Advertising Specialty Institute (ASI) and Promotional Products Association International (PPAI). U. S. Promotional Products is a Large and Growing Market According to ASI, the ~~U. S.~~ market for promotional products **sales** reached **a record high of** $ ~~25~~ **26** . ~~8~~ **1** billion in ~~2022~~ **2023** ~~, matching the previous high achieved in 2019 and growing 11. 2 % from 2021~~ . Moreover, the promotional products market is only one segment of a total addressable market of possibly up to $ ~~380~~ **406** billion **,** based on the size of **the promotional products market ($ 26. 1 billion in 2023 according to ASI);** the product packaging market ($ 185 billion as of 2021, according to Mordor Intelligence, a leading market intelligence and advisory firm); the loyalty incentive programs market ($ 90 billion annually according to the Incentive Marketing Association, the umbrella organization for suppliers in the incentive marketplace); the printing market ($ 83 billion projected for 2023, according to IBISWorld, an industry research provider); and the trade show and conference planning market ($ 22 billion projected for 2023, according to IBISWorld) ~~. We believe that U. S. promotional products spending was severely impacted by the COVID- 19 pandemic. According to ASI, promotional product distributor sales decreased nearly 20 % from $ 25. 8 billion in 2019 to $ 20. 7 billion in 2020. However, the return of in- person events, businesses aggressively marketing themselves and 40- year- high inflation resulted in promotional products distributor sales increasing 12. 1 % in 2021 to $ 23. 2 billion and 11. 2 % in 2022 to $ 25. 8 billion, matching the last full year prior to the COVID- 19 pandemic~~ . The Promotional Products Industry Is Resilient To Other Forms of Advertising The promotional products industry is relatively insulated from other forms of advertising such as television and digital advertising. Although promotional products compete for space within an advertising budget with other forms of advertising, particularly online advertising, they offer distinct benefits, particularly due to their physical nature, which may help distributors and suppliers continue to sell these products and related services despite these budgetary pressures. Data shows that promotional products are more effective in generating brand recognition and sales than other forms of advertising, including television and online advertisements. These factors help shield established industry firms like ours from the technological and competitive disruption experienced by other types of media advertisers. The Promotional Products Industry is Highly Fragmented The promotional products industry is also highly fragmented. As of ~~2018, the industry included over 40, 000 firms according to PPAI. As of 2022~~ **2023** , the firm with the greatest percentage of industry sales generated $ 1. ~~1~~ **3** billion in ~~revenue~~ **sales** but made up only approximately ~~4~~ **5** . ~~4~~ **1** % of the $ ~~25~~ **26** . ~~8~~ **1** billion in ~~revenues~~ **sales** generated in ~~2022~~ **2023** by ~~North American~~ promotional products distributors, based on information reported by ASI and the firm itself. There are only two firms that have reported achieving ~~revenues~~ **sales** above $ 1 **. 0** billion in ~~2022~~ **2023** . As a group, the top 40 distributors had approximately ~~32~~ **37** . ~~7~~ **5** % market share as of ~~2021~~ **2022** , based on total sales of approximately $ **9.** 7 ~~. 6~~ billion out of total ~~North American~~ promotional products distributors' revenues for ~~2021~~ **2022** of $ ~~23~~ **25** . ~~2~~ **8** billion, based on ASI' s reports. Unlike our company, which provides comprehensive solutions to complex promotional and branding challenges, we view most of our competitors as generally falling into one of the five categories below: ● Online e- tailer. Heavily rely on marketing and online advertising to sell directly to businesses, offering little or no strategic support or program infrastructure. ● Franchise Model. Consists of many smaller firms or independent representatives without a consistent strategic vision. They do not offer consistent pricing and have fragmented service capabilities. ● Large and Inflexible. Focus on large enterprise customers, struggling to serve the needs of smaller spend opportunities (less than $ 3 million annually). They tend to lack in delivering a high level of service and are limited in their ability to react to changes in the market. ● Non- Core Offering. Offer promotional merchandise as an add- on to their core business or have grown through acquisition without any unification strategy. ● Small Mom- and- Pop. Have little or no infrastructure or executive oversight. Do not have the financial backing, technology, or infrastructure to support growth or ability to execute comprehensive marketing programs or large opportunities. Promotional Products are a High- impact, Cost- effective Advertising Medium Because promotional products are useful and appreciated by recipients, they are retained and used, repeating the imprinted message many times without added cost to the advertiser. ASI' s Global Ad Impressions Study, ~~2020~~ **2023** Edition, reported: ● Promotional products are the most highly regarded form of advertising, more than newspapers, radio, magazine, television, ~~Internet~~ **internet** , or mobile ads. ● Up to 85 % of promotional products recipients remember the advertiser worldwide. ~~Recall is highest for apparel items, as 85 % recall the advertiser that gave them a shirt or hat.~~ ● ~~40~~ **Over 60** % of consumers who ~~own~~ **received outwear and drinkware as** promotional products report ~~that~~ they ~~have~~ **would** ~~kept~~ **keep** ~~some~~ **the items** for **two** ~~more than 10~~ years **or longer** , suggesting that businesses using promotional products may generate long- term revenues and other valuable goodwill from them. ~~● Nearly one- quarter (23 %) of consumers reported that they purchased a promotional product in the last year, showing one way that promotional products can be cost- effective advertising tools.~~ In 2018, PPAI reported that promotional products are the most impactful form of advertising across all generations. Whereas reportedly less than 55 % of consumers read or watch an entire advertisement online, in an email, on television, in the mail, in a magazine, or on the radio, over 80 % of consumers retain promotional products. Moreover, promotional products have been ranked the most effective form of advertising across all generations, outranking even television, online, print, and mobile forms. A 2019 PPAI report revealed additional statistics reflecting the significant impact of promotional products on consumers: ● 96 % of consumers like to know ahead of time when companies offer promotional products. ● Eight out of ten consumers enjoy receiving promotional products. ● Seven in ten consumers would like to receive promotional products more often. ● 79 % of consumers, including over a third of Millennials and 20 % of Generation Z consumers, pass on promotional products that they no longer want, increasing their potential reach and effectiveness. Nearly all consumers say they would go out of their way to receive promotional products. As of 2016, PPAI reported that, overall, buyers consider promotional products mostly or always effective in achieving marketing goals. They generally consider promotional products more effective than social media and nearly as effective as all other media. Data indicates that the majority of buyers do have a budget set aside for promotional products. However, for more than 72 % the allocation is less than 20 % of their marketing advertising budget. When asked what their plans were for promotional products spend over the next 12 months, only 3 % projected a decrease in product purchases. This data suggests that the potential for promotional products' market growth is significant. ~~The COVID- 19 Pandemic' s Effects on the Promotional Products Industry As in many other industries, we believe that the COVID- 19 pandemic has weakened many promotional products distributors. According to ASI, promotional product distributor sales decreased nearly 20 % from $ 25. 8 billion in 2019 to $ 20. 7 billion in 2020. However, the return of in- person events, businesses aggressively marketing themselves and 40- year- high inflation resulted in promotional products distributor sales increasing 12. 1 % in 2021 to $ 23. 2 billion and 11. 2 % in 2022 to $ 25. 8 billion, matching the last full year prior to the COVID- 19 pandemic. At the same time, distributors have also experienced higher costs of supplies of product materials due to continued increases in expenses, especially higher freight charges and raw material costs, and a more challenging supply chain from issues such as trucking shortages and port congestion. Much of the increase in costs, supply chain disruption, and other continuing disruptions in operations is believed to be due to ongoing outbreaks of COVID- 19. We expect some or all of these effects to continue in 2023. We believe that the COVID- 19 pandemic has impacted Stran' s operational and financial performance. As was typical for other firms in the promotional products industry, from March 2020 through the end of 2022, we believe that our revenues were adversely affected by decreased demand for promotional products and services such as ours due to a lack of in- person events, businesses not being fully reopened and staffed, and customers' decreased marketing budgets. We also experienced higher costs of supplies of product materials due to continued increases in expenses, especially higher freight charges and raw material costs, and a more challenging supply chain from issues such as trucking shortages and port congestion. Much of the increase in costs, supply chain disruption, and other continuing disruptions in operations is believed to be due to ongoing outbreaks of COVID- 19. We expect some or all of these effects to continue in 2023. We have also noted that some of our customers have indicated that a greater number of their employees work from home than in past periods. We believe this increase may be partially a result of the relatively new risk to office work from the COVID- 19 pandemic, and that this trend may continue. As a result, we have been, and expect to continue to, drop- ship more materials directly to people at their homes than in periods before the advent of the COVID- 19 pandemic. We expect that this trend will continue to yield increased freight service fees and fulfillment revenue as well as associated costs. We have responded to the challenges resulting from the COVID- 19 pandemic by developing a clear company- wide strategy and sticking to our hardworking culture and core value of delivering creative merchandise solutions that effectively promote our customers' brands. We continue to focus on our core group of customers while providing additional value- added services, including our e- commerce platform for order processing, warehousing and fulfillment functions, and propose alternative product offerings based on their unique needs. We also continue to solicit and market ourselves to long- term prospects that have shown interest in Stran. We have remained committed to providing our customers with more than just products. Below are some of the specific ways we have responded to the current pandemic: ● Adhered to all state and federal social distancing requirements while prioritizing health and safety for our employees. We allow team members to work remotely when necessary, allowing us to continue providing uninterrupted sales and service to our customers throughout the year. ● Emphasized and established cost savings initiatives, cost control processes, and cash conservation to preserve liquidity. ● Explored national acquisition opportunities and executed the acquisitions of the promotional products assets and business of Indiana- based Wildman Imprints with historical revenue exceeding $ 10 million annually in September 2020, Massachusetts- based G. A. P. Promotions with 2021 revenue of approximately $ 7. 2 million in January 2022, Texas- based Trend Brand Solutions with annualized 2022 revenue of approximately $ 3 million in August 2022, and New York- based Premier NYC with annualized 2022 revenue of approximately~~

~~$ 2 million in December 2022. In addition, entered into a definitive agreement in January 2023 to purchase the promotional products business and assets of Massachusetts- based T R Miller Co., Inc. (" TRM Corp. "), with historical revenue of approximately $ 19 million. ● Retained key customers through constant communication, making proactive product or program suggestions, driving program efficiencies, and delivering value- added solutions to help them market themselves more effectively. ● Concentrated and succeeded in earning business from clients in specific verticals that have spent more during the pandemic including customers in the entertainment, beverage, retail, consumer packaged goods, and cannabis industries. ● Retained key employees by continuing to provide them with competitive compensation and the tools required to be successful in their jobs. ● Successfully applied for and received Paycheck Protection Program (" PPP ") loans and government assistance. ● Refocused our marketing activities on more client- specific revenue generating activities that reduced spend while remaining effective. We believe that we have seen encouraging signs of recovery from the effects of the COVID- 19 pandemic. There has been a significant increase in the amount of requests for proposal and other customer inquiries since the beginning of 2021, which leads us to believe that companies are preparing to spend at previous or increased levels. We expect going forward that pent- up demand from more widespread immunity to the COVID- 19 virus and societal reopening will help compensate for lower sales in prior periods. However, significant lingering supply chain issues related to the COVID- 19 pandemic continued to adversely affect our business in 2021 and 2022, and may continue to do so in 2023. For a further discussion of the impact of the COVID- 19 pandemic on our business, please see the discussion in " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and in particular the subsection entitled " Impact of COVID- 19 Pandemic ", and Item 1A. " Risk Factors – Risks Related to Our Business and Industry – Our business has been materially adversely impacted by the COVID- 19 pandemic and could be materially adversely impacted by future COVID- 19 pandemic surges, new COVID- 19 variants, or other pandemics. "~~ Competitive Strengths We believe our key competitive strengths include: ● Superior and Distinctive Technology. We have invested in sophisticated, efficient ordering and logistics technology that provides order processing, warehousing and fulfillment functions. We continue to invest in our technology infrastructure, including many customized solutions developed on Adobe Inc. (" Adobe ")' s open- source e- commerce platform, Magento Open Source. We have also invested in an internal commercial Enterprise Resource Planning (ERP) system, Oracle / NetSuite' s NetSuite ERP, which is expected to enhance the process of gathering and organizing the business data of our company through an integrated software suite, and is expected to be implemented in the ~~first~~ **second** half of ~~2023~~ **2024 . Additional NetSuite phases will be planned and rolled out in subsequent years** . ● Leading Market Position. Our over ~~27~~ **28** years' history and size make us a leader in the U. S. promotional products industry. We believe that the key benefits of our scale include an ability to efficiently implement large and intensive programs; an ability to invest in sales tools and technologies to support our customers; and operating efficiencies from our scalable infrastructure. We believe our market position and scale enhances our ability to increase sales to existing customers, attract new customers and enter into new markets. ● Extensive Network. We have developed a deep network of collaborator factories, decorators, printers, and warehouses around the globe. This network helps us find the right solution to meet our customers' needs, whether they are financial, timing, geographic, or brand goals. This model provides the flexibility to proactively manage our customers' promotional needs efficiently. As a result, we believe that we have an excellent reputation with our customers for providing a high level of prompt customer service. ● Customer- Centric Approach. Our customer- centric approach is what has fueled our growth since our inception and our early adoption of technology to solve challenges for our clients set us apart in our early growth. We strive to understand the goals and challenges that our customers face, building unique solutions and seeing each campaign through to completion as an extension of their team. ● Diversified Customer Base. We sell our products to over 2, 000 active customers and over 30 Fortune 500 companies, including long- standing programs with recurring revenue coming from well recognized brands and companies. Our largest customer accounted for **13. 2 % and** 8. 8 ~~% and 7. 5~~ % of overall revenue during **2023 and** 2022 ~~and 2021~~ , respectively. Our top 10 customers in **2023 and** 2022 ~~and 2021~~ contributed **44. 0 % and** 42. 5 ~~% and 44. 8~~ % of revenue, respectively. Our customers span many industries, including pharmaceutical and healthcare, manufacturing, technology, finance, construction and consumer goods. ● Experienced Senior Management Team. Our senior management team, led by our co- founder and Chief Executive Officer **and President** , Andrew Shape, is comprised of seasoned industry professionals and veterans of our company. Our senior management has an average of over 20 years of experience in the promotional products industry. ● Asset Acquisition Experience. **We have made five acquisitions over the past three and a half years through asset purchase agreements.** In September 2020, we acquired all of the customers of the promotional products business Wildman Imprints **, the former promotional products business division of Wildman Business Group, LLC,** in an asset purchase. In 2019, that business recorded over $ 10 million in revenue. In January 2022, we purchased the promotional products business and assets of G. A. P. Promotions, with 2021 revenue of approximately $ 7. 2 million. In August and December, 2022, we also acquired the promotional products businesses and assets of Texas- based Trend Brand Solutions and New York- based Premier NYC, respectively. In ~~January~~ **June** 2023, we **also** ~~entered into a definitive agreement to acquire~~ **acquired** the promotional products business and assets of Massachusetts- based ~~TRM Corp~~ **T R Miller** . We continue to explore and pursue additional acquisition opportunities that are appropriate. Please see " — Growth Strategies – Selectively Pursue Acquisitions " below for a discussion of our asset acquisition experience and strategy. The key elements of our strategy to grow our business include: ● Selectively Pursue Acquisitions. We believe that we are well- suited to capitalize on opportunities to acquire businesses with key customer relationships or have other value- added products or services that complement our current offerings. Our acquisition strategy consists of increasing our share in existing markets, adding a presence in new or complementary regions, utilizing our scale to realize cost savings, and acquiring businesses offering synergistic services such as printing, packaging, point of sale (POS) displays, loyalty and incentive program management, and decoration, or offering additional differentiators. In September 2020, we acquired all the customer account managers and customer accounts of the promotional products business Wildman Imprints in Warsaw, Indiana. As a result, we gained approximately over 1, 400 customer accounts, including over 120 customer programs with higher repeat- business potential; 20 additional employees; inventory worth approximately $ 650, 000 ~~with a majority covered by contractual customer purchase guarantees~~ ; and additional revenues of over $ 10 million as of 2019. This acquisition allowed us to extend our geographical reach into the Midwest and further diversify our customer base. In January 2022, we acquired the promotional products business and assets of G. A. P. Promotions in Gloucester, Massachusetts. From this acquisition, we expanded our major beverage- specific customer accounts; hired 13 additional employees; gained inventory worth approximately $ 90, 000 ~~with claw- back guarantees~~ ; and gained a business with sales of approximately $ 7. 2 million as of 2021. In August 2022, we acquired the promotional products business and assets of Trend Brand Solutions in Houston- area Tomball, Texas. From this acquisition, we diversified and expanded our customers' geographic accounts; gained eight additional employees; acquired inventory worth approximately $ 124, 000 ~~with claw- back guarantees~~ ; obtained a warehouse with kitting and fulfillment capabilities; and gained a business with annualized sales of approximately $ 3 million as of 2022. In December 2022, we acquired the promotional products business and assets of Premier NYC in Larchmont, New York. From this acquisition, we acquired a business with annualized sales of approximately $ 2 million as of 2022 and a number of noteworthy customers including several large law firms and a national stock exchange **. In June 2023, we acquired the promotional products business and assets of T R Miller in Walpole, Massachusetts. From this acquisition, we acquired a business with in- house decoration and fulfillment capabilities with sales of approximately $ 20. 4 million for its fiscal year ended June 30, 2022; obtained an approximately 25, 000 square foot distribution and processing center; gained 29 additional employees and contractors; acquired inventory worth approximately $ 0. 