

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

The Stephan Co
A Florida Corporation

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Pennsylvania 33610
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2844

Quarterly Report
For the Period Ending: September 30, 2021
(the "Reporting Period")

As of **September 30, 2021** the number of shares outstanding of our Common Stock was: **4,068,051**

As of **June 30, 2021** the number of shares outstanding of our Common Stock was: **4,068,051**

As of **December 30, 2020** the number of shares outstanding of our Common Stock was: **4,068,051**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

The Stephan Co. a Florida corporation, was formed in 1952 and was reorganized in 1960 through a merger of the Stephan Cosmetic Corp., a California corporation; Stephan Products, Inc., a Massachusetts corporation; and Stepaco, Inc. a California corporation; into The Stephan Co. The predecessor company of Stephan Products, Inc., one of the merger partners, was organized in Massachusetts in 1897.

Effective December 31, 2015, the Company went through a reorganization to close out all of its dormant entities. Entities remaining after the reorganization in 2016 are The Stephan Company, Bowman Beauty & Barber Supply, Inc. and Morris Flamingo-Stephan, Inc.

In September 2017, the Company completed the acquisition of MD Barber Supply, LLC, a distributor of barber supplies and specialized products for the barber and consumer beauty industry.

In November 2018, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the BarberMate Brand through an asset purchase agreement.

In July 2019, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the Stix Fix and Pomade brand through an asset purchase agreement.

In June 2020, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the Norva Barber Supply through an asset purchase agreement.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

May 29, 1952, Florida, Active

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

No

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

In June 2020, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the Norva Barber Supply through an asset purchase agreement.

In October 2021, the company announced the acquisition of the assets of 614 Barber Supply, the leading wholesale barber supply distributor in the Columbus, OH metropolitan area.

The address(es) of the issuer's principal executive office:

2211 Reach Road, Suite B4, Williamsport, Pennsylvania 33610

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: No:

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

None

2) Security Information

Trading symbol: SPCO. PK
Exact title and class of securities outstanding: Common Stock
CUSIP: 858603103
Par or stated value: \$0.01

Total shares authorized:	25,000,000	as of date: 09/30/2021
Total shares outstanding:	4,068,051	as of date: 09/30/2021
Number of shares in the Public Float ² :	2,007,478	as of date: 09/30/2021
Total number of shareholders of record:	216	as of date: 09/30/2021

Transfer Agent

Name: American Stock Transfer & Trust Company, LLC
Phone: 800-934-5449
Email: Info@amstock.com

Is the Transfer Agent registered under the Exchange Act?³ Yes: No:

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

3) Issuance History

A. Changes to the Number of Outstanding Shares

Shares Outstanding as of Second Most Recent Fiscal Year End:									
<u>Balance</u>		<u>Opening</u>							
Date 01/01/2018	Common:								
3,993,020	Preferred: Nil								
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
3/12/2018	New Issuance	5,000	Common	\$2.60	No	Joel Getz, Board of Director	Directors Incentive Share plan		
3/12/2018	New Issuance	3,500	Common	\$2.60	No	Jad Fakhry, Board of Director	Directors Incentive Share plan		
3/12/2018	New Issuance	3,500	Common	\$2.60	No	Brian Harper, Board of Director	Directors Incentive Share plan		
3/12/2018	New Issuance	2,000	Common	\$2.60	No	Lee Keedie, Former Board of Director	Directors Incentive Share plan		
3/12/2018	New Issuance	2,000	Common	\$2.60	No	Benjamin Large, Board of Director	Directors Incentive Share plan		
3/31/2018	New Issuance	5,062	Common			Curt Carlson, Former Board Member	Options Exercised		
8/28/2018	New Issuance	26,812	Common		No	Eric Kiekbusch, Former President of the company	Company issued 26,812 shares in a cashless exercise of 50,000 options		
12/10/2018	Stock Repurchase	-1,500	Common						
1/1/2019	Stock Repurchase	-5,000	Common						

2/1/2019	Share Cancellation	-49	Common						
6/24/2019	New Issuance	5,000	Common			Curt Carlson, Former Board Member	Option Exercised		
8/27/2019	Stock Repurchase	-1,150	Common						
9/5/2019	Stock Repurchase	-1,000	Common						
9/17/2019	Stock Repurchase	-400	Common						
10/2/2019	Stock Repurchase	-1,100	Common						
10/31/2019	Stock Repurchase	-1,100	Common						
12/17/2019	Stock Repurchase	-1,568	Common						
12/4/2019	Stock Repurchase	-26,812	Common						
4/21/2020	Stock Repurchase	-164	Common						
8/21/2020	Stock Grants	10,000	Common	\$2.25	No	Joel Getz, Board of Director	Directors Incentive Share plan		
8/21/2020	Stock Grants	10,000	Common	\$2.25	No	Jad Fakhry, Board of Director	Directors Incentive Share plan		
8/21/2020	Stock Grants	10,000	Common	\$2.25	No	Brian Harper, Board of Director	Directors Incentive Share plan		
8/21/2020	Stock Grants	30,000	Common	\$2.25	No	Benjamin Large, Board of Director, interim CEO	Directors Incentive Share plan		
8/21/2020	Stock Grants	2,000	Common	\$2.25	No	Corey Cincotta, VP of Operations	Directors Incentive Share plan		
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date 09/30/2021									
Common: 4,068,051									
Preferred: NIL									