2 million; and acquired customer accounts for noteworthy clients including a major accounting firm, a major insurance provider, a large sportswear manufacturer, a leading beverage and coffeemaker conglomerate, and an online food ordering and delivery platform** . We believe that this experience will help us to pursue suitable acquisition opportunities in the future and integrate them successfully. Consistent with this strategy, we continue to evaluate potential acquisition targets, particularly with the following attributes: oGeographic balance, with a focus on acquiring a company in the branded merchandise space based in the western United States (including Texas, California, Colorado, Oregon, or Washington state) in the $ 5- 10 million revenue range; oSmaller promotional companies in the $ 2- 5 million revenue range who lack the programmatic capabilities but have a minimum of 30 % gross margins and comparable or improved profitability; andoBusinesses with complimentary offerings to increase Stran' s portfolio of services and depth of expertise in these additional industries: Packaging; Loyalty & Incentive; Decorators (for screen printer, embroidery, direct- to- garment, rub- on transfers, etc.); and Event / Tradeshow Services. ● Innovate and Invest in Technology. We continue to invest in upgrades to our platform for customers' promotional e- commerce objectives, including customizable and scalable features, developed on Adobe' s open- source e- commerce platform, Magento Open Source. We have also invested in an internal commercial ERP system, NetSuite ERP, which is expected to enhance the process of gathering and organizing the business data of our company through an integrated software suite, and is expected to be implemented in the ~~first~~ **second** half of ~~2023~~ **2024 . Additional NetSuite phases will be planned and rolled out in subsequent years** . We believe that it is necessary to continue focusing on the buildout of our technology offerings in order to meet the evolving needs of our customers. Additionally, our strong technology platform will support our acquisition strategy to integrate acquired businesses into our existing platforms. We intend to continue making significant investments in research and development and hiring top technical talent. ● New Client Development. Our sales and marketing teams are tasked with continuously growing their books of business by nurturing existing business relationships while actively seeking new opportunities with new customers. We will continue to promote and ask for referrals from satisfied customers who often refer us to other potential clients. We continuously seek to build our sales forces through hiring of experienced individuals with established books of business as well as hiring less- experienced individuals that we hope to develop into productive sales representatives. As we continue to grow, we are hiring sales representatives in different geographies across the U. S. that further diversify our customer base and attract new customers. Currently we have employees or sales reps located in offices or remotely in Colorado, Connecticut, Florida, **Georgia,** Illinois, Indiana, **Maryland,** Massachusetts, Michigan, Minnesota, ~~Missouri,~~ Nevada **, New Hampshire** , New Jersey, New York, North Carolina, Ohio, Pennsylvania, **Rhode Island,** South Carolina, **and** Texas ~~, and Virginia. In addition to direct sales and marketing efforts, we have organized, and plan to expand, an inbound prospecting lead generation team that includes industry veterans, as well as digital marketing. This new dedicated lead generation team will be further supported by an integrated and aggressive digital marketing strategy and paid- search advertising efforts. We believe this sales and marketing initiative will enable us to expand into new markets and industry verticals~~ . We will continue to build sales and marketing campaigns to promote Stran, including social media, search engine optimization (SEO), HubSpot Inbound Marketing, and other alternative platforms. We also plan to continue to identify and exhibit at appropriate tradeshows, conferences, and events where we have had success. ● Develop and Penetrate Customer Base. We plan to further expand and leverage our sales force and broad product and service offering to upsell and cross- sell to both develop new clients and further penetrate our existing customer base. Many of our services work together and build on each other to offer greater control and consistency of our customers' brands as well as improved efficiency and ease of use for their team. Our goal is to become an extension of our customers' team and to support their organizations in using physically branded products in the most effective means possible. For example, we can offer a one- stop solution for all tradeshow and event asset management objectives. From pre- show mailings to special event ~~uniforms~~ **materials** , we can help design as well as produce and manage all tradeshow materials and processes from start to finish. With multiple warehouses strategically located throughout the United States, we offer logistics solutions and expertise to effectively fulfill customers' events needs across the country. The internal inventory- management version of our e- commerce platform provides the ability to manage not only a customer' s assets for its booth or event setup, but also its literature, giveaways ~~, uniforms~~ , and more. We will ship out all assets with return labels for post- show logistics and establish standard operating procedures for every asset to be returned back into inventory. Other strategies that we plan to implement to expand our customer base with expanded sales staff and technology resources include: oConvert Transactional Customers to Programs. The majority of our revenue is derived from program business, although only a small percentage of our customers are considered programmatic. For the years **2023 and** 2022 ~~and 2021~~, program clients accounted for ~~82~~ **77**. 2 % and ~~75~~ **82**. ~~7~~ **2** % of total revenue, respectively. Less than 350 of our more than 2, 000 active customers are considered to be program clients. With a larger sales force and other resources, we believe we can convert more of our customer base from transactional customers into program clients with much greater revenue potential. We define transactional customers as customers that place an order with us and do not have an agreement with us covering ongoing branding requirements. We define program clients as clients that have a contractual obligation for specific ongoing branding needs. Program offerings include ongoing inventory, use of technology platform, warehousing, creative services, and additional client support. Program customers are typically geared towards longer-lasting relationships that help secure recurring revenue well into the future. oStrengthen Marketing and Social Media Outreach. We plan to expand sales and marketing tools and campaigns to promote the Company, ~~including further expanding our inbound prospecting team,~~ and enhancing our digital marketing efforts, including paid search advertising, **search engine optimization (SEO),** social media platforms, such as Instagram **and LinkedIn**, and other alternative marketing platforms ~~. oDemand Generation. During 2022, we initiated a comprehensive demand generation strategy and plan to continue dedicating resources to this initiative. The strategy includes both traditional outbound sales such as cold calling, advertisements and direct email, and inbound prospecting of leads, based on organic generation of customer interest with targeted ads and information, focused on identifying and capitalizing on revenue- generating opportunities in previously unexplored or underexplored industry verticals. Our strategy encompasses the piloting of an inbound sales team, expansion into new markets through organic and pay- per- click marketing, and other initiatives. Our demand generation team will continue to leverage new campaigns alongside our product development and global sourcing capabilities to attract and convert multiple high- quality leads. Given our premier reputation and the fragmented nature of our industry, we believe we are ideally positioned to rapidly grow our market position as a leader in our industry, serving many of the leading Fortune 500 companies in the country~~. oTradeshows and Events. We plan to increase our exhibitor presence at appropriate shows and events such as ProcureCon Marketing, Association of National Advertisers Brand Masters Conference, Association of National Advertisers Masters of B2B Conference, National Beer Wholesalers Association (NBWA), Wine and Spirits Wholesalers of America: AccessLive, Bar Convent Brooklyn, New England Cannabis Convention (NECANN), Marijuana Business Conference and Cannabis Expo (MJBizCon). oExtend Relationships. We plan to identify and approach more print, fulfillment, and agency collaborators to sell into their customer base. oReferrals. We believe we will generate more customer referrals by offering an enhanced loyalty and customer incentive program. Products and Services Since our inception over ~~27~~ **28** years ago, we have provided clients with marketing services that help drive sales, and make an impact using custom- branded merchandise, commercial print, loyalty and incentive programs, packaging and point of sale solutions while providing a technology solution to deliver these products and services efficiently via our warehouse and fulfillment system. Our value to our customers is to be an extension of their own teams. We work to understand the different business and marketing goals of each customer and provide solutions that incorporate technology, human capital, and physical branded goods to solve their business challenges. This model of outsourced combined marketing and program- management services is unique in the promotional products industry, which is dominated by online e- tailers, franchisees, and mom- and- pop businesses. To achieve this value, we have built the internal resources, knowledge, and processes to support our clients with more than just commodity items. We are both program managers and creative marketers, having developed multiple teams within our organization to specialize and focus our efforts on supporting customers with the specific support that they need: ● Operations and e- commerce teams create custom- tailored technology solutions that enable our clients to view, manage and distribute branded merchandise to their appropriate audience in an efficient and cost- effective manner. ● Account teams work with client stakeholders to understand goals, objectives, marketing and human- resources initiatives, and the ongoing management of the account. ● In- house creative agency and product merchandising teams support the account team to provide unique and custom product ideas along with additional design services such as billboards, annual reports, and digital ad assets. ● Merchandising team as well as members of our account teams attend trade shows domestically and internationally across a variety of markets, allowing us to provide a diverse assortment of product offerings to our clients. ● Technology and program teams offer technology solutions to help efficiently manage the order process, view products and inventory available, distribute products in the most cost- effective manner, and provide reports and metrics on the activity of the account. We work closely with industrial designers of several of our key collaborators to understand the research and trends that are influencing product development in the six- to 18- month window ensuring that our team is up- to- date on trends in the industry. Promotional Product Programs We run complex corporate promotional marketing programs for clients across many different industry verticals. Most of our clients take advantage of all the services we provide; however, at the core of every program are the promotional products themselves. Our team works diligently to stay on point with the current trends so our clients' branded products are relevant. We distribute a wide variety of promotional products to our customers, with the most popular promotional products including wearables, writing utensils, drinkware, technology and events- related products. Loyalty and Incentives Programs We build custom solutions for customers looking to drive either customer or employee behavior. We help our customers build a customer loyalty program or an employee incentive program that meets each customer' s specific needs. Our solutions can include gamification tools, social media integration, and a points- based plan that rewards clients' users with a combination of physical products, digital rewards, gift cards, and experiential rewards nurturing loyalty to their brand. For example, we worked closely with a global producer of vaccines and medicines for animals, to design and implement a two- tier incentive program in which, on one tier, veterinarians were incentivized to purchase from our customer through providing them with promotional branded products, and, on a second tier, a loyalty points program featuring prepaid debit card rewards for end-user pet owners who buy their products. In developing our loyalty and incentive offering, Stran has taken a similar approach as we have in other areas of our business. Instead of developing our own internal solutions organically, we have sought out relationships with businesses with a variety of offerings that meet the very different needs of each of our customers. By using a collection of third party providers, we are able to offer a more robust technology solution that meets the constantly evolving and changing needs of our incentive users. Packaging and Point of Sale Presentation makes all the difference. Clever and custom packaging point of sale, or POS, displays are essentials for elevating brand awareness and critical for driving sales. From packaging of corporate merchandise and promotional products to developing custom POS displays, clients come to us when they want to stand out and show the quality that their brands offer. We produce custom packaging and POS projects domestically as well as overseas for larger- run custom programs for many of our clients. Commercial and Digital Printing Printed informational materials used for marketing, or marketing collateral, such as business cards and brochures, are an essential component to effectively conveying information and marketing messages, and arguably all businesses use some form of marketing collateral. When a customer needs print collateral, our digital print- on- demand options route their orders through our technology platform and to our network of commercial printers to ensure that our customers can print each piece of collateral in the most effective and efficient manner. By offering print management with our promotional branded merchandise solutions, we help our customers create impactful presentations and mailings through the most efficient processes. Warehouse and Fulfillment We offer a global solution for warehousing and fulfillment through a network of fulfillment providers including a **twelve** ~~nearly ten~~ - year relationship with industry leader Harte Hanks. These long- standing, strategic relationships provide our clients with process- driven fulfillment solutions that are scalable to meet client needs including real- time inventory reporting, climate- controlled facilities, high- value product security, storage, digital print- on- demand, and direct- mail solutions. Our custom front- end technology solution is directly integrated with the warehouse management software of our strategic global warehouse collaborators. In addition to continuing to use our third- party logistics partners like Harte Hanks, we are expanding our in- house warehouse **, decoration,** and fulfillment capabilities **. Our** ~~, particularly in the southern United States, as a result of the Trend Brand Solutions~~ acquisition ~~, including its Tomball, TX- based distribution center. We are in the process~~ of ~~moving this operation into a new 5~~ **T R Miller provides us with an approximately 25** , ~~500~~ **000** - square- foot warehouse, **production** ~~which we expect to open in May 2023~~ , **and distribution center in Walpole, Massachusetts and our acquisition of Trend Brand Solutions provides us with** ~~and~~ **an** ~~where we will~~ **approximately 5, 000 square- foot warehouse and distribution center in Tomball, Texas. We leverage these facilities to** offer our customers specialty fulfillment, kitting, and warehousing **, allowing** ~~. These in- house fulfillment capabilities are expected to give~~ us greater control and ~~more~~ flexibility to meet the complex demands of our customers. Our custom- developed e- commerce Magento Open Source platform allows our customers to manage all facets of their marketing program, linking branded merchandise, print, event assets, customer relationship management, or CRM, loyalty and incentives in a single solution. Our platform creates cost savings, increasing market efficiencies and brand consistency. With real- time accessibility to the necessary data to operate a complex demanding marketing program including hierarchy user profile groups, multi- lingual, multi- currency, multi- checkout methods and integration into many major ERP systems (SAP ERP, NetSuite ERP, Workday, etc.). Our on- demand mobile reporting dashboard capabilities allows the ability for self- service access within our systems empowering clients with raw data to make informative decisions for their program. We have also invested in an internal commercial ERP software system, NetSuite ERP, which is expected to enhance the process of gathering and organizing the business data of our company through an integrated software suite, and is expected to be implemented in the ~~first~~ **second** half of ~~2023~~ **2024 . Additional NetSuite phases will be planned and rolled out in subsequent years** . NetSuite combines accounting, order management, inventory, CRM, and presentation functionality. We believe that this ERP will reduce inefficiencies, expenses and headcount, automate current manual processes, and potentially contribute to growing net revenues. Human Capital and Culture We are more than an efficient distributor or supplier, and we offer our customers more than just products. We help them achieve their marketing and business goals using branded merchandise supported with technology, logistics, creative services, and account support. In order to provide all of these value- added services, we must leverage and cultivate the talent of our employees. As an organization we encourage our team to engage with professional development opportunities. These opportunities include online courses, webinars, training sessions, and participation in various networking and professional development groups. As such we currently have a member of our team who serves on the board of directors for NEPPA (New England Promotional Products Association), a regional trade association, as well as ~~another employee who is~~ **a member of Chief, a network of 20, 000 women executives, representing 10, 000 companies and 77 % of the Fortune 100, designed specifically for women executives to strengthen** ~~the~~ **their leadership and maximize their business impact** ~~current Board President of SAAGNY (Specialty Advertising Association of Greater New York), another regional trade association~~ . Empowering our team to grow their own careers helps ensure that we are more knowledgeable, experienced, and engaged. Pricing As a large and growing firm with over 500 suppliers and due to our membership in Facilisgroup, Stran has the purchasing power to receive advantageous pricing, helping us with price- sensitive bids. Facilisgroup, a buying group of fewer than 1 % of distributors in the industry, processed over $ 1. ~~15~~ **4** billion of sales in ~~2021~~ **2022** . Pursuant to our Sublicense Agreement, we may access Facilisgroup' s @ ease proprietary software tools for promotional products business management and analysis and a white labelled, managed, product website which we may use to sell promotional products under our brand. We may also access its " Signature Collection " website which Facilisgroup promises offers the best products and margins. In addition to this competitive buying power, Stran has developed factory direct relationships with multiple factories in the U. S. and overseas. These direct relationships require additional vetting, longer production times, and larger production runs. However, we work to blend production from factory direct manufacturing with our other suppliers to continue to drive costs down on commodity- based items. We compete regularly with larger competitors and maintain healthy margins using this strategy for sourcing and procuring products. Supplier and Fulfillment Relationships We have formed strategic relationships with fulfillment and commercial print providers in the United States in order to effectively warehouse and distribute merchandise from one or more of our warehouse facilities depending on our customer' s requirements. For over ~~27~~ **28** years, we have developed these strategic relationships in order to offer our clients a powerful solution for their branded merchandise needs. Together, we have experience in developing custom marketing solutions for our clients and regularly kit together promotional printed items and branded product into a single package. Our expertise in product development and sourcing, technology development, and program management combined with our various collaborators' superior warehousing, logistics, fulfillment, distribution and print services are a competitive advantage. We offer a global solution for warehousing and fulfillment through a network of fulfillment providers including a **twelve** ~~nearly ten~~ - year relationship with industry leader Harte Hanks. We buy products and certain raw materials from a supplier network of factories, both domestic and international, as needed. We also outsource certain technology services such as web hosting and data backup. We do not believe that we are dependent on any supplier. Should any of these suppliers terminate their relationship with us or fail to provide the agreed- on services, we believe that there would be sufficient alternatives to continue to meet customer demand and comply with our contractual obligations without interruption. We have a direct sales team consisting of over ~~27~~ **36** outside sales representatives and ~~25~~ **30** in- house sales representatives. We incentivize our representatives with a **competitive compensation, incentive, and** commission structure. Our marketing approach combines the sales funnel concept of the marketing process with digital and in- person marketing efforts. We market to a large number of prospects at the top of the sales funnel to make them aware of our business and our products and services by combining lead- generation activities with digital marketing, including website content, SEO, paid ads, and email list promotions, and in- person activities including tradeshow and other events. We use targeted emails, social media messages, and other digital and in- person lead- nurturing activities, develop case studies, and apply other digital and in- person sales tools to market to prospects that demonstrate interest in our business. For prospects that demonstrate readiness to buy and reach the bottom of the sales funnel, we use tools such as sales presentations, sales proposals, and sell sheets. ~~To that end, we have built out our digital lead-generation team to launch an initial program that is currently being refined to drive higher- quality leads and we are analyzing our marketing to sales handoff process to improve our close rates.~~ Our efforts in in- person marketing include expanding the number of tradeshows and conferences that we attend and sponsor across different industry verticals ~~. We have also planned to increase our attendance and sponsorship from two annual tradeshows in 2022 to eight tradeshows in 2023~~ . At these tradeshows, we plan to target representatives of specific industry verticals, such as the beverage industry or the cannabis market, and a variety of professionals attending events focused in the areas of marketing or procurement development. In addition to efforts to develop new business opportunities, our marketing team works closely with our sales team and our managers to develop opportunities from existing customer accounts. With existing customers, we are seeking to cross- sell and expand our services to encompass all employee, customer, and partner loyalty and engagement programs that are designed to reward loyalty through a combination of premium products, branded merchandise, and digital and experiential rewards. Customers and Markets Stran' s customer base includes approximately 2, 000 active customers and over 30 Fortune 500 companies, servicing a diverse customer base, encompassing pharmaceutical and healthcare, manufacturing, technology, finance, construction and consumer goods. Our active customers are any organizations, businesses, or divisions of a parent organization which have purchased directly or indirectly from us within the last two years, and include organizations that have bought from other organizations for which Stran acts as an established subcontractor. We have long- term contracts with many of our customers, though most do not have minimum guarantees. We have ongoing contracts with clientele in such industries as financial services, consumer packaged goods, retail clothing and accessories, pet food and medicine, fitness, child care, retail hardware, fast food franchises, health care, and environmental services. Contracts are often multi- year and auto- renewing. Our average contract lifespan is approximately 10 years. Alternatively, we do have inventory guarantees where the customer must purchase any inventory held by us that has been purchased on their behalf within the contractual time periods. Our active customers may be broken into two main categories, transactional clients and program clients. ~~We have also been retained for some very large promotional campaigns. For example, during~~ **During** ~~2019- 2020~~ **2023** , ~~we~~ **sales to our largest two customers** were **13** ~~engaged by a Washington, D~~ . **2 %** ~~C.- based advertising~~ and **7** ~~marketing company leading a nationwide awareness- generating initiative for the 2020 U~~ . **8 %** ~~S. Census. With our nationwide network~~ of ~~collaborator vendors and suppliers, we delivered a~~ total ~~array of approximately 16 million products printed with various logos in 15 different languages, in all 50 states and 5 U. S. territories, all aimed at increasing public participation in the U. S. Census. This campaign generated approximately $ 15 million in revenues over that time period, as well as an all- time high self- response rate for the U. S. Census. During 2020, this contract represented approximately 27. 1 % of our overall revenues. However, we treat these revenues as nonrecurring. The customer that engaged us in this regard will not renew their engagement with us due to the U. S. Census only occurring once every ten years. As a result, these nonrecurring~~ revenue ~~increases have not recurred~~ , **respectively** ~~are not expected to recur, and do not represent our long- term growth expectations~~ . During 2022, sales to our largest three customers were 8. 8 %, 7. 2 % and 5. 9 ~~% of total revenue, respectively. All other customers generated less than 4 % of sales, and the vast majority generated less than 1 % of sales. During 2021, sales to our largest three customers were 7. 5 %, 5. 4 % and 5. 1~~ % of total revenue, respectively. All other customers generated less than 5 % of sales, and the vast majority generated less than 1 % of sales. While our customer contracts are typically auto- renewing and we have many long- term established customer relationships, most of our customer contracts do not have any minimum or exclusive purchase guarantees, other than as to inventory already ordered by them or their program participants. There is no assurance of recurring revenues. We are not dependent on any particular customer or group of customers, and our highest-grossing contracts may change from year to year due to client brand initiatives. We do business principally with customers based in the United States, although we also provide e- store, logistical support and other promotional services for client programs in Canada and Europe. Online Store We have been a leader in the use of technology to offer our clients an online platform to more efficiently manage their promotional marketing programs and to give them the ability to sell branded merchandise directly to consumers. We launched our first online store for one of our clients in 1999. Today we offer a custom- built technology platform which offers a B2C (business- to- consumer) retail shopping experience combined with all of the back- end functionality required of a powerful B2B (business- to- business) marketing services platform. Our technology platform services over 280 online stores for our clients. Our Online Store Account Managers are responsible for ensuring that our stores are up to date with all products, images, and descriptions. As new products are approved to be added to the online store, our account manager will work the appropriate resources to prep the images, write the descriptions and upload the images. Typically, this process will take 24- 48 hours. For inventoried products, we typically do not make the products live on the website until they have been received into inventory and are ready to be fulfilled. If there is an issue with an online store **, we have dedicated account- specific customer service teams who support all aspects of** order **fulfillment that** ~~regarding payment or checkout,~~ the user can contact **to** ~~the appropriate client team who will~~ help **resolve** ~~troubleshoot the issue or manually place the order~~ . If there is a back- order situation where an order would not be able to ship complete or on time, **the appropriate** ~~our Client Services~~ team will review the order and advise the customer on the best and timeliest options to fulfill the order. Competition Our major competitors for our promotional products business include larger companies such as 4Imprint Group plc, Brand Addition Limited (The Pebble Group plc), BAMKO LLC (Superior Group of Companies, Inc.), Staples Promotional Products (Staples, Inc.), Boundless Network, Inc. (Zazzle Inc.), Custom Ink, Cimpress plc and HALO Branded Solutions, Inc. We also compete with a multitude of foreign, regional and local competitors that vary by market. If our existing or future competitors seek to gain or retain market share by reducing prices, we may be required to lower our prices, which would adversely affect our operating results. Similarly, if customers or potential customers perceive the products or services offered by our existing or future competitors to be of higher quality than ours or part of a broader product mix, our revenues may decline, which would adversely affect our operating results. Our Program Management We are experienced and industry- leading program managers who integrate all aspects of a successful program. Our program team works hand in hand with our account teams to drive the processes and procedures that ensure we are effectively managing our programs. For Stran, program management is built upon six key building blocks: ● Creative Products. We approach ~~promotion~~ **promotional** marketing, branded merchandise, and loyalty and incentives with the structure and vision of an ad agency. We have built a robust creative and merchandising team that works collaboratively with our account teams to bring fresh ideas and identify future trends for each of our program clients. We proactively develop merchandising plans, source products, offer individual personalization, understand trends, and make continuous improvements to the product offering based on user demand and marketing goals. We also offer multiple procurement methods within the same platform. These include inventoried products, made- to- order products, and personalized products. Our approach is to utilize all three procurement methods within a single program to take advantage of the benefits each method offers. In addition to these three procurement models, Stran has developed strong factory direct relationships with factories around the globe. We utilize these relationships to help drive down costs for our clients. In order to ensure that we can bring products to market quickly and reduce the possibility of backorders, Stran uses a blended approach to sourcing. We work with our domestic supply base to bookend our overseas inventory purchases. Stran purchases and owns inventory for many clients. This benefits our customers by allowing for budget flexibility and a pay- as- you- go model, resulting in reduced upfront costs and streamlined accounting and reporting. ● Robust Technology. We have developed our own custom technology platform based on Magento Open Source, an open- source software e- commerce platform. Using Magento we have been able to build a custom solution that meets the very distinctive needs of each of our clients. Stran is constantly making improvements and enhancements to our technology offerings. Client stores feature the ability to purchase a combination of inventoried products in addition to on- demand, and personalized products. The front- end responsive design ensures an impressive mobile experience. Our platform is user- friendly and easy to use while robust enough to offer many of the requirements needed in a traditional B2B solution. The requirements can include allocation to cost centers, departments, or general ledger codes; approval hierarchies; varied product selection or pricing by user group; and robust reporting. Our custom- built platform is also tied directly into our fulfilment center system for streamlined flow of data and we are capable to tying our platform into third party software such as Salesforce as well as accounting and procurement software. ● Global Distribution. We offer a global solution for warehousing and fulfillment through a network of industry- leading fulfillment providers including a close working relationship with Harte Hanks, an industry leader in warehousing, fulfillment, print- on- demand, direct mail, and kitting. The relationship between Stran and Harte Hanks has been fine- tuned over a **twelve** ~~nearly ten~~ - year period and allows Stran to do what we do best, which is the creativity, product procurement, technology and account management while allowing Harte Hanks to do what they do best, which is process- driven fulfillment. Through our longstanding relationship with Harte Hanks we have developed integrated account management teams which ensures that while the customer has a large and diverse account team to support all their program needs, they also have a single account director responsible for all aspects of their program. Under our agreement with Harte Hanks, as amended and supplemented, we may subcontract to Harte Hanks one or multiple functions as appropriate, such as e- store website setup; ongoing website inventory management services; monthly account management services; and print- on- demand, warehousing, fulfillment, pick / pack / ship, and other inventory management services. Costs and fees depend on types of services provided and any special or custom work that we request on behalf of our customers. In addition to continuing to use our third- party logistics partners like Harte Hanks, we are expanding our in- house warehouse **, decoration,** and fulfillment capabilities **. Our** ~~, particularly in the southern United States, as a result of the Trend Brand Solutions~~ acquisition ~~, including its Tomball, TX- based distribution center. We are in the process~~ of ~~moving this operation into~~ **T R Miller provides us with** a **25** ~~new 5~~ , ~~500~~ **000** - square- foot warehouse **and distribution center** ~~, which we expect to open~~ in **Walpole** ~~May 2023~~ , **Massachusetts and our acquisition of Trend** ~~and~~ **Brand** ~~where we will~~ **Solutions provides us with a 5, 000 square- foot warehouse and distribution center in Tomball, Texas. We leverage these facilities to** offer our customers specialty fulfillment, kitting, and warehousing **, allowing** ~~. These in- house fulfillment capabilities are expected to give~~ us greater control and ~~more~~ flexibility to meet the complex demands of our customers. ● Proactive Customer Services. Customer service is a key component of the overall success of an organization. Each account is assigned a single dedicated account director who is responsible for all aspects of the customer' s program. This account director is supported by an online store account manager, a special- order account manager, a fulfillment account manager, account coordinators, a merchandiser, art team support, operations team support, and accounting support. The customer' s account director works with program stakeholders on weekly status calls, quarterly business reviews and an annual review. We also use customer feedback surveys periodically to gain insight from the power users of the customer' program and we have a formal corrective action process to address any issues that are not caught through our proactive efforts. ● Compliance and Emissions Reporting. We take issues of compliance very seriously. We recognize that we are an extension of the customer' s brand, and our systems are built to ensure full compliance around brand standards, quality and safety of products and the meeting of industry / firm rules. We have also begun to implement a program to assess and manage our carbon emissions policies, standards, and goals. To that end, we are working on finalizing a contract with a third- party emissions auditor to help us identify our historical, or " baseline, " Scope 1- 3 carbon emissions. Scope 1 emissions are direct greenhouse **gas** (GHG) emissions that occur from sources that are controlled or owned by an organization (e. g., emissions associated with fuel combustion in boilers, furnaces, vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain. Scope 3 emissions include all sources not within an organization' s scope 1 and 2 boundary. As we are not a manufacturer ourselves, and for the most part do not control the manufacturing or decoration process, Scope 3 emissions are expected to comprise the largest share of our carbon footprint. As such, the Scope 3 emission evaluation will be the most challenging for us to quantify and to change. We believe through benchmarking and continued education, both internally and with our customers, we will be able to use the data compiled by the third- party emissions auditor to develop a longer- term mitigation strategy. Once our baseline numbers are determined, we plan to begin to report those to Ecovadis, the world' s largest and most trusted provider of business sustainability ratings, along with our future plans and policies designed to drive increased compliance across our supply chain and to reduce our impact. Ecovadis will produce a scorecard of our efforts, policies, and procedures, which we expect to become available to the public. We anticipate that by the end of ~~the second quarter of 2023~~ **2024** , our baseline Scope 1 and 2 emissions data will be established and to begin our evaluation of Scope 3 emissions with Ecovadis prior to completing our Scope 3 emissions audit. ● Integration. Offering our clients an industry- leading technology platform that stands alone only adds so much value. We have worked to ensure that our platform can be easily integrated with as many other technology platforms used by our clients as possible. This helps our clients in many different ways depending on the specific integrations. We can integrate with various CRM or marketing automation platforms to help our clients track and measure who is using the marketing assets that we provide and how they are performing. We can also integrate with a number of different accounting and procurement systems. This helps our clients better control their spend as well as account for their spend. By forming a close working relationship with worldwide logistics leader Harte Hanks as our warehouse collaborator, we offer the most robust warehousing, fulfillment, kitting, and other logistics capabilities available domestically and internationally. In addition to their multiple U. S. locations for warehousing and fulfillment, Harte Hanks is a leader in print- on- demand and direct mail. Harte Hanks completes over 3 million on- time shipments of time- sensitive materials each year. Being able to integrate print, product, packaging, kitting, and direct mail, we help our client be more impactful and efficient with their promotional marketing efforts. Intellectual Property We conduct our business using the registered trademark " STRÄN " and the registered trade name " Stran Promotional Solutions ". We also use the unregistered logo " STRÄN promotional solutions ". To protect our intellectual property, we rely on a combination of laws and regulations, as well as contractual restrictions. Federal trademark law protects our registered trademark STRÄN and may protect our unregistered logo " STRÄN promotional solutions ". We also rely on the protection of laws regarding unregistered copyrights for certain content we create and trade secret laws to protect our proprietary technology including our e- commerce platform and new ERP system currently under development. To further protect our intellectual property, we enter into confidentiality agreements with our executive officers and directors. Seasonality and Cyclicality Our business **and** ~~is generally not subject to seasonal fluctuations. While certain customers have seasonal businesses,~~ the promotional products industry overall is ~~not~~ **generally subject to some seasonal fluctuations** . ~~Our net sales and profits sometimes are impacted by~~ **The final quarter of the calendar year is generally the strongest due to** the holiday selling season **and customers exhausting annual marketing budgets, while the first quarter of the calendar year is generally the weakest due to customers planning their budgets and marketing campaigns for the upcoming year** . Portions of the promotional products industry are cyclical in nature. Generally, when economic conditions are favorable, the industry tends to perform well. When the economy is weak or if there are economic disturbances that create uncertainty with corporate profits, the promotional products industry tends to experience low or negative growth. Security We regularly receive and store information about our customers, vendors and other third parties. We have programs in place to detect, contain, and respond to data security incidents. **See Item 1C. " Cybersecurity ".