B. Debt Securities, Including Promissory and Convertible Notes

NONE

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- U.S. GAAP
 IFRS

B. The financial statements for this reporting period were prepared by (name of individual):

Name: Narasimha Rao Muppalla
Title: Chief Financial Officer
Relationship to Issuer: Consultant, Redge Global Services

Publish Date	Title	Period End Date
08/23/2021	Quarterly Report - The Stephan Co. 2nd Quarter 2021 Report	06/30/2021
05/05/2021	Quarterly Report - The Stephan Co. 1st Quarter 2021 Report	03/31/2021
02/17/2021	Quarterly Report - The Stephan Co. 4th Quarter 2020 Report	12/31/2020
10/29/2020	Quarterly Report - The Stephan Co. 3rd Quarter 2020 Report	9/30/2020
8/19/2020	Annual Report - The Stephan Co. Annual Report 2019	12/31/2019
7/28/2020	Quarterly Report - The Stephan Co. 2nd Quarter 2020 Report	6/30/2020
4/24/2020	Quarterly Report - The Stephan Co. 1st Quarter 2020 Report	3/31/2020
3/5/2020	Quarterly Report - Quarterly Report - The Stephan Co 4th Quarter 2019 Report	12/31/2019
11/19/2019	Quarterly Report - Correction to the 3rd Quarter 2019 Report	9/30/2019
11/14/2019	Quarterly Report - The Stephan Co 3rd Quarter 2019 Report	9/30/2019
8/2/2019	Quarterly Report - The Stephan Co. 2nd Quarter 2019 Report	6/30/2019
7/26/2019	Annual Report - The Stephan Co. Annual Report 2018	12/31/2018
4/29/2019	Quarterly Report - The Stephan Co. 1st Quarter 2019 Report	3/31/2019
2/12/2019	Quarterly Report - The Stephan Co. 4th Quarter 2018 Report	12/31/2018
11/6/2018	Quarterly Report - The Stephan Co. 3rd Quarter 2018 Report	9/30/2018
10/29/2018	Annual Report - The Stephan Co - Annual Report 2017	12/31/2017
8/14/2018	Quarterly Report - The Stephan Co 2nd Quarter 2018 Report	6/30/2018
6/12/2018	Quarterly Report - The Stephan Co. 1st Quarter 2018 Report	3/31/2018

The Stephan Co
CONSOLIDATED BALANCE SHEETS
 At September 30, 2021 and December 31, 2020
(In thousands, except share and per share amounts)

	<u>2021</u> (Unaudited)	<u>2020</u> (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,281	\$ 811
Accounts receivable, net	233	154
Inventories, net	2,096	1,724
Prepaid expenses and other current assets	<u>14</u>	<u>50</u>
Total Current Assets	3,624	2,739
Other assets, net	177	113
Property and equipment, net	186	154
Deferred tax assets, net	3,384	3,384
Intangibles, net	348	348
Goodwill	<u>1,890</u>	<u>1,890</u>
TOTAL ASSETS	<u>\$ 9,609</u>	<u>\$ 8,628</u>
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 1,003</u>	<u>\$ 464</u>
Total Current Liabilities	1,003	464
Long-term Liabilities		
Loans payable	401	615
Total Long-term Liabilities	<u>401</u>	<u>615</u>
TOTAL	<u>\$ 1,404</u>	<u>\$ 1,079</u>
LIABILITIES		
 COMMITMENTS AND CONTINGENCIES		
 STOCKHOLDERS' EQUITY		
At September 30, 2021 and December 31, 2020:		
Preferred stock, \$.01 par value; 1,000,000 shares authorized; none issued or outstanding	---	---
Common stock, \$.01 par value; 25,000,000 shares authorized; 4,714,436 and 4,714,436 shares in 2021 and 2020, respectively issued		
(4,068,051 shares outstanding at September 30, 2021 and 4,068,051 shares outstanding at December 31, 2020)	47	47
Additional paid-in capital	18,777	18,777
Accumulated deficit	(9,353)	(10,009)
Treasury stock (646,385 shares at September 30, 2021 and 646,385 shares at December 31, 2020), at cost	<u>(1,266)</u>	<u>(1,266)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>8,205</u>	<u>7,549</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$ 9,609</u>	<u>\$ 8,628</u>