** However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures. In addition, hardware, software, or applications we develop or procure from third parties or through open- source solutions may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities, or those of third parties with whom we do business, through fraud, trickery, or other forms of deceiving our team members, contractors, and vendors. Employees As of March ~~27~~ **20** , ~~2023~~ **2024** , we employed ~~98~~ **118** full- time employees, ~~two~~ **3** part- time employees and ~~eight~~ **16** independent contractors. We do not believe any of our employees are represented by labor unions, and we believe that we have an excellent relationship with our employees. Regulation Trade Regulations As disclosed above, our suppliers generally source or manufacture finished goods in parts of the world that may be affected by the imposition of duties, tariffs or other import regulations by the United States. The Company believes that its redundant network of suppliers provide sufficient capacity to mitigate any dependency risks on a single supplier. We buy promotional products from suppliers or factories both domestically and internationally as needed. We do not depend on any single supplier. However, if we are unable to continue to obtain our finished products from international locations or if our suppliers are unable to source raw materials, it could significantly disrupt our business. Further, we are affected by economic, political and other conditions in the United States and internationally, including those resulting in the imposition or increase of import duties, tariffs and other import regulations and widespread health emergencies, which could have a material adverse effect on our business. Laws and Regulations Relating to E- Commerce Our business is subject to a variety of laws and regulations applicable to companies conducting business on the ~~Internet~~ **internet** . Jurisdictions vary as to how, or whether, existing laws governing areas such as personal privacy and data security, consumer protection or sales and other taxes, among other areas, apply to the ~~Internet~~ **internet** and e- commerce, and these laws are continually evolving. For example, certain applicable privacy laws and regulations require us to provide customers with our policies on sharing information with third parties, and advance notice of any changes to these policies. Related laws may govern the manner in which we store or transfer sensitive information or impose obligations on us in the event of a security breach or inadvertent disclosure of such information. Additionally, tax regulations in jurisdictions where we do not currently collect state or local taxes may subject us to the obligation to collect and remit such taxes, or to additional taxes, or to requirements intended to assist jurisdictions with their tax collection efforts. The production, distribution and sale in the United States of many of our products are subject to the Federal Food, Drug, and Cosmetic Act, the Federal Trade Commission Act, the Lanham Act, state consumer protection laws, competition laws, federal, state and local workplace health and safety laws, various federal, state and local environmental protection laws, various other federal, state and local statutes applicable to the production, transportation, sale, safety, advertising, labeling and ingredients of such products, and rules and regulations adopted pursuant to these laws. Outside the United States, the distribution and sale of our many products and related operations are also subject to numerous similar and other statutes and regulations. A California law known as Proposition 65 requires a specific warning to appear on any product containing a component listed by the state as having been found to cause cancer or birth defects. The state maintains lists of these substances and periodically adds other substances to these lists. Proposition 65 exposes all food and beverage producers to the possibility of having to provide warnings on their products in California because it does not provide for any generally applicable quantitative threshold below which the presence of a listed substance is exempt from the warning requirement. Consequently, the detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. However, Proposition 65 does not require a warning if the manufacturer of a product can demonstrate that the use of that product exposes consumers to a daily quantity of a listed substance that is: ● below a " safe harbor " threshold that may be established; ● naturally occurring; ● the result of necessary cooking; or ● subject to another applicable exemption. In January 2019, New York State' s governor announced the " Consumer Right to Know Act, " a proposed law that would impose similar and potentially more stringent labeling requirements than California Proposition 65. The law has not yet been adopted, and to our knowledge California Proposition 65 remains the most onerous state- level chemical exposure labeling statutory scheme. However, due in part to the large size of California' s market, promotional products sold or distributed anywhere in the United States may be subject to California Proposition 65. We are unable to predict whether a component found in a product that we assisted a client in producing might be added to the California list in the future. Furthermore, we are also unable to predict when or whether the increasing sensitivity of detection methodology may become applicable under this law and related regulations as they currently exist, or as they may be amended. We are subject to various federal, state and local laws and regulations, including but not limited to, laws and regulations relating to labor and employment, U. S. customs and consumer product safety, including the Consumer Product Safety Improvement Act (the " CPSIA "). The CPSIA created more stringent safety requirements related to lead and phthalates content in children' s products. The CPSIA regulates the future manufacture of these items and existing inventories and may cause us to incur losses if we offer for sale or sell any non- compliant items. Failure to comply with the various regulations applicable to us may result in damage to our reputation, civil and criminal liability, fines and penalties and increased cost of regulatory compliance. These current and any future laws and regulations could harm our business, results of operations and financial condition. Legal requirements apply in various jurisdictions in the United States and overseas requiring deposits or certain taxes or fees be charged for the sale, marketing and use of certain non- refillable beverage containers. The precise requirements imposed by these measures vary. Other types of beverage container- related deposit, recycling, tax and / or product stewardship statutes and regulations also apply in various jurisdictions in the United States and overseas. We anticipate additional, similar legal requirements may be proposed or enacted in the future at local, state and federal levels, both in the United States and elsewhere. New legislation or regulation, the application of laws from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the ~~Internet~~ **internet** and e- commerce generally could result in significant additional taxes on our business. Further, we could be subject to fines or other payments for any past failures to comply with these requirements. The continued growth and demand for e- commerce is likely to result in more laws and regulations that impose additional compliance burdens on e- commerce companies. Laws and Regulations Relating to Data Privacy In the ordinary course of our business, we might collect and store in our internal and external data centers, cloud services and networks sensitive data, including our proprietary business information and that of our customers, suppliers and business collaborators, as well as personal information of our customers and employees. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. The number and sophistication of attempted attacks and intrusions that companies have experienced from third parties has increased over the past few years. Despite our security measures, it is impossible for us to eliminate this risk. A number of U. S. states have enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of personal information, such as social security numbers, financial information and other sensitive personal information. For example, all 50 states and several U. S. territories now have data breach laws that require timely notification to affected individuals, and at times regulators, credit reporting agencies and other bodies, if a company has experienced the unauthorized access or acquisition of certain personal information. Other state laws, particularly the California Consumer Privacy Act, as amended (" CCPA "), among other things, contain disclosure obligations for businesses that collect personal information about residents in their state and affords those individuals new rights relating to their personal information that may affect our ability to collect and / or use personal information. Moreover, on January 28, 2022, the California Attorney General announced that certain consumer loyalty programs are subject to the CCPA, which may affect some of our customers who use our loyalty program services if they are found not to comply with the CCPA' s requirements. The Virginia Consumer Data Protection Act (" CDPA ") also establishes rights for Virginia consumers to control how companies use individuals' personal data. The CDPA dictates how companies must protect personal data in their possession and respond to consumers exercising their rights, as prescribed by the law, regarding such personal data. The CDPA went into effect on January 1, 2023. Effective January 1, 2023, we also became subject to the California Privacy Rights Act **(the " CPRA ")** , which expands upon the consumer data use restrictions, penalties and enforcement provisions under the California Consumer Privacy Act. Effective July 1, 2023, we ~~will~~ also ~~become~~ **became** subject to the Colorado Privacy Act and Connecticut' s An Act Concerning Personal Data Privacy and Online Monitoring, which are also comprehensive consumer privacy laws. Effective December 31, 2023, we ~~will~~ also ~~become~~ **became** subject to the Utah Consumer Privacy Act, regarding business handling of consumers' personal data **. Effective January 1, 2025, we may also become subject to the Iowa Consumer Privacy Act, a similar consumer data privacy law** . Meanwhile, several other states and the federal government have considered or are considering privacy laws like the CCPA. We will continue to monitor and assess the impact of these laws, which may impose substantial penalties for violations, impose significant costs for investigations and compliance, allow private class- action litigation and carry significant potential liability for our business. Outside of the U. S., data protection laws, including the EU General Data Protection Regulation (the " GDPR "), also might apply to some of our operations or business collaborators. Legal requirements in these countries relating to the collection, storage, processing and transfer of personal data / information continue to evolve. The GDPR imposes, among other things, data protection requirements that include strict obligations and restrictions on the ability to collect, analyze and transfer EU personal data / information, a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances, and possible substantial fines for any violations (including possible fines for certain violations of up to the greater of 20 million Euros or 4 % of total company revenue). Other governmental authorities around the world have enacted or are considering similar types of legislative and regulatory proposals concerning data protection. The interpretation and enforcement of the laws and regulations described above are uncertain and subject to change, and may require substantial costs to monitor and implement and maintain adequate compliance programs. Failure to comply with U. S. and international data protection laws and regulations could result in government enforcement actions (which could include substantial civil and / or criminal penalties), private litigation and / or adverse publicity and could negatively affect our operating results and business. Environmental Regulations We use certain plastic, glass, fabric, metal and other products in our business which may be harmful if released into the environment. In view of the nature of our business, compliance with federal, state, and local laws regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, has had no material effect upon our operations or earnings, and we do not expect it to have a material impact in the foreseeable future. However, see " Risk Factors – Risks Related to Our Business and Industry – Climate change and increased focus by governments, stockholders and customers on sustainability issues, including those related to climate change, may have a material adverse effect on our business and operations. " and " Risk Factors – General Risk Factors – Environmental regulations may impact our future operating results. " for discussion of material related risks. Tax Laws and Regulations Changes in tax laws or regulations in the jurisdictions in which we do business, including the United States, or changes in how the tax laws are interpreted, could further impact our effective tax rate, further restrict our ability to repatriate undistributed offshore earnings, or impose new restrictions, costs or prohibitions on our current practices and reduce our net income and adversely affect our cash flows. We are also subject to tax audits in the United States and other jurisdictions and our tax positions may be challenged by tax authorities. Although we believe that our current tax provisions are reasonable and appropriate, there can be no assurance that these items will be settled for the amounts accrued, that additional tax exposures will not be identified in the future or that additional tax reserves will not be necessary for any such exposures. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions could result in a material adverse effect on our business, results of operations and financial condition. Other Regulations We are subject to international, federal, national, regional, state, local and other laws and regulations affecting our business, including those promulgated under the Occupational Safety and Health Act, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the rules and regulations of the Consumer Products Safety Commission, the Food, Drug, and Cosmetic Act, the Foreign Corrupt Practices Act of 1977 (the " FCPA "), various securities laws and regulations including but not limited to the Securities Exchange Act of 1934, as amended **(** ~~, or~~ the **"** Exchange Act **")** , the Securities Act of 1933, as amended **(** ~~, or~~ the **"** Securities Act **")** , the Listing Rules of The Nasdaq Stock Market LLC ~~, or~~ **("** Nasdaq **")** , various labor, workplace and related laws, and environmental laws and regulations. Failure to comply with such laws and regulations may expose us to potential liability and have an adverse effect on our results of operations. Corporate Structure and History Our company was incorporated in Massachusetts on November 17, 1995 under the name " Strän & Company, Inc. " We also use the registered trade name " Stran Promotional Solutions ". On September 26, 2020, we acquired certain assets including the customer account managers and customer base of the Wildman Imprints promotional products business division of Wildman Business Group, LLC, or WBG. On May 24, 2021, we changed our state of incorporation to the State of Nevada by merging into Stran & Company, Inc., a Nevada corporation that was incorporated on May 19, 2021, and changed the spelling of our name to " Stran & Company, Inc. " In addition, on May 24, 2021, our authorized capital stock changed from 200, 000 shares of common stock, $ 0. 01 par value, to 350, 000, 000 shares, consisting of 300, 000, 000 shares of ~~common~~ **Common** ~~stock~~ **Stock** , $ 0. 0001 par value per share **(" common stock ")** , and 50, 000, 000 shares of ~~" blank check " preferred~~ **Preferred** ~~stock~~ **Stock** , $ 0. 0001 par value per share **(" preferred stock ")** . At the same time, we also completed a 100, 000- for- 1 forward stock split of our outstanding common stock through the merger by issuing 100, 000 shares of our common stock for each previously outstanding share of common stock of our predecessor Massachusetts company. As a result of this stock split, our issued and outstanding common stock increased from 100 shares to 10, 000, 000 shares, all of which were then held by Andrew Stranberg, our Executive Chairman, Treasurer, Secretary, and director. Following our reincorporation in Nevada, on May 24, 2021, Mr. Stranberg was our sole stockholder then holding a total of 10, 000, 000 shares of our common stock. On the date of the reincorporation transaction, Mr. Stranberg transferred 3, 400, 000 shares of common stock to Andrew Shape, our Chief Executive Officer and President and director, and 800, 000 shares of common stock to Randolph Birney, ~~our~~ **a former** ~~Executive~~ **executive** ~~Vice President~~ **officer of the Company** , pursuant to stock purchase agreements. The price per share was equal to $ 0. 1985 per share, which was the calculated price of a share of common stock of the Company as of December 31, 2020 determined through a valuation of the shares of common stock of the Company dated April 27, 2021. Each of Messrs. Shape and Birney paid the purchase price for the shares to Mr. Stranberg through the delivery to Mr. Stranberg of a secured promissory note effective as of May 24, 2021. Each of the promissory notes provides for 2 % simple annual interest, and principal and accrued interest must be repaid by the note' s third anniversary, May 24, 2024. Each note grants a security interest to Mr. Stranberg in the transferred shares as to the repayment obligations under the note. The stock purchase agreements between Mr. Stranberg and Messrs. Shape and Birney ~~provide~~ **provided** that the shares are also subject to a lockup provision providing that one- half of the purchased shares may not be sold until the second anniversary of the date of the stock purchase agreement, or May 24, 2023; provided, however, that such restriction on transfer will expire at a rate of 1 / 48th of the shares subject to the restriction per month over such two- year period. The shares ~~are~~ **were also** subject to a market standoff provision restricting transfers and other dispositions of the shares as reasonably requested by the Company and its underwriter until the date that is two years after its initial public offering, which occurred on November 8, 2021 (the " IPO "). The shares were **also** formerly subject to a repurchase right which lapsed upon the occurrence of the IPO. Subject to the above remaining restrictions, Messrs. Shape and Birney may sell the shares subject to the security interest at prevailing market prices so long as such portion of the sale proceeds as is required under the promissory note to repay the note is so used to repay the note. The foregoing description of each stock purchase agreement and promissory note ~~described~~ **referenced** above is qualified in its entirety by reference to the full text of such documents which are filed as Exhibit 10. 9, Exhibit 10. 10, Exhibit 10. 11, and Exhibit 10. 12 to this Annual Report, respectively, and which are incorporated herein by reference. On May 24, 2021, Mr. Stranberg also transferred 700, 000 shares of common stock to Theseus Capital Ltd. (" Theseus "), pursuant to a stock purchase agreement. Pursuant to a different arrangement with Mr. Stranberg from Mr. Shape and Mr. Birney' s, Theseus paid Mr. Stranberg a nominal cash purchase price of $ 100 for its stock. Theseus ~~does~~ **did** not have any relationship with the Company other than as a stockholder after the transfer by Mr. Stranberg, and its payment for Mr. Stranberg' s stock was made to Mr. Stranberg and not to the Company. The stock was subject to a market standoff provision restricting transfers and other dispositions of the stock as reasonably requested by the Company and its underwriter until the date that is two years after the IPO. Theseus also executed an irrevocable proxy providing that Mr. Stranberg may vote and exercise all voting and related rights with respect to the shares. During 2021 and 2022, Theseus transferred all of the shares to others with the consent of the Company, its underwriter and Mr. Stranberg. The irrevocable proxy automatically terminated with respect to the shares upon their subsequent sale by Theseus. On November 12, 2021, we completed the IPO, in which we sold 4, 337, 349 units, each unit consisting of one share of common stock and a publicly- traded warrant to purchase one share of common stock at the initial public offering price (the " IPO Price ") of $ 4. 15 per unit, plus an additional 650, 602 shares of common stock and 650, 602 publicly- traded warrants pursuant to the exercise of the underwriters' over- allotment option. Initially, the common stock and publicly- traded warrants had been listed on the Nasdaq Capital Market tier of Nasdaq under the initial ticker symbols " STRN " and " STRNW ", respectively. Subsequently, we changed the ticker symbols of the shares and publicly- traded warrants to " SWAG " and " SWAGW ", respectively. Each whole share exercisable pursuant to the publicly- traded warrants had an initial exercise price per share of $ 5. 1875, equal to 125 % of the IPO Price. Due to our subsequent private placement of common stock and common stock purchase warrants at a purchase price of $ 4. 97 for one share and 1. 25 warrants combined, after attributing a warrant value of $ 0. 125, the exercise price per share of the publicly- traded warrants was reduced to $ 4. 81375 as of December 10, 2021. The publicly- traded warrants were immediately exercisable and will expire on the fifth anniversary of the original issuance date. The units were not certificated. The shares of common stock and publicly- traded warrants were immediately separable and were issued separately, though they were issued and purchased together as a unit in the offering ~~. See " Item 5. Market For Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities – Use of Proceeds from Registered Securities " and " Item 7. Management' s Discussion and Analysis of Results of Operations and Financial Condition – Liquidity and Capital Resources – November 2021 Initial Public Offering " for further discussion of this transaction~~ . On December 10, 2021, we completed a private placement with several investors, wherein a total of 4, 371, 926 shares of common stock were issued at a purchase price of $ 4. 97 per share, with each investor also receiving a warrant to purchase up to a number of shares of common stock equal to 125 % of the number of shares of common stock purchased by such investor in the private placement, or a total of 5, 464, 903 shares, at an exercise price of $ 4. 97 per share, for a total purchase price of approximately $ 21. 7 million. The warrants were immediately exercisable on the date of issuance, expire five years from the date of issuance and have certain downward- pricing adjustment mechanisms, including with respect to any subsequent equity sale that is deemed a dilutive issuance, in which case the warrants were subject to a floor price of $ 4. 80 per share before stockholder approval of the private placement was obtained, and after stockholder approval was obtained, such floor price would be reduced to $ 1. 00 per share, as set forth in the warrants. On December 10, 2021, the holders of shares of common stock entitled to vote approximately 65. 4 % of our outstanding voting stock on December 10, 2021 approved the Company' s entry into the private placement. We filed preliminary and definitive information statements on Schedule 14C with the SEC on December 29, 2021 and January 11, 2022, and delivered copies of the definitive information statement to stockholders January 12, 2022. On January 31, 2022, the stockholders' consent became effective pursuant to Rule 14c- 2 under the Exchange Act. As a result, the exercise price of the warrants may be reduced to as low as $ 1. 00 per share if their downward- pricing adjustment mechanisms become applicable.

The warrants issued in this private placement are not registered for resale or listed on any stock exchange and are subject to restrictions on transfer. We engaged EF Hutton, division of Benchmark Investments, LLC (" EF Hutton ") as our placement agent for the private placement. We agreed, among other things, to issue the EF Hutton' s designees warrants to purchase an aggregate of 131, 158 shares of common stock, which is equal to 3. 0 % of the total number of shares issued in the private placement, at an exercise price of $ 4. 97 per share. See " Item 7. Management' s Discussion and Analysis of Results of Operations and Financial Condition – Liquidity and Capital Resources – December 2021 Private Placement " for further discussion of this transaction. On January 31, 2022, we acquired substantially all of the assets used in the branding, marketing and promotional products and services business of G. A. P. Promotions. See " Item 7. Management' s Discussion and Analysis of Results of Operations and Financial Condition – Liquidity and Capital Resources – Contractual Obligations – G. A. P. Promotions Acquisition " for further discussion of this transaction. On August 31, 2022, we acquired substantially all of the assets used in the branding, marketing and promotional products and services business of Trend Brand Solutions. See " Item 7. Management' s Discussion and Analysis of Results of Operations and Financial Condition – Liquidity and Capital Resources – Contractual Obligations – Trend Brand Solutions Acquisition " for further discussion of this transaction. On December 20, 2022, we acquired substantially all of the assets used in the branding, marketing and promotional products and services business of Premier NYC. See " Item 7. Management' s Discussion and Analysis of Results of Operations and Financial Condition – Liquidity and Capital Resources – Contractual Obligations – Premier NYC Acquisition " for further discussion of this transaction. **On June 1, 2023, we acquired substantially all of the assets used in the branding, marketing and promotional products and services business of T R Miller. See " Item 7. Management' s Discussion and Analysis of Results of Operations and Financial Condition – Liquidity and Capital Resources – Contractual Obligations – T R Miller Acquisition " for further discussion of this transaction.** As of the date of this report, we have no subsidiaries. Our principal executive offices are located at 2 Heritage Drive, Suite 600, Quincy, MA 02171 and our telephone number is 800- 833- 3309. We maintain a website at https: / / www. stran. com. Information available on our website is not incorporated by reference in and is not deemed a part of this report. Our fiscal year ends on December 31. Neither we nor any of our predecessors have been in bankruptcy, receivership or any similar proceeding. ITEM 1A. RISK FACTORS. An investment in our securities involves a high degree of risk. You should carefully read and consider all of the risks described below, together with all of the other information contained or referred to in this report, before making an investment decision with respect to our securities. If any of the following events occur, our financial condition, business and results of operations (including cash flows) may be materially adversely affected. In that event, the market price of our shares could decline, and you could lose all or part of your investment. Risks Related to Our Business and Industry ~~COVID- 19 was declared a pandemic by the World Health Organization and the Centers for Disease Control and Prevention in March of 2020. We believe that the global spread of COVID- 19 has created significant volatility and uncertainty and economic disruption. We believe the extent to which the COVID- 19 pandemic, including new surges or COVID- 19 variants, or any other pandemic ultimately impacts our business, financial condition, results of operations or cash flows will depend on numerous factors that continue to evolve and which we may not be able to accurately predict, including, without limitation: the duration and scope of the pandemic; the success of efforts to deliver effective vaccines on a timely basis to a number of people sufficient to prevent or substantially lower the severity of incidents of infection or variants; the duration and scope of governmental, business and individuals' actions that have been and will be taken in response to the pandemic (including restrictions on travel and transport and workforce pressures); the effect on our suppliers and customers and customer demand for our core products and services within certain industries such as the restaurant, transportation, hospitality and entertainment industries; the effect on our sources of supply; the impact of the pandemic on economic activity and actions taken in response; closures of our and our suppliers' and customers' offices and facilities; the ability of our customers to pay for our products and services; financial market volatility; commodity prices; and the pace of recovery from the pandemic. On September 9, 2021, U. S. President Biden announced a proposed new rule which would mandate the COVID- 19 vaccine or weekly testing for most U. S. employees, which would include our employees. That executive proposal was struck down by the U. S. Supreme Court on January 13, 2022. However, the Biden Administration may seek to impose alternative vaccine mandates and other governmental authorities have imposed more targeted vaccine and testing orders and regulations, and may continue to do so in the future. If a new mandate is ultimately issued and implemented, we expect there may be further disruptions to our operations, such as inability to maintain adequate staffing at our facilities, difficulties in replacing disqualified employees with temporary employees or new hires, and increased compliance burdens, including financial costs, diversion of administrative resources, and increased downtimes to accommodate for any required ongoing COVID- 19 testing, which may result in logistical delays in supplying customers' orders and negatively impact our future sales levels and ongoing customer relationships. In addition, COVID- 19 has led and may continue to lead to changes in customer purchasing patterns. We believe we have seen disruptions in our customers' businesses, including, but not limited to, our customers' willingness and ability to spend, layoffs and furloughs of our customers' employees, and temporary or permanent closures of businesses that consume our products and services. Prolonged periods of difficult conditions could have material adverse impacts on our business, financial condition, results of operations and cash flows. We believe that U. S. promotional products spending was severely impacted by the COVID- 19 pandemic. According to ASI, promotional product distributor sales decreased nearly 20 % from $ 25. 8 billion in 2019 to $ 20. 7 billion in 2020. The return of in- person events, businesses aggressively marketing themselves and 40- year- high inflation resulted in promotional products distributor sales increasing 12. 1 % in 2021 to $ 23. 2 billion and 11. 2 % in 2022 to $ 25. 8 billion, matching the last full year prior to the COVID- 19 pandemic. However, distributors have also experienced higher costs of supplies of product materials due to continued increases in expenses, especially higher freight charges and raw material costs, and a more challenging supply chain from issues such as trucking shortages and port congestion. We believe that the COVID- 19 pandemic has impacted Stran' s operational and financial performance. Although we were able to capitalize on the demand for personal protective equipment in 2020 such as~~

~~masks, hand sanitizer, and gowns, these sales did not significantly offset the overall decreased demand for promotional products in 2021 and are not expected to do so in the foreseeable future. Additionally, as was typical for other firms in the promotional products industry, from March 2020 through the end of 2022, we believe that our revenues were adversely affected by the economic impact of the pandemic, including decreased demand for promotional products and services such as ours due to a lack of in- person events, businesses not being fully reopened and staffed, and customers' decreased marketing budgets. Likewise, we believe the pandemic' s effects on the global economy caused us to experience higher costs of supplies of product materials due to continued increases in expenses, especially higher freight charges and raw material costs, and a more challenging supply chain from issues such as trucking shortages and port congestion. Much of the increase in costs, supply chain disruption, and other continuing disruptions in operations is believed to be due to ongoing outbreaks of COVID- 19. We expect some or all of these effects to continue in 2023. For example, the recent shift in customer buying habits to e- commerce, which has the effect of increasing demand for shipping capacity from Asia, is leading to capacity constraints and may cause significant supply chain difficulties well into 2023. We believe the potential effects of COVID- 19 also could continue to impact us in a number of other ways, including, but not limited to, reductions to our revenue and profitability, costs associated with complying with new or amended laws and regulations affecting our business, declines in the price of our securities, reduced availability and less favorable terms of future borrowings, reduced creditworthiness of our customers, and potential impairment of the carrying value of goodwill or other indefinite- lived intangible assets. Any of these events could materially adversely affect our business, financial condition, results of operations and cash flows.~~ Shortages of supply of merchandise from suppliers, interruptions in our manufacturing, and local conditions in the countries in which we source goods and materials could adversely affect our results of operations. Along with many companies that source goods and raw materials from abroad, we are currently experiencing continued supply disruptions and delays due to a variety of reasons. These changes are partially driven by interruptions in global supply chains (including as a result of port congestion **, canal blockages and disruptions,** and trucking shortages) and partially by a shift in customer buying habits to e- commerce, which has the effect of increasing demand for shipping capacity from Asia, leading to capacity constraints. Both factors have increased shipping times as well as the price of shipping, whether by sea, air, rail, or vehicle. Shipping delays combined with significant increases in orders for our products have recently created, and are expected to continue to create, inventory pressure for us. As a distributor, we buy merchandise both from multiple supply sources and from a network of factories in which we have developed direct relationships around the globe over the past ~~27~~ **28** years. However, an unexpected interruption in any of the sources or facilities may temporarily adversely affect our results of operations until alternate sources or facilities can be secured. We rely on the supply of different types of raw materials as well as textiles, including plastic, glass, fabric and metal for our promotional products. Further, our suppliers generally source or manufacture finished goods in parts of the world that may be affected by economic uncertainty, political unrest, labor disputes, health emergencies, or the imposition of duties, tariffs or other import regulations by the United States. Increases in the price of merchandise and raw materials used to manufacture our products could materially increase our costs and decrease our profitability. The principal components in our promotional products are plastic, glass, fabric and metal. The prices we pay for these fabrics and components and our merchandise are dependent on the market price for the raw materials used to produce them, primarily cotton and chemical components of synthetic fabrics including raw materials such as chemicals and dyestuffs. These finished goods and raw materials are subject to price volatility caused by weather, supply conditions, government regulations, economic and political climate, currency exchange rates, labor costs, and other unpredictable factors. Fluctuations in petroleum prices also may influence the prices of related items such as chemicals, dyestuffs and polyester yarn. During the years ended December 31, ~~2021~~ **2023** and 2022, many promotional products companies saw increases in the cost of finished goods and raw materials purchased, as well as in the average cost of finished goods and raw materials purchased, as compared to the prior year, driven by rising inflation rates and challenges in the supply chain which continue to persist. The challenges in the supply chain, which include shipping and logistics issues, also delayed the arrival of product that many promotional products companies could sell; this challenge also persists. Our shipping costs for importing raw materials from overseas ~~have~~ increased significantly ~~since~~ **after** the emergence of COVID- 19 **and the general inflation in the prices of goods and services that has occurred since that time** . Any increase in raw material prices or shipping costs increases our cost of sales and can decrease our profitability unless we are able to pass the costs on to our customers in the form of higher prices. In addition, if one or more of our competitors is able to reduce their production costs by taking advantage of any reductions in raw material prices or favorable sourcing agreements, we may face pricing pressures from those competitors and may be forced to reduce our prices or face a decline in revenues, either of which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, significant or sustained inflation could have an adverse impact on our operating and general and administrative expenses. During inflationary periods, these costs could increase at a rate higher than our ability to offset them via customer- facing pricing adjustments, alternative supply sources or other measures. Inflation could also have an adverse effect on consumer spending, which could adversely impact demand for our products and services. If our operating and other expenses increase faster than anticipated due to inflation, our financial condition, results of operations and cash flow could be materially adversely affected . Climate change impacts including supply chain......, and impact product availability and pricing . Our customers may cancel or decrease the quantity of their orders, which could negatively impact our operating results. Sales to many of our customers are on an order- by- order basis. If we cannot fill customers' orders on time, orders may be cancelled and relationships with customers may suffer, which could have an adverse effect on us, especially if the relationship is with a major customer. Furthermore, if any of our customers experience a significant downturn in their business, or fail to remain committed to our programs or brands, the customer may reduce or discontinue purchases from us. The reduction in the amount of our products purchased by customers could have a material adverse effect on our business, results of operations or financial condition. In addition, some of our customers have experienced significant changes and difficulties, including consolidation of ownership, increased centralization of buying decisions, buyer turnover, restructurings, bankruptcies and liquidations. A significant adverse change in a customer relationship or in a customer' s financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer' s receivables or limit our ability to collect amounts related to previous purchases by that customer, all of which could have a material adverse effect on our business, results of operations or financial condition. We may be unable to identify or to complete acquisitions or to successfully integrate the businesses we acquire. We have evaluated, and may continue to evaluate, potential acquisition transactions. We attempt to address the potential risks inherent in assessing the attractiveness of acquisition candidates, as well as other challenges such as retaining the employees and integrating the operations of the businesses we acquire. Integrating acquired operations involves significant risks and uncertainties, including maintenance of uniform standards, controls, policies and procedures; diversion of management' s attention from normal business operations during the integration process; unplanned expenses associated with integration efforts; and unidentified issues not discovered in due diligence, including legal contingencies. Acquisition valuations require us to make certain estimates and assumptions to determine the fair value of the acquired entities (including the underlying assets and liabilities). If our estimates or assumptions to value the acquired assets and liabilities are not accurate, we may be exposed to losses, and / or unexpected usage of cash flow to fund the operations of the acquired operations that may be material. Even if we are able to acquire businesses on favorable terms, managing growth through acquisition is a difficult process that includes integration and training of personnel, combining facility and operating procedures, and additional matters related to the integration of acquired businesses within our existing organization. Unanticipated issues related to integration may result in additional expense and disruption to our operations, and may require a disproportionate amount of our management' s attention, any of which could negatively impact our ability to achieve anticipated benefits, such as revenue and cost synergies. Growth of our business through acquisition generally increases our operating complexity and the level of responsibility for both existing and new management personnel. Managing and sustaining our growth and expansion may require substantial enhancements to our operational and financial systems and controls, as well as additional administrative, operational and financial resources. We may be required to invest in additional support personnel, facilities and systems to address the increased complexities associated with business or segment expansion. These investments could result in higher overall operating costs and lower operating profits for the business as a whole. There can be no assurance that we will be successful in integrating acquired businesses or managing our expanding operations. In addition, although we conduct due diligence investigations prior to each acquisition, there can be no assurance that we will discover or adequately protect against all material liabilities of an acquired business for which we may be responsible as a successor owner or operator. The failure to identify suitable acquisitions, successfully integrate these acquired businesses, successfully manage our expanding operations, or to discover liabilities associated with such businesses in the diligence process, could adversely affect our business, results of operations or financial condition. In order to finance such acquisitions, we may need to obtain additional funds either through public or private financings, including bank and other secured and unsecured borrowings and / or the issuance of equity or debt securities. There can be no assurance that such financings would be available to us on reasonable terms. Any future issuances of equity securities or debt securities with equity features may be dilutive to our stockholders. If our information technology systems suffer interruptions or failures, including as a result of cyberattacks, our business operations could be disrupted and our reputation could suffer. We rely on information technology systems to process transactions, communicate with customers, manage our business and process and maintain information. The measures we have in place to monitor and protect our information technology systems might not provide sufficient protection from catastrophic events, power surges, viruses, malicious software (including ransomware), attempts to gain unauthorized access to data or other types of **cyberattacks** ~~cyber- based attacks~~ . As **cyberattacks** ~~cyber- attacks~~ become more frequent, sophisticated, damaging and difficult to predict, any such event could negatively impact our business operations, such as by product disruptions that result in an unexpected delay in operations, interruptions in our ability to deliver products and services to our customers, loss of confidential or otherwise protected information, corruption of data and expenses related to the repair or replacement of our information technology systems. Compromising and / or loss of information could result in loss of sales or legal or regulatory claims which could adversely affect our revenues and profits or damage our reputation. We rely on software and services from other parties. Defects in or the loss of access to software or services from third parties could increase our costs and adversely affect the quality of our products. We rely on technologies from third parties to operate critical functions of our business, including cloud infrastructure services, payment processing services, certain aspects of distribution center automation and customer relationship management services. Our business would be disrupted if any of the third- party software or services we utilize, or functional equivalents thereof, were unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices. In each case, we would be required to either seek licenses to software or services from other parties and redesign our business and marketplace to function with such software or services or develop these components ourselves, which would result in increased costs and could result in delays in the launch of new offerings on our marketplace until equivalent technology can be identified, licensed or developed, and integrated into our business and marketplace. Furthermore, we might be forced to limit the features available in our current or future products. These delays and feature limitations, if they occur, could harm our business, results of operations and financial condition. Failure to comply with data privacy and security laws and regulations could adversely affect our operating results and business. A number of U. S. states have enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of personal information, such as social security numbers, financial information and other sensitive personal information. For example, all 50 states and several U. S. territories now have data breach laws that require timely notification to affected individuals, and at times regulators, credit reporting agencies and other bodies, if a company has experienced the unauthorized access or acquisition of certain personal information. Other state laws, such as the ~~California Consumer Privacy Act, as amended ("~~ CCPA ~~")~~ , among other things, contain disclosure obligations for businesses that collect personal information about residents in their state and affords those individuals new rights relating to their personal information that may affect our ability to collect and / or use personal information. Moreover, on January 28, 2022, the California Attorney General announced that certain consumer loyalty programs are subject to the CCPA, which may affect some of our customers who use our loyalty program services if they are found not to comply with the CCPA' s requirements. The ~~Virginia Consumer Data Protection Act ("~~ CDPA ~~")~~ also establishes rights for Virginia consumers to control how companies use individuals' personal data. The CDPA dictates how companies must protect personal data in their possession and respond to consumers exercising their rights, as prescribed by the law, regarding such personal data. The CDPA went into effect on January 1, 2023. Effective January 1, 2023, we also became subject to the **CPRA** ~~California Privacy Rights Act~~ , which expands upon the consumer data use restrictions, penalties and enforcement provisions under the California Consumer Privacy Act. Effective July 1, 2023, we ~~will~~ also ~~become~~ **became** subject to the Colorado Privacy Act and Connecticut' s An Act Concerning Personal Data Privacy and Online Monitoring, which are also comprehensive consumer privacy laws. Effective December 31, 2023, we ~~will~~ also ~~become~~ **became** subject to the Utah Consumer Privacy Act, regarding business handling of consumers' personal data **. Effective January 1, 2025, we may also become subject to the Iowa Consumer Privacy Act, a similar consumer data privacy law** . Meanwhile, several other states and the federal government have considered or are considering privacy laws like the CCPA. We will continue to monitor and assess the impact of these laws, which may impose substantial penalties for violations, impose significant costs for investigations and compliance, allow private class- action litigation and carry significant potential liability for our business. Outside of the U. S., data protection laws, including the GDPR, also might apply to some of our operations or business collaborators. Legal requirements in these countries relating to the collection, storage, processing and transfer of personal data / information continue to evolve. The GDPR imposes, among other things, data protection requirements that include strict obligations and restrictions on the ability to collect, analyze and transfer EU personal data / information, a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances, and possible substantial fines for any violations (including possible fines for certain violations of up to the greater of 20 million Euros or 4 % of total company revenue). Other governmental authorities around the world have enacted or are considering similar types of legislative and regulatory proposals concerning data protection. The interpretation and enforcement of the laws and regulations described above are uncertain and subject to change, and may require substantial costs to monitor and implement and maintain adequate compliance programs. Failure to comply with U. S. and international data protection laws and regulations could result in government enforcement actions (which could include substantial civil and / or criminal penalties), private litigation and / or adverse publicity and could negatively affect our operating results and business. The Consumer Product Safety Improvement Act and other existing or future government regulation could harm our business or may cause us to incur additional costs associated with compliance. We are subject to various federal, state and local laws and regulations, including but not limited to, laws and regulations relating to labor and employment, U. S. customs and consumer product safety, including the CPSIA. The CPSIA created more stringent safety requirements related to lead and phthalates content in children' s products. The CPSIA regulates the future manufacture of these items and existing inventories and may cause us to incur losses if we offer for sale or sell any non- compliant items. Failure to comply with the various regulations applicable to us may result in damage to our reputation, civil and criminal liability, fines and penalties and increased cost of regulatory compliance. These current and any future laws and regulations could harm our business, results of operations and financial condition. We are subject to international, federal, national, regional, state, local and other laws and regulations, and failure to comply with them may expose us to potential liability. We are subject to international, federal, national, regional, state, local and other laws and regulations affecting our business, including those promulgated under the Occupational Safety and Health Act, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the rules and regulations of the Consumer Products Safety Commission, the Food, Drug, and Cosmetic Act, the rules and regulations of the Food and Drug Administration, the FCPA, various securities laws and regulations including but not limited to the Securities Act, the Exchange Act, the Nasdaq Listing Rules, various labor, workplace and related laws, and environmental laws and regulations. Failure to comply with such laws and regulations may expose us to potential liability and have an adverse effect on our results of operations. Implementation of technology initiatives could disrupt our operations in the near term and fail to provide the anticipated benefits. As our business grows, we continue to make significant investments in our technology, including in the areas of warehouse management, enterprise risk management and product design. The costs, potential problems and interruptions associated with the implementation of technology initiatives could disrupt or reduce the efficiency of our operations in the near term. They may also require us to divert resources from our core business to ensure that implementation is successful. In addition, new or upgraded technology might not provide the anticipated benefits, might take longer than expected to realize the anticipated benefits, might fail or might cost more than anticipated. Inability to attract and retain key management or other personnel could adversely impact our business. Our success is largely dependent on the skills, experience and efforts of our senior management and other key personnel, ~~such as~~ **including Andrew Shape,** our Chief Executive Officer and President, Andrew ~~Shape~~ **Stranberg** , our Executive Chairman, **David Browner** ~~Andrew Stranberg, our Executive Vice President, Randolph Birney~~ , our Chief Financial Officer, **Sheila Johnshoy** ~~David Browner, our Chief of Staff, Stephen Paradiso, our Chief Technology Officer, Jason Nolley~~ , our Chief Operating Officer, ~~Sheila Johnshoy~~ **Ian Wall** , **our Chief Information Officer,** and **John Audibert,** our Vice President of Growth and Strategic Initiatives ~~, John Audibert~~ . If, for any reason, one or more senior executives or key personnel were not to remain active in our company, or if we were unable to attract and retain senior management or key personnel, our results of operations could be adversely affected. Failure to preserve positive labor relationships with our employees could adversely affect our results of operations. Our operations rely heavily on our employees, and any labor shortage, disruption or stoppage caused by poor relations with our employees could reduce our operating margins and income. While we believe that our employee relations are good, have no knowledge of any employees as subject to collective bargaining agreements, and unions have not traditionally been active in the U. S. marketing industry, unionization of our workforce could increase our operating costs or constrain our operating flexibility. We are exposed to the risk of non-payment by our customers on a significant amount of our sales. We allow many of our customers to pay us within 30 days of service, also known as net 30 credit terms. For certain customers who are considered low credit risks, we have extended the credit term to 90 days, though in such cases we may also request a personal guaranty of payment from the principal owner of the customer business. Our extension of credit involves considerable judgment and is based on an evaluation of each customer' s financial condition and payment history. We monitor our credit risk exposure by periodically obtaining credit reports and updated financials on our customers. We generally see a heightened amount of bankruptcies by our customers during economic downturns and financial crises ~~. We also believe that the COVID- 19 pandemic, and its impact on our customers, could have a negative impact on our collection efforts~~ . While we maintain an allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, in times of economic turmoil, there is heightened risk that our historical indicators may prove to be inaccurate. The inability to collect on sales to significant customers or a group of customers could have a material adverse effect on our results of operations. There is a risk of dependence on one or a group of customers ~~or market expectations of unsustainable growth~~ . During **the fiscal year ended December 31,** ~~2020~~ **2023** , **our top ten customers accounted** ~~we were engaged by a Washington, D. C.- based advertising and marketing contractor as subcontractor on a nationwide awareness- generating initiative~~ for **44** ~~the 2020 U~~ . ~~S~~ **0 % of revenues, and our top customer accounted for 13** . ~~Census~~ **2 % of revenues** . During ~~this period~~ **the fiscal year ended December 31** , ~~this contract represented approximately 27~~ **2022, our top ten customers accounted for 42** . ~~1~~ **5** % of ~~our overall~~ revenues **, and our top customer accounted** for ~~2020~~ **8** . **8 %** ~~This customer is not expected to renew its engagement with us due to the U. S. Census only occurring once every ten years. As a result, these nonrecurring revenue increases have not recurred, are not expected to recur, and do not represent our long- term growth expectations. Although we do not have a concentration~~ of ~~business in any particular customer or group of customers and do not view the~~ revenues ~~from these contracts to characterize our long- term steady growth expectations, the additional revenues cannot be excluded from our revenues under United States Generally Accepted Accounting Principles, or GAAP, and investors that are unsophisticated or otherwise unaware of the likely moderating effect on our future income, may have an expectation of much faster revenue growth~~ . If we are unable to ~~meet these expectations by~~ **retain our current customers or** finding new major customers or gain major new engagements from existing customers to replace ~~these~~ **any** nonrecurring contracts, there may be material adverse effects ~~on the price of our securities due to the reactions of disillusioned investors, negative media coverage, damage to our reputation, and other effects that may have a material adverse effect~~ on our financial condition or results of operations. If on the other hand we successfully source major new contracts, the risk that we may become dependent on one or a few customers may increase. This potential dependency could threaten the sustainability of our growth and have a material adverse effect on our financial condition or results of operations if we are unable to retain such major contracts or replace them with similarly major contracts on a regular basis. Our business incurs significant freight and transportation costs. Any changes in our shipping arrangements or any interruptions in shipping could harm our business, results of operations and financial condition. We incur transportation expenses to ship our products to our customers. Significant increases in the costs of freight and transportation could have a material adverse effect on our results of operations, as there can be no assurance that we could pass on these increased costs to our customers. Government regulations can and have impacted the availability of drivers, which will be a significant challenge to the industry. Costs to employ drivers have increased and transportation ~~shortages~~ **disruptions** have become more prevalent. If we are not able to negotiate acceptable pricing and other terms with these vendors or they experience performance problems or other difficulties, ~~such as the increased volume of deliveries due to shelter- in- place orders associated with the COVID- 19 pandemic,~~ it could negatively impact our business and results of operations and negatively affect the experiences of our customers, which could affect the degree to which they continue to do business with us. Disruption to delivery services due to inclement weather **, climate change, or political instability, among other causes,** could result in delays that could adversely affect our reputation, business and results of operations. If our products are not delivered in a timely fashion or are damaged or lost during the supply or the delivery process, our customers could become dissatisfied and cease doing business with us, which could adversely affect our business and results of operations. Our business may be impacted by unforeseen or catastrophic events, including the emergence of pandemics or other widespread health emergencies, terrorist attacks, extreme weather events or other natural disasters and other unpredicted events. The occurrence of unforeseen or catastrophic events, such as the emergence of pandemics or other widespread health emergencies (or concerns over the possibility of such pandemics or emergencies), terrorist attacks, extreme weather events or other natural disasters or other unpredicted events, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair our ability to source and supply products and services and manage our businesses, and could negatively impact our customers' ability or willingness to purchase our products and services. For example, our corporate headquarters is located in Massachusetts, which ~~does have earthquakes and~~ experiences ~~other less frequent~~ natural hazards such as flooding ~~,~~ **and** coastal erosion ~~and an occasional nuisance landslide~~ ; should any ~~of these~~ unforeseen or catastrophic events occur, the possibly resulting infrastructure damage and disruption to the area could negatively affect our company, such as by damage to or total destruction of our headquarters, surrounding transportation infrastructure, network communications and other forms of communication. Some of our other locations and those of our suppliers ~~, such as those located in the U. S. and Central America,~~ also are exposed to hurricanes, earthquakes, floods and other extreme weather events; the damage that such events could produce could affect the supply of our products and services. ~~Additionally, while the extent of the impact on our business and financial condition is unknown at this time, we believe we have been negatively affected by actions taken to address and limit the spread of COVID- 19, such as travel restrictions and limitations affecting the supply of labor and the movement of raw materials and finished products. Although we have not experienced any significant shortage or delay in obtaining raw materials or finished product, our shipping costs for importing raw materials from overseas have increased significantly since the emergence of COVID- 19. We believe further reduced manufacturing capacity or increased freight costs as a result of COVID- 19 could have an increased negative affect on the timely supply and pricing of~~

~~finished products and have a material adverse effect on our results of operations.~~ We face intense competition within our industry and our revenue and / or profits may decrease if we are not able to respond to this competition effectively. Customers in the promotional products ~~, uniforms~~ , tradeshow and event marketplace, loyalty and program management business process outsourcing industries choose distributors primarily based upon the quality, price and breadth of products and services offered. We encounter competition from a number of companies in the geographic areas we serve. The majority of our revenue is derived from the sale of promotional products. Our major competitors for our promotional products business include companies such as 4Imprint Group plc, Brand Addition Limited (The Pebble Group plc), BAMKO LLC (Superior Group of Companies, Inc.), Staples Promotional Products (Staples, Inc.), Boundless Network, Inc. (Zazzle Inc.), Custom Ink, Cimpress plc and HALO Branded Solutions, Inc. We also compete with a multitude of foreign, regional and local competitors that vary by market. If our existing or future competitors seek to gain or retain market share by reducing prices, we may be required to lower our prices, which would adversely affect our operating results. Similarly, if customers or potential customers perceive the products or services offered by our existing or future competitors to be of higher quality than ours or part of a broader product mix, our revenues may decline, which would adversely affect our operating results. We face intense competition to gain market share, which may lead some competitors to sell substantial amounts of goods at prices against which we cannot profitably compete. Our marketing strategy is to differentiate ourselves by providing quality service and quality products to our customers. Even if this strategy is successful, the results may be offset by reductions in demand or price declines due to competitors' pricing strategies or other micro- or macroeconomic factors. We face the risk of our competition following a strategy of selling its products at or below cost in order to cover some amount of fixed costs, especially in stressed economic times. Global, national or regional economic slowdowns, high unemployment levels, fewer jobs, changes in tax laws or cost increases might have an adverse effect on our operating results. Our primary products within our promotional products are used by workers and, as a result, our business prospects are dependent upon levels of employment and overall economic conditions on a global, national and regional level, among other factors. Our revenues are impacted by our customers' opening and closing of locations and reductions and increases in headcount, including from voluntary turnover and increased automation ~~, which affect the quantity of uniform orders on a per- employee basis~~ . If we are unable to offset these effects, such as through the addition of new customers, the penetration of existing customers with a broader mix of product and service offerings, or decreased production costs that can be passed on in the form of lower prices, our revenue growth rates will be negatively impacted. Likewise, increases in tax rates or other changes in tax laws or other regulations can negatively affect our profitability. While we do not believe that our exposure is greater than that of our competitors, we could be adversely affected by increases in the prices of fabric, natural gas, gasoline, wages, employee benefits, insurance costs and other components of product cost unless we can recover such increases through proportional increases in the prices for our products and services. Competitive and general economic conditions might limit our ability and that of our competitors to increase prices to cover any increases in our product cost. The promotional products ~~, uniforms~~ , trade show and events marketplace, loyalty and program management business industries are subject to pricing pressures that may cause us to lower the prices we charge for our products and services that adversely affect our financial performance. Many of our competitors also source their product requirements from developing countries to achieve a lower cost operating environment, possibly with lower costs than our offshore facilities, and those manufacturers may use these cost savings to reduce prices. Some of our competitors have more purchasing power than we do, which may enable them to obtain products at lower costs. To remain competitive, we may adjust our product and service prices and margins from time- to- time in response to these industry- wide pricing pressures. Additionally, increased customer demands for allowances, incentives and other forms of economic support could reduce our margins and affect our profitability. Our financial performance will be negatively affected by these pricing pressures if we are forced to reduce our prices and we cannot reduce our product costs proportionally or if our product costs increase and we cannot increase our prices proportionally. Changes to trade regulation, quotas, duties, tariffs or other restrictions caused by the changing U. S. and geopolitical environments or otherwise, such as those with respect to China, may materially harm our revenue and results of operations, such as by increasing our costs and / or limiting the amount of products that we can import. Our operations are subject to various international trade agreements and regulations, such as the Dominican Republic – Central America Free Trade Agreement (CAFTA- DR), Caribbean Basin Trade Partnership Act (CBTPA), Haitian Hemispheric Opportunity through Partnership Encouragement Act, as amended (HOPE), the Food Conservation and Energy Act of 2008 (HOPE II), the Haiti Economic Lift Program of 2010 (HELP), the African Growth and Opportunity Act (AGOA), the Middle East Free Trade Area Initiative (MEFTA) and the activities and regulations of the World Trade Organization (WTO). Generally, these trade agreements and regulations benefit our business by reducing or eliminating the quotas, duties and / or tariffs assessed on products manufactured in a particular country. However, trade agreements and regulations can also impose requirements that have a material adverse effect on our business, revenue and results of operations, such as limiting the countries from which we can purchase raw materials, limiting the products that qualify as duty free, and setting quotas, duties and / or tariffs on products that may be imported into the United States from a particular country. Certain inbound products to the United States are subject to tariffs assessed on the manufactured cost of goods at the time of import. As a result, we have had to increase prices for certain products and may be required to raise those prices further, or raise our prices on other products, which may result in the loss of customers and harm our operating performance. In response, in part, to tariffs levied on products imported from China we have shifted some production out of China and may seek to shift additional production out of China, which may result in additional costs and disruption to our operations. The countries in which our products are manufactured or into which they are imported may from time- to- time impose new quotas, duties, tariffs and requirements as to where raw materials must be purchased to qualify for free or reduced duty. These countries also may create additional workplace regulations or other restrictions on our imports or adversely modify existing restrictions. Adverse changes in these costs and restrictions could harm our business. We cannot assure that future trade agreements or regulations will not provide our competitors an advantage over us or increase our costs, either of which could have a material adverse effect on our business, results of operations or financial condition. Nor can we assure that the changing geopolitical and U. S. political environments will not result in a trade agreement or regulation being altered which adversely affects our company. The U. S. government may decide to impose or alter existing import quotas, duties, tariffs or other restrictions on products or raw materials sourced from those countries, which include countries from which we import raw materials or in which we manufacture our products. Any such quotas, duties, tariffs or restrictions could have a material adverse effect on our business, results of operations or financial condition. The apparel industry, including ~~uniforms and~~ corporate identity apparel, is subject to changing fashion trends and if we misjudge consumer preferences, the image of one or more of our brands may suffer and the demand for our products may decrease. The apparel industry, including ~~uniforms and~~ corporate identity apparel for promotional products, is subject to shifting customer demands and evolving fashion trends and our success is also dependent upon our ability to anticipate and promptly respond to these changes. Failure to anticipate, identify or promptly react to changing trends or styles may result in decreased demand for our products, as well as excess inventories and markdowns, which could have a material adverse effect on our business, results of operations and financial condition. In addition, if we misjudge consumer preferences, our brand image may be impaired ~~. We believe our products are, in general, less subject to fashion trends compared to many other apparel manufacturers because the majority of what we manufacture and sell are uniforms, scrubs, corporate identity apparel and other accessories~~ . Our success depends upon the continued protection of our intellectual property rights and we may be forced to incur substantial costs to maintain, defend, protect and enforce our intellectual property rights. Our owned intellectual property and certain of our licensed intellectual property have significant value and are instrumental to our ability to market our products. We cannot assure that our owned or licensed intellectual property or the operation of our business does not infringe on or otherwise violate the intellectual property rights of others. We cannot assure that third parties will not assert claims against us on any such basis or that we will be able to successfully resolve such claims. In addition, the laws of some foreign countries do not allow us to protect, defend or enforce our intellectual property rights to the same extent as the laws of the United States. We could also incur substantial costs to defend legal actions relating to use of our intellectual property or prosecute legal actions against others using our intellectual property, either of which could have a material adverse effect on our business, results of operations or financial condition. There also can be no assurance that we will be able to negotiate and conclude extensions of existing license agreements on similar economic terms or at all. Climate change **impacts including supply chain disruptions, operational impacts,** and **geopolitical events** may impact our business operations.We source a large number of raw materials from third- party suppliers globally.These products include both natural and synthetic materials derived from plants,animal products,and organic and petroleum- based raw materials.Disruptions to the global supply chain due to climate- related impacts or geopolitical events are possible and exist as external risk factors that the Company can respond to but not control.These events could limit the supply of key raw materials to the Company,or could have significant impacts to pricing.We work with multiple raw material suppliers to mitigate lack of availability from a single supplier,however in some cases products with limited numbers of suppliers may become difficult to obtain.Some of our vendors have manufacturing operations in areas vulnerable to coastal storms which may ~~increase in increased~~ - **increase in magnitude and impact due to climate change. Increasingly large and unprecedented weather events may pose a risk to business operations in vulnerable areas. Storms could cause business interruptions, incur additional restoration costs, and impact product availability and pricing. Increased** focus by governments, **vendors,** stockholders **,** and customers on sustainability issues, including those related to climate change, may have a material adverse effect on our business and operations. Federal, state and local governments, as well as some of our vendors and customers, are beginning to respond to climate change **and other sustainability** issues. This increased focus on sustainability may result in new legislation or regulations and vendor and customer requirements that could negatively affect us as we may incur additional costs or be required to make changes to our operations in order to comply with any new regulations or vendor, customer, or stockholder requirements. Legislation or regulations that potentially impose restrictions, caps, taxes, or other controls on emissions of greenhouse gases such as carbon dioxide, a by- product of burning fossil fuels such as those used in the trucks of our logistics vendors, may have a material adverse effect on our business and operations. For example, if the logistics vendors we contract with become subject to increasingly restrictive laws protecting the environment, including those relating to climate change, we expect that they would incur increased shipment costs and may pass such costs on to us, which could have a material adverse effect on our business. If our customers or stockholders were to require us to use vendors that source, manufacture, or supply their products in accordance with certain sustainability standards, we expect that such standards would likewise force us to incur additional costs and we may fail to pass such additional costs on to our customers, which could also have a material adverse effect on our business. **On** ~~In addition, on~~ March ~~21~~ **6** , ~~2022~~ **2024** , the SEC **adopted** ~~proposed new~~ rules ~~requiring a range of climate- related disclosure~~ that **will** ~~would be applicable to all companies that are required~~ - **require us** to ~~file annual reports or that file registration statements with the SEC, including the Company. The proposed climate- related disclosure~~ -- **disclose: ●** ~~framework is modeled in part on the Task Force on~~ Climate ~~Related Financial Disclosures' recommendations, and also draws upon the Greenhouse Gas (" GHG ") Protocol (" GHG Protocol "). In particular, the proposed rules would require a registrant to disclose information about: The oversight and governance of climate~~ - related risks **that** ~~by the registrant' s board and management; how any climate- related risks identified by the registrant~~ have had or are **reasonably** likely to have a material impact on ~~its~~ **our** business ~~and consolidated~~ **strategy, results of operations, or** financial **condition** ~~statements, which may manifest over the short-, medium-, or long- term~~ ; ~~how~~ **● The actual and potential material impacts of** any identified climate- related risks **on** ~~have affected or~~ **our** ~~are likely to affect the registrant' s~~ strategy, business model, and outlook; ~~the registrant' s processes~~ **● If, as part of our strategy, we have undertaken activities to mitigate** ~~for~~ - **or** ~~identifying~~ **adapt to a material climate- related risk** , ~~assessing,~~ **a quantitative** and ~~managing~~ **qualitative description of material expenditures incurred and material impacts on financial estimates and assumptions that directly result from such mitigation or adaptation activities; ● Specified disclosures regarding our activities, if any, to mitigate or adapt to a material climate- related risk**

including the use, if any, of transition plans, scenario analysis, or internal carbon prices; ● Any oversight by our board of directors of climate- related risks and **any role by management in assessing and managing our material climate- related risks; ● Any processes we have for identifying, assessing, and managing material climate- related risks and, if we are managing those risks,** whether **and how** any such processes are integrated into **our** ~~the registrant' s~~ overall risk management system or processes; **● Information** ~~the impact of climate- related events (severe weather events and other natural conditions as well as physical risks identified by the registrant) and transition activities (including transition risks identified by the registrant) on the line items of a registrant' s consolidated financial statements and related expenditures, and disclosure of financial estimates and assumptions impacted by such climate- related events and transition activities; " Scope 1 " and " Scope 2 " (as defined by the SEC' s proposed rule) GHG emissions metrics, separately disclosed, expressed both by disaggregated constituent greenhouse gases and in the aggregate, and in absolute~~ --- **about** ~~and intensity terms; " Scope 3 " (as defined by the SEC' s proposed rule) GHG emissions and intensity, if material, or~~ **our** ~~if the registrant has set a GHG emissions reduction target or goal that includes its Scope 3 emissions; and the registrant' s~~ climate- related targets or goals, ~~and transition plan,~~ if any ~~.~~ **, that have materially affected or are reasonably likely to materially affect our business, results of operations, or financial condition; required disclosures would include material expenditures and material impacts on financial estimates and assumptions as a direct result of the target or goal or actions taken to make progress toward meeting such target or goal; ●** The ~~proposed~~ **capitalized costs, expenditures expensed, charges, and losses incurred as a result of severe weather events and other natural conditions, such as hurricanes, tornadoes, flooding, drought, wildfires, extreme temperatures, and sea level rise, subject to applicable one percent and de minimis disclosure thresholds, disclosed in a note to the financial statements; ● The capitalized costs, expenditures expensed, and losses related to carbon offsets and renewable energy credits or certificates if used as a material component of our plans to achieve our disclosed climate- related targets or goals, disclosed in a note to our financial statements; and ● If the estimates and assumptions we use to produce our financial statements were materially impacted by risks and uncertainties associated with severe weather events and other natural conditions or any disclosed climate- related targets or transition plans, a qualitative description of how the development of such estimates and assumptions was impacted, disclosed in a note to our financial statements. We will be exempt from the SEC** rules **' requirements** ~~would be subject~~ to **disclose** certain ~~accommodations~~ **information about our greenhouse gas emissions** and **comply with related auditor assurance requirements as long as we remain a** ~~phase- in periods. For example, companies meeting the definition of~~ " smaller reporting company " ~~in Rule 12b~~ **(as described below under — Risks Related to our Common Stock and Publicly** - **Traded Warrants –** ~~2 of the Exchange Act, which currently includes the Company (see below, " —~~ We are a ~~'~~ **'** smaller reporting company' within the meaning of the Exchange Act, and if we take advantage of certain exemptions from disclosure requirements available to smaller reporting companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies. " ~~and " As a' smaller reporting company,' we may at some time in the future choose to exempt our company from certain corporate governance requirements that could have an adverse effect on our public stockholders. "~~) ~~, would be exempt from the Scope 3 emissions disclosure requirement. The proposed rules would also require an attestation report provided by a third- party attestation service provider that satisfies a minimum level of attestation services for~~ - **or** ~~a company that meets the definition of " accelerated filer " or " large accelerated filer " in Rule 12b- 2 of the Exchange Act, including: (1) limited assurance for Scopes 1 and 2 emissions disclosure that scales up to reasonable assurance after a specified transition period; (2) minimum qualifications and independence requirements for the attestation service provider; and (3) minimum requirements for the accompanying attestation report. A company that is not~~ an " ~~accelerated filer~~ **emerging growth company** " ~~or " large accelerated filer ", which currently includes the Company, would not be subject to this attestation requirement~~ (~~see also~~ **as described below under** " — ~~As a non~~ **Risks Related to our Common Stock and Publicly** - **Traded Warrants –** ~~accelerated filer, we are not required to comply with the auditor attestation requirements of the Sarbanes- Oxley Act. " and " —~~ We are subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not emerging growth companies and our stockholders could receive less information than they might expect to receive from more mature public companies. "). ~~Although~~ **In addition, these disclosure rules will not require compliance by us until our fiscal year beginning in 2027, with certain requirements not becoming effective until our fiscal year beginning in 2028, if** we **remain** ~~cannot predict the costs of implementation or any potential adverse impacts resulting from the proposed rule, the SEC estimated that compliance costs for~~ a ~~"~~ smaller reporting company ~~" in the first year~~ **or emerging growth company. A number** of ~~compliance would~~ **petitions have been filed in federal courts seeking to challenge the SEC' s climate disclosure rules. As of March 28, 2024, this litigation has been consolidated in the Eight Circuit Court of Appeals. The outcome of this litigation cannot** be ~~$ 490~~ **determined as of the date of this report. Assuming that the SEC climate disclosure rules are ultimately upheld in their present form** , ~~000 ($ 140, 000~~ **and even in light of the exemptions and accommodations made** for ~~internal costs and $ 350, 000 for outside professional costs), while annual costs in the subsequent five years were estimated to be $ 420, 000 ($ 120, 000 for internal costs and $ 300, 000 for outside professional costs). For non- "~~ smaller reporting ~~company~~ **companies** ~~" registrants~~ **and emerging growth companies described above** , the costs ~~in the first year of compliance were estimated~~ to ~~be $ 640~~ **adopt the necessary disclosure controls and procedures to disclose all required information** , **the potential** ~~000 ($ 180, 000 for internal~~ costs ~~and $ 460, 000 for outside professional costs), while annual costs in the subsequent five years were estimated~~ to **make changes in our operations** ~~be $ 530, 000 ($ 150, 000 for internal costs and $ 380, 000 for outside professional costs). To the extent that this rule is finalized as proposed, we could therefore incur significant increased costs relating~~ to ~~the assessment and disclosure of~~ **allow us to improve our** climate **change** - related ~~matters. These~~ **disclosures, or the** potential ~~additional costs, forced changes in operations, or~~ loss of revenues **from these disclosure requirements due to investor, customer, or vendor requirements to disclose and meet certain climate change- related targets pursuant to these disclosure rules,** may **still** have a material adverse effect on our business and operations. Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non- performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and our financial condition and results of operations. Actual events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market- wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (" SVB "), was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (the " FDIC "), as receiver. Similarly, on March 12, 2023, Signature Bank Corp. (" Signature "), and Silvergate Capital Corp. were each swept into receivership **A** ~~. Although a~~ statement by the Department of the Treasury, the Federal Reserve and the FDIC indicated that all depositors of SVB would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts **. In addition** , ~~borrowers under credit agreements, letters of credit and certain~~ **U. S. regional banks have experienced a broad recovery since** ~~other~~ -- **the turmoil of March 2023. Following the acute stress triggered by the collapse of SVB, aggregate** financial **indicators of** ~~instruments with SVB, Signature or any other~~ -- **the** ~~financial institution that is placed into receivership by~~ **group have shown improvements. Between March 2023 and January 31, 2024, deposit outflows have stabilized. However, vulnerabilities in** the ~~FDIC may be unable~~ **U. S. banking sector are believed** to **persist** ~~access undrawn amounts thereunder~~. Although we are not a borrower under or party to any material letter of credit or any other such instruments with ~~SVB, Signature or~~ any ~~other~~ financial institution currently in receivership, if we enter into any such instruments and any of our lenders or counterparties to such instruments were to be placed into receivership, we may be unable to access such funds. In addition, if any of our customers, suppliers or other parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected. In this regard, counterparties to credit agreements and arrangements with these financial institutions, and third parties such as beneficiaries of letters of credit (among others), may experience direct impacts from the closure of these financial institutions and uncertainty remains over liquidity concerns in the broader financial services industry. Similar impacts have occurred in the past, such as during the 2008- 2010 financial crisis. Inflation and rapid increases in interest rates have led to a decline in the trading value of previously- issued government securities with interest rates below current market interest rates. Although the U. S. Department of Treasury, FDIC and Federal Reserve Board have announced a program to provide up to $ 25 billion of loans to financial institutions secured by certain of such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments, widespread demands for customer withdrawals or other liquidity needs of financial institutions for immediately liquidity may exceed the capacity of such program. Our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, any financial institutions with which we enter into credit agreements or arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally. The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations. These risks include, but may not be limited to, the following: ● delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets; ● inability to enter into credit facilities or other working capital resources; ● potential or actual breach of contractual obligations that require us to maintain letters of credit or other credit support arrangements; or ● termination of cash management arrangements and / or delays in accessing or actual loss of funds subject to cash management arrangements. In addition, investor concerns regarding the U. S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses or other obligations, financial or otherwise, result in breaches of our financial and / or contractual obligations, or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors, could have material adverse impacts on our liquidity and our current and / or projected business operations and financial condition and results of operations. In addition, any further deterioration in the economy or financial services industry could lead to losses or defaults by our customers, service providers, vendors, or suppliers, which in turn, could have a material adverse effect on our current and / or projected business operations and results of operations and financial condition. For example, a customer may fail to make payments when due, default under their agreements with us, become insolvent or declare bankruptcy, or a service provider, vendor, or supplier may determine that it will no longer deal with us as a customer. In addition, a service provider, vendor or supplier could be adversely affected by any of the liquidity or other risks that are described above as factors that could result in material adverse impacts on us, including but not limited to delayed access or loss of access to uninsured deposits or loss of the ability to draw on existing credit facilities involving a troubled or failed financial institution. The bankruptcy or insolvency of any customers, service providers, vendors, or suppliers, or the failure of any customer to make payments when due, or any breach or default by a customer, service provider, vendor, or supplier, or the loss of any significant supplier relationships, could cause us to suffer material losses and may have a material adverse impact on our business. Some of the products that we design or otherwise assist customers with producing create exposure to potential product liability, warranty liability or personal injury claims and litigation. Some of the products that we design or otherwise assist customers with producing are used in applications and situations that involve risk of personal injury and death. Our services expose us to potential product liability, warranty liability, and personal injury claims and litigation relating to the use or misuse of our products including allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product or activities associated with the product, negligence and strict liability. If successful, such claims could have a material adverse effect on our business. Defects in the products that we design or otherwise assist customers with producing could reduce demand for our products and result in a decrease in sales and market acceptance and damage to our reputation. Although we carry certain standard commercial insurance, including products- completed operations coverage, we do not currently maintain separate product liability insurance, and we may not be able to obtain and maintain such insurance on acceptable terms, if at all, in the future. Even if we have purchased product liability insurance in the future, product liability claims may exceed the amount of our insurance coverage. In addition, our reputation may be adversely affected by such claims, whether or not successful, including potential negative publicity about our products. We ~~are~~ **may be** subject to periodic litigation in both domestic and international jurisdictions that may adversely affect our financial position and results of operations. From time to time we may be involved in legal or regulatory actions regarding product liability, employment practices, intellectual property infringement, bankruptcies and other litigation or enforcement matters. These proceedings may be in jurisdictions with reputations for aggressive application of laws and procedures against corporate defendants. We are impacted by trends in litigation, including class- action allegations brought under various consumer protection and employment laws. Due to the inherent uncertainties of litigation in both domestic and foreign jurisdictions, we cannot accurately predict the ultimate outcome of any such proceedings. These proceedings could cause us to incur costs and may require us to devote resources to defend against these claims and could ultimately result in a loss or other remedies, such as product recalls, which could adversely affect our financial position and results of operations. Volatility in the global financial markets could adversely affect results. In the past, global financial markets have experienced extreme disruption, including, among other things, volatility in securities prices, diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. There can be no assurance that there will not be further change or volatility, which could lead to challenges in our business and negatively impact our financial results. Any future tightening of credit in financial markets could adversely affect the ability of our customers and suppliers to obtain financing for significant purchases and operations and could result in a decrease in orders and spending for our products and services. We are unable to predict the likely duration and severity of any disruption in financial markets and adverse economic conditions and the effects they may have on our business and financial condition. Failure to achieve and maintain effective internal ~~controls~~ **control over financial reporting** could adversely affect our business and price of our securities. Effective internal ~~controls~~ **control** ~~are~~ **over financial reporting is** necessary for us to provide reliable financial reports. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the consolidated financial statement preparation and presentation. While we continue to evaluate our internal ~~controls~~ **control over financial reporting**, we cannot be certain that these measures will ensure that we implement and maintain adequate internal control over financial reporting in the future. If we fail to maintain the adequacy of our internal ~~controls~~ **control over financial reporting** or if we or our independent registered public accounting firm were to discover material weaknesses in our internal ~~controls~~ **control over financial reporting**, as such standards are modified, supplemented or amended, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes- Oxley Act of 2002 **(** ~~, or~~ the **“** Sarbanes- Oxley Act **”)**. Failure to achieve and maintain an effective internal control environment could cause us to be unable to produce reliable financial reports or prevent fraud. This may cause investors to lose confidence in our reported financial information, which could have a material adverse effect on the price of our securities. Increases in the cost of employee benefits could impact our financial results and cash flow. Our expenses relating to employee health benefits are significant. Unfavorable changes in the cost of such benefits could impact our financial results and cash flow. Healthcare costs have risen significantly in recent years, and recent legislative and private sector initiatives regarding healthcare reform could result in significant changes to the U. S. healthcare system. ~~Additionally, we believe the ongoing COVID- 19 pandemic may result in temporary or permanent healthcare reform measures, would result in significant cost increases and other negative impacts to our business.~~ While the Company has various cost control measures in place and employs an outside consultant to review ~~on~~ larger claims, employee health benefits have been and are expected to continue to be a significant cost to the Company. Medical costs will continue to be a significant expense to the Company and may increase due to factors outside the Company’ s control. We may recognize impairment charges, which could adversely affect our financial condition and results of operations. We assess our goodwill, intangible assets and long- lived assets for impairment when required by **generally accepted accounting principles in the United States (“ U. S.** GAAP **”)**. These accounting principles require that we record an impairment charge if circumstances indicate that the asset carrying values exceed their estimated fair values. The estimated fair value of these assets is impacted by general economic conditions in the locations in which we operate. Deterioration in these general economic conditions may result in: declining revenue, which can lead to excess capacity and declining operating cash flow; reductions in management’ s estimates for future revenue and operating cash flow growth; increases in borrowing rates and other deterioration in factors that impact our weighted average cost of capital; and deteriorating real estate values. If our assessment of goodwill, intangible assets or long- lived assets indicates an impairment of the carrying value for which we recognize an impairment charge, this may adversely affect our financial condition and results of operations. Environmental regulations may impact our future operating results. We are subject to extensive and changing federal, state and foreign laws and regulations establishing health and environmental quality standards, ~~concerning, among other things, wastewater discharges, air emissions and solid waste disposal,~~ and may be subject to liability or penalties for violations of those standards ~~. We are also subject to laws and regulations governing remediation of contamination at facilities currently or formerly owned or operated by us or to which we have sent hazardous substances or wastes for treatment, recycling or disposal~~ . We may be subject to future liabilities or obligations as a result of new or more stringent interpretations of existing laws and regulations. In addition, we may have liabilities or obligations in the future if we discover any environmental contamination or liability at any of our facilities, or at facilities we may acquire. If we are unable to accurately predict our future tax liabilities, become subject to increased levels of taxation or our tax contingencies are unfavorably resolved, our results of operations and financial condition could be adversely affected. Early termination of or failure to renew our secured line of credit could strain our ability to pay other obligations. We have a secured line of credit for borrowings of up to $ 7 million with Salem Five Cents Savings Bank, or the Lender. The line bears interest at the prime rate plus 0. 5 % per annum. The line is reviewed annually and is due on demand. This line of credit is secured by substantially all assets of the Company. The Lender may demand immediate repayment of the full balance of this facility at any time, whether or not we are in default, and may refuse to extend it beyond the initial expected one- year term. If we are unable to negotiate, extend or refinance this line of credit with an equivalent line of credit or other financing from another bank, then we may default on the line of credit as well as our other obligations. In that event, the Lender could enforce its security interest in all of our assets, potentially resulting in a material adverse effect on our business, results of operations and financial condition. Risks Related to Ownership of Our Securities The market prices of our securities may fluctuate, and you could lose all or part of your investment. The market prices for our securities are likely to be volatile, in part because our shares and publicly- traded warrants have only been traded publicly since November 9, 2021. In addition, the market prices of our securities may fluctuate significantly in response to several factors, most of which we cannot control, including: ● actual or anticipated variations in our periodic operating results; ● increases in market interest rates that lead investors of our common stock and publicly- traded warrants to demand a higher investment return; ● changes in earnings estimates; ● changes in market valuations of similar companies; ● actions or announcements by our competitors; ● adverse market reaction to any increased indebtedness we may incur in the future; ● additions or departures of key personnel; ● actions by stockholders; ● speculation in the media, online forums, or investment community; and ● our intentions and ability to maintain the listing of our common stock and publicly- traded warrants on Nasdaq. Volatility in the market prices of our securities may prevent investors from being able to sell their securities at or above their purchase price. As a result, you may suffer a loss on your investment. We may not be able to maintain a listing of our common stock and publicly- traded warrants on Nasdaq. Although our common stock and publicly- traded warrants are listed on Nasdaq, we must meet certain financial and liquidity criteria to maintain such listing. If we violate Nasdaq' s listing requirements, or if we fail to meet any of Nasdaq' s listing standards, our common stock and publicly- traded warrants may be delisted. In addition, our board of directors may determine that the cost of maintaining our listing on a national securities exchange outweighs the benefits of such listing. A delisting of our common stock and publicly- traded warrants from Nasdaq may materially impair our stockholders' ability to buy and sell our common stock and publicly- traded warrants and could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock and publicly- traded warrants. The delisting of our common stock and publicly- traded warrants could significantly impair our ability to raise capital and the value of your investment. Our publicly- traded warrants may not have any value. Our publicly- traded warrants are exercisable for five years from the date of initial issuance and currently have an exercise price of $ 4. 81375 per share. There can be no assurance that the market price of our shares of common stock will equal or exceed the exercise price of the publicly- traded warrants. In the event that the stock price of our shares of common stock does not exceed the exercise price of the publicly- traded warrants during the period when the publicly- traded warrants are held and exercisable, the publicly- traded warrants may not have any value to their holders. Holders of publicly- traded warrants have no rights as stockholders until such holders exercise their publicly- traded warrants and acquire our shares of common stock. Until holders of our publicly- traded warrants acquire shares of common stock upon exercise thereof, such holders will have no rights with respect to the shares of common stock underlying the publicly- traded warrants. Upon exercise of the publicly- traded warrants, the holders will be entitled to exercise the rights of a stockholder only as to matters for which the record date occurs after the date they were entered in the register of members of the Company as a stockholder. The warrant certificate governing our publicly- traded warrants designates the state and federal courts of the State of New York sitting in the City of New York, Borough of Manhattan, as the exclusive forum for actions and proceedings with respect to all matters arising out of the publicly- traded warrants, which could limit a warrantholder' s ability to choose the judicial forum for disputes arising out of the publicly- traded warrants. The warrant certificate governing our publicly- traded warrants provides that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by the warrant certificate (whether brought against a party to the warrant certificate or their respective affiliates, directors, officers, stockholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. The warrant certificate further provides that we and the warrantholders irrevocably submit to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute under the warrant certificate or in connection with it or with any transaction contemplated by it or discussed in it, including under the Securities Act. Furthermore, we and the warrantholders irrevocably waive, and agree not to assert in any suit, action or proceeding, any claim that we or they are not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. With respect to any complaint asserting a cause of action arising under the Securities Act or the rules and regulations promulgated thereunder, we note, however, that there is uncertainty as to whether a court would enforce this provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Notwithstanding the foregoing, these provisions of the warrant certificate will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring or holding or owning (or continuing to hold or own) any interest in any of our publicly- traded warrants shall be deemed to have notice of and consented to the foregoing provisions. Although we believe this exclusive forum provision benefits us by providing increased consistency in the application of the governing law in the types of lawsuits to which it applies, the exclusive forum provision may limit a warrantholder' s ability to bring a claim in a judicial forum of its choosing for disputes with us or any of our directors, officers, other employees, stockholders, or others which may discourage lawsuits with respect to such claims. Our warrantholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder as a result of this exclusive forum provision. Further, in the event a court finds the exclusive forum provision contained in our warrant certificates to be unenforceable or inapplicable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our results of operations. ~~Risks Related to our Common Stock and Publicly- Traded Warrants~~ Although we adopted a stock repurchase program, we have discretion to not repurchase your shares, to suspend the program, and to cease repurchases. On February 23, 2022, we announced that our board of directors had authorized a stock repurchase program under which we may repurchase up to $ 10 million of our outstanding shares of common stock in the open market, in accordance with all applicable securities laws and regulations, including Rule 10b- 18 of the ~~Securities~~ Exchange Act ~~of 1934, as amended~~ (" Rule 10b- 18 "). On May 23, 2022, we filed a ~~current~~ **Current** ~~report~~ **Report** on Form 8- K that announced that on May 20, 2022 we had established a trading plan (the " Trading Plan ") with B. Riley Securities, Inc. (" B. Riley ") intended to qualify under Rule 10b- 18. The Trading Plan instructs B. Riley to repurchase shares of common stock of the Company for the Company' s account in accordance with Rule 10b- 18 and the Company' s instructions. Repurchases under the Trading Plan are scheduled to terminate as late as ~~May 2023. In its quarterly report on Form 10- Q for the period ended~~ June ~~30, 2022~~ **2024** ~~, the Company reported that it had suspended the Trading Plan as of June 30, 2022. On August 17, 2022, the Company announced that it had determined that market conditions warranted a resumption of repurchases under the Trading Plan, but that repurchases would remain in accordance with the Company' s insider trading policy, which may affect the timing of further repurchases under the Trading Plan~~ . Our insider trading policy generally permits insider purchases of our stock only during the period beginning on the second business day following the day of public release of our quarterly or annual earnings and ending on the last day of the then- current quarter. Our decision to repurchase our shares, as well as the timing of such repurchases, will also depend on a variety of factors that include ongoing assessments of our capital needs, market conditions and the price of our common stock, and other corporate considerations, as determined by management. Although we have conducted repurchases of our common stock under the Trading Plan, we may suspend or terminate it at any time. Additionally, a stock repurchase program has many limitations and will be subject to compliance with applicable contractual and regulatory restrictions, and should not be relied upon as a method to sell shares promptly, at a desired price, or at a time that would be advantageous to stockholders. The reduction of total outstanding shares through the execution of a stock repurchase program of common stock may increase the risk that a stockholder or group of stockholders could control us. A stock repurchase program may be conducted from time to time under authorization made by our board of directors. Although no single stockholder or group of stockholders currently owns a majority of our shares, as of March ~~27~~ **28** , ~~2023~~ **2024** ~~, our Chairman~~ , Andrew Stranberg **, our Executive Chairman** , beneficially owned approximately 28. ~~6~~ **7** % shares of our common stock **, and Andrew Shape** , our President and Chief Executive Officer ~~, Andrew Shape~~ , beneficially owned approximately 19. 2 % shares of our common stock ~~, and our Executive Vice President, Randolph Birney, beneficially owned approximately 4. 5 % shares of our common stock~~ . As such, our officers and directors together hold ~~almost~~ a ~~majority~~ **significant percentage** of our outstanding shares of common stock and therefore may effectively control our operations. The reduction of total outstanding shares through the execution of a stock repurchase program of common stock may increase the risk that Mr. Stranberg **or Mr. Shape** alone or that our officers and directors together will ~~hold a majority of our shares of common stock and~~ be controlling stockholders. A controlling stockholder or group of stockholders has significant influence over, and may have the ability to control, matters requiring approval by our stockholders, including the election of directors and approval of mergers, consolidations, sales of assets, recapitalizations and amendments to our articles of incorporation. Furthermore, a controlling stockholder or group of stockholders may take actions with which other stockholders do not agree, including actions that delay, defer or prevent a change of control of the Company and that could cause the price that investors are willing to pay for the Company' s stock to decline. We do not expect to declare or pay dividends in the foreseeable future. We do not expect to declare or pay dividends in the foreseeable future, as we anticipate that we will invest future earnings in the development and growth of our business. Therefore, holders of our common stock will not receive any return on their investment unless they sell their securities, and holders may be unable to sell their securities on favorable terms or at all. If securities industry analysts do not publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our securities could be negatively affected. Any trading market for our common stock and publicly- traded warrants may be influenced in part by any research reports that securities industry analysts publish about us. We currently ~~only~~ **do not** have **any** research coverage ~~by EF Hutton, division of Benchmark Investments, LLC (" EF Hutton "), the underwriter for our initial public offering~~ . We may never obtain ~~additional~~ **new** research coverage by securities industry analysts. If no ~~additional~~ securities industry analysts commence coverage of us ~~or if we lose coverage from EF Hutton~~ , the market price and market trading volume of our securities could be negatively affected. In the event we are covered by ~~additional~~ **new** analysts, and one or more analyst downgrades our securities, or otherwise reports on us unfavorably, or discontinues coverage of us, the market price and market trading volume of our securities could be negatively affected. Future issuances of our common stock or securities convertible into, or exercisable or exchangeable for, our common stock, or the expiration of lock- up agreements that restrict the issuance of new common stock or the trading of outstanding common stock, could cause the market price of our securities to decline and would result in the dilution of your holdings. Future issuances of our common stock or securities convertible into, or exercisable or exchangeable for, our common stock, or the expiration of lock- up agreements that restrict the issuance of new common stock or the trading of outstanding common stock, could cause the market price of our common stock to decline. We cannot predict the effect, if any, of future issuances of our securities ~~, or the future expirations of lock- up agreements,~~ on the price of our securities. In all events, future issuances of our securities would result in the dilution of your holdings. In addition, the perception that new issuances of our securities could occur, or the perception that locked- up parties will sell their securities when the lock- ups expire, could adversely affect the market price of our securities. ~~In connection with our initial public offering, on November 8, 2021, we and our officers, directors and stockholders before the offering entered into lock- up agreements that prevent, subject to certain exceptions, selling or transferring any of our shares of capital stock for up to six months. During 2021 and 2022, a stockholder who was subject to these and other lock- up provisions transferred all of its shares to another holder with the consent of our Executive Chairman Mr. Stranberg, EF Hutton as the representative of the underwriters of our initial public offering, and the Company, and processed by its transfer agent. The lock- up agreements with EF Hutton expired on May 8, 2022, and therefore more of our securities became available for resale, subject to applicable law, including without notice, which could reduce the market price for our common stock. In addition, on December 8, 2021, notwithstanding our lockup agreement with EF Hutton, we were permitted by EF Hutton to sell 4, 371, 926 shares of common stock, warrants to purchase 5, 464, 903 shares of common stock and placement agent' s warrants to purchase 131, 158 shares of common stock. The shares of common stock and shares of common stock underlying the warrants were registered for resale pursuant to a registration statement that was initially filed with the SEC on December 23, 2021 and declared effective on January 5, 2022, pursuant to which the investors may freely resell the securities in this offering.~~ Future issuances of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future issuances of preferred stock, which could rank senior to our common stock for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our securities. In the future, we may attempt to increase our capital resources by offering debt securities. Upon bankruptcy or liquidation, holders of our debt securities, and lenders with respect to other borrowings we may make, would receive distributions of our available assets prior to any distributions being made to holders of our common stock. Moreover, if we issue preferred stock, the holders of such preferred stock could be entitled to preferences over holders of common stock in respect of the payment of dividends and the payment of liquidating distributions. Because our decision to issue debt or preferred stock in any future offering, or borrow money from lenders, will depend in part on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any such future offerings or borrowings. Holders of our securities must bear the risk that any future offerings we conduct or borrowings we make may adversely affect the level of return, if any, they may be able to achieve from an investment in our securities. We are authorized to issue " blank check " preferred stock without stockholder approval, which could adversely impact the rights of holders of our securities. Our articles of incorporation authorize us to issue up to 50, 000, 000 shares of blank check preferred stock. Any preferred stock that we issue in the future may rank ahead of our securities in terms of dividend priority or liquidation premiums and may have greater voting rights than our securities. In addition, such preferred stock may contain provisions allowing those shares to be converted into shares of common stock, which could dilute the value of our securities to current stockholders and could adversely affect the market price, if any, of our securities. In addition, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of our company. Although we have no present intention to issue any shares of authorized preferred stock, there can be no assurance that we will not do so in the future. If our securities become subject to the penny stock rules, it would become more difficult to trade our shares. The Securities and Exchange Commission **(** ~~, or~~ the **"** SEC ~~,~~ **")** has adopted rules that regulate broker- dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $ 5. 00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain a listing on Nasdaq or another national securities exchange and if the price of our securities is less than $ 5. 00, our securities could be deemed a penny stock. The penny stock rules require a broker- dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker- dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser' s written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our securities, and therefore stockholders may have difficulty selling their securities. We are subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not emerging growth companies and our stockholders could receive less information than they might expect to receive from more mature public companies. We are required to publicly report on an ongoing basis as an " emerging growth company " (as defined in the JOBS Act) under the reporting rules set forth under the Exchange Act. For so long as we remain an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other Exchange Act reporting companies that are not emerging growth companies, including but not limited to: ● not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act **; ● being exempt from certain greenhouse gas emissions disclosure and related third- party assurance requirements** ; ● being permitted to comply with reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and ● being exempt from the requirement to hold a non- binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7 (a) (2) (B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards. We expect to take advantage of these reporting exemptions until we are no longer an emerging growth company. We will remain an emerging growth company for up to five years, although if the market value of our securities that is held by non-affiliates exceeds $ 700 million as of any June 30 before that time, we would cease to be an emerging growth company as of the following December 31. Because we are subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not emerging growth companies, our stockholders could receive less information than they might expect to receive from more mature public companies. We cannot predict if investors will find our securities less attractive if we elect to rely on these exemptions, or if taking advantage of these exemptions would result in less active trading or more volatility in the price of our securities. As a non- accelerated filer, we are not required to comply with the auditor attestation requirements of the Sarbanes- Oxley Act. We are not an " accelerated filer " or a " large accelerated filer " under the Exchange Act. Rule 12b- 2 under the Exchange Act defines an " accelerated filer " to mean any company that first meets the following conditions at the end of each fiscal year: The company had a public float of $ 75 million or more, but less than $ 700 million, as of the last business day of the company' s most recently completed second fiscal quarter; the company has been subject to the reporting requirements of the Exchange Act for at least twelve calendar months; the company has filed at least one annual report under the Exchange Act; the company did not have annual revenues of less than $ 100 million and either no public float or a public float of less than $ 700 million; and, once the company determines that it does not qualify for " smaller reporting company " status because it exceeded one or more of the current thresholds for such status, is not eligible to regain " smaller reporting company " status under the test provided under paragraph (3) (iii) (B) of the " smaller reporting company " definition in Rule 12b- 2 of the Exchange Act. Rule 12b- 2 under the Exchange Act defines a " large accelerated filer " in the same way except that the company meeting the definition must have a public float of $ 700 million or more as of the last business day of the company' s most recently completed second fiscal quarter. A non- accelerated filer is not required to file an auditor attestation report on internal control over financial reporting that is otherwise required under Section 404 (b) of the Sarbanes- Oxley Act. Therefore, our internal control over financial reporting will not receive the level of review provided by the process relating to the auditor attestation included in annual reports of issuers that are subject to the auditor attestation requirements. In addition, we cannot predict if investors will find our common stock less attractive because we are not required to comply with the auditor attestation requirements. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and trading price for our common stock may be negatively affected. See also above, " — We are subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not emerging growth companies and our stockholders could receive less information than they might expect to receive from more mature public companies. " We are a " smaller reporting company " within the meaning of the Exchange Act, and if we take advantage of certain exemptions from disclosure requirements available to smaller reporting companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies. Rule 12b- 2 of the Exchange Act defines a " smaller reporting company " as an issuer that is not an investment company, an asset- backed issuer, or a majority- owned subsidiary of a parent that is not a smaller reporting company and that: ● had a public float of less than $ 250 million as of the last business day of its most recently completed second fiscal quarter, computed by multiplying the aggregate worldwide number of shares of its voting and non- voting common equity held by non- affiliates by the price at which the common equity was last sold, or the average of the bid and asked prices of common equity, in the principal market for the common equity; or ● in the case of an initial registration statement under the Securities Act or the Exchange Act for shares of its common equity, had a public float of less than $ 250 million as of a date within 30 days of the date of the filing of the registration statement, computed by multiplying the aggregate worldwide number of such shares held by non- affiliates before the registration plus, in the case of a Securities Act registration statement, the number of such shares included in the registration statement by the estimated public offering price of the shares; or ● in the case of an issuer whose public float as calculated under paragraph (1) or (2) of this definition was zero or whose public float was less than $ 700 million, had annual revenues of less than $ 100 million during the most recently completed fiscal year for which audited financial statements are available. If a company determines that it does not qualify for smaller reporting company status because it exceeded one or more of the above thresholds, it will remain unqualified unless when making its annual determination it meets certain alternative threshold requirements which will be lower than the above thresholds if its prior public float or prior annual revenues exceed certain thresholds. As a smaller reporting company, we are not required to include a Compensation Discussion and Analysis section in our proxy statements; we may provide only two years of financial statements; and we need not provide the table of selected financial data **. We will also be exempt from certain greenhouse gas emissions disclosure and related third- party assurance requirements** . We also have other " scaled " disclosure requirements that are less comprehensive than issuers that are not smaller reporting companies which could make our securities less attractive to potential investors, which could make it more difficult for our securityholders to sell their securities. As a " smaller reporting company, " we may at some time in the future choose to exempt our company from certain corporate governance requirements that could have an adverse effect on our public stockholders. Under Nasdaq rules, a " smaller reporting company, " as defined in Rule 12b- 2 under the Exchange Act, is not subject to certain corporate governance requirements otherwise applicable to companies listed on Nasdaq. For example, a smaller reporting company is exempt from the requirement of having a compensation committee composed solely of directors meeting certain enhanced independence standards, as long as the compensation committee has at least two members who do meet such standards. Although we have determined not to avail ourselves of this or other exemptions from Nasdaq requirements that are or may be afforded to smaller reporting companies while our shares and warrants are listed on Nasdaq, in the future we may elect to rely on any or all of these exemptions. By electing to utilize any such exemptions, our company may be subject to greater risks of poor corporate governance, poorer management decision- making processes, and reduced results of operations from problems in our corporate organization. Consequently, if we were to avail ourselves of these exemptions, the prices of our securities might suffer, and there is no assurance that we would be able to continue to meet all continuing listing requirements of Nasdaq from which we would not be exempt, including minimum stock price requirements.