The Stephan Co
CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended September 30, 2021 and September 30, 2020
(in thousands, except per share data)

	<u>2021</u> (Unaudited)	<u>2020</u> (Audited)
Revenue	\$ 2,369	\$ 2,348
Cost of revenue	<u>1,669</u>	<u>1,635</u>
Gross profit	700	713
Selling, general and administrative expenses	558	508
Depreciation and amortization	<u>16</u>	<u>14</u>
Operating income/ (loss)	126	191
Other income/ (expenses), net	<u>108</u>	<u>11</u>
Income/ (loss) from operations before taxes	234	202
Income tax	30	-
NET INCOME/ (LOSS)	<u>\$ 204</u>	<u>\$ 202</u>
Per common share:		
Income from continuing operations	\$ 0.05	\$ 0.05
Income from discontinued operations	<u>---</u>	<u>---</u>
Net income	<u>\$ 0.05</u>	<u>\$ 0.05</u>
Weighted average common shares outstanding	4,068,051	4,047,384

The Stephan Co
CONSOLIDATED STATEMENTS OF OPERATIONS
 Nine Months Ended September 30, 2021 and September 30, 2020
(in thousands, except per share data)

	<u>2021</u> (Unaudited)	<u>2020</u> (Audited)
Revenue	\$ 6,812	\$ 6,932
Cost of revenue	<u>4,723</u>	<u>4,535</u>
Gross profit	2,089	2,397
Selling, general and administrative expenses	1,678	1,618
Depreciation and amortization	<u>44</u>	<u>42</u>
Operating income/ (loss)	367	737
Other income/ (expenses), net	<u>319</u>	<u>10</u>
Income/ (loss) from operations before taxes	686	747
Income tax	30	-
NET INCOME/ (LOSS)	<u>\$ 656</u>	<u>\$ 747</u>
Per common share:		
Income from continuing operations	\$ 0.16	\$ 0.19
Income from discontinued operations	<u>---</u>	<u>---</u>
Net income	<u>\$ 0.16</u>	<u>\$ 0.19</u>
Weighted average common shares outstanding	4,068,051	4,019,883

The Stephan Co
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 Nine Months Ended September 30, 2021
(in thousands, except share information)

	<u>Shares Issued</u>	<u>Par Value</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Treasury Stock</u>	<u>Stockholders' Equity</u>
Balance at December 31, 2020 (Audited)	4,714,436	\$ 47	\$ 18,777	\$ (10,009)	\$ (1,266)	\$ 7,549
Net Income	<u>--</u>	<u>-</u>	<u>-</u>	<u>656</u>	<u>-</u>	<u>656</u>
Balance at September 30, 2021 (Unaudited)	<u>4,714,436</u>	<u>\$ 47</u>	<u>\$ 18,777</u>	<u>\$ (9,353)</u>	<u>\$ (1,266)</u>	<u>\$ 8,205</u>

The Stephan Co
CONSOLIDATED STATEMENTS OF CASH FLOWS
 Nine Months Ended September 30, 2021 and September 30, 2020
(in thousands)

	<u>2021</u> (Unaudited)	<u>2020</u> (Audited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
NET INCOME	\$ 656	\$ 747
Net cash flows provided by operating activities:		
Deferred income taxes	-	-
Stock based compensation	-	139
Depreciation and amortization	44	42
Changes in operating assets & liabilities:		
(Increase) decrease in accounts receivable, net	(79)	(77)
(Increase) decrease in inventories, net	(372)	(34)
(Increase) decrease in prepaid expenses and other assets	(28)	(110)
Increase in accounts payable and accrued expenses	<u>240</u>	<u>(243)</u>
Net cash provided by operating activities - continuing operations	461	464
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash paid for acquisition	-	(150)
Purchases of property and equipment	<u>(76)</u>	<u>(7)</u>
Net cash used in investing activities	(76)	(157)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Loans received	<u>85</u>	<u>607</u>
Net cash used in financing activities	85	607
NET (DECREASE) IN CASH	470	914
CASH AT BEGINNING OF PERIOD	<u>811</u>	<u>280</u>
CASH AT END OF THE PERIOD	<u>\$ 1,281</u>	<u>\$ 1,194</u>

Management's Discussion and Analysis

Business overview

The Stephan Co. (“SPCO”) has four operating companies: Williamsport Bowman, Morris Flamingo, MD Barber and Norva. Our Williamsport Bowman is a wholesale barber distributor selling third party and proprietary branded products directly to barbershops. Morris Flamingo is a two-step wholesale distributor selling primarily our proprietary branded barber products to other Barber distributors. MD Barber sells its owned brands and third party brands through various online channels. Norva is a wholesale barber distributor selling third party products to barbershops. SPCO also owns a portfolio of barber brands including LatherKing, Campbell’s, Stephan’s, BarberMate, StixFix, and MD Barber, among others. The company continues to pursue an acquisition program and is actively pursuing barber brands and distribution assets.

Given the company’s liquid balance sheet and changes in the industry, SPCO remains focused on growing through acquisitions of brands and distributors at attractive valuations. SPCO is hoping to continue expanding its operations and we are currently hiring to fill open positions to meet our growth.

On Oct 20th, 2021, the company announced the acquisition of the assets of 614 Barber Supply, the leading wholesale barber supply distributor in the Columbus, OH metropolitan area. 614, which was formerly known as Columbus Barber and Beauty Supply, has a walk-in showroom location in Hilliard, OH that includes service and repair and a rapidly-growing online presence. 614 has been growing its sales rapidly and should generate approximately \$1.7M of revenues in calendar year 2021. The acquisition of 614’s business was financed with cash on hand as well as a new bank financing. The purchase price for 614’s business was approximately \$875,000 and included the purchase of \$325,000 of 614’s inventory. No liabilities were assumed in the asset purchase.

Summary of Q3 2021

Q3 21 saw ongoing elevated spend for the company, as we invested heavily in customer acquisition in a soft demand environment. Barbershops continue to see less frequent customer visits due to residual effects from the pandemic.

	Q3'21	Q3'20	Q3'19
Revenue	\$ 2,369	\$ 2,348	\$ 2,262
% Growth	0.9%	3.8%	
Gross Profit	\$ 700	\$ 713	\$ 710
% Sales	29.5%	30.4%	31.4%
SG&A	\$ 558	\$ 508	\$ 539
% Sales	23.6%	21.6%	23.8%
Adjusted EBITDA	\$ 144	\$ 267	\$ 160
% Sales	6.1%	11.4%	7.1%

Our gross margins compressed as we decided to delay passing along product cost inflation to stay competitive and as our suppliers declined to offer purchase discounts given supply chain constraints. We are strategically implementing a price increase strategy to restore our gross margins to historical levels, even if purchase discounts do not return to historical levels.

We increased our expenses as we shifted our marketing from catalog mailings to improving our online catalog assets, online ads and brand building campaigns. The legacy catalog marketing has been rightsized and required less investment than previous years. The digital marketing expenses are closely monitored with ROI targets. We are working toward a launch of a new website platform in Q1 2022 that will significantly improve the customer experience. Marketing expense levels are comparable to 2019 as we turned on some of the marketing that was deferred in 2020 due to barber closures.

Our inventory remains at elevated levels due to longer lead times and supply chain constraints. As supply chain constraints ease, we will further reduce inventories, generating more cash for the business to reinvest. We have expanded selections in many categories to give barbers more choices and fill gaps created by shortages. The supply chain has impacted our wholesale distribution business most significantly as supply is too limited to redistribute to regional barber supply shops customers.

Our acquisition of 614 Barber Supply is exciting as it is the dominant regional supplier in its area and was purchased at an attractive valuation. It is immediately EBITDA accretive and gives us more scale, which is important with suppliers. The 614 team is passionate about the barber industry and has excellent merchandising, vendor relationships and a leading service/repair business. We are looking forward to integrating and growing this business.

The forced closure of businesses nationwide has not only reduced end customer demand, but has disrupted the supply chain. SPCO has carried above average inventory in the last year to protect ourselves from out-of-stocks. We have thus far been able to fulfill higher demand among such categories as clippers and other electricals amidst selected supply shortages. A sustained closure of our customers and suppliers would continue to negatively effect our business and could impair our liquidity.

Stephan places the highest importance upon employee safety and welfare. Stephan instituted a work from home programs for most employees during the critical portion of the pandemic. As the local and state restrictions were lifted, critical employees were allowed to return to the office. The company has taken precaution to ensure that essential staff are kept safe, through distancing, regular sanitizing, employee monitoring and use of masks.

We have made some progress on our legal exposure, as our insurance carriers have agreed to fund significant portion of our current expenses and SPCO has been dismissed from some cases. There still remain many lawsuits and we will continue to work to reduce our exposure over time. It is difficult to determine the overall liability of our legal exposure and it is possible that the exposure may overwhelm our insurance coverage.

On April 30th, 2020, The Stephan Co subsidiaries received a loan under the U.S. Small

Business Administration's Payroll Protection Program (PPP1) of approximately \$215,000. This loan was used for payroll, medical insurance premiums, rent and utilities in accordance with rules for loan forgiveness. On May 03rd , 2021 company received full forgiveness for the loan amount.

On February 04th, 2021, The Stephan Co subsidiaries received a loan under the U.S. Small Business Administration's Payroll Protection Program (PPP2) of approximately \$85,329. This loan was used for payroll, medical insurance premiums, rent and utilities in accordance with rules for loan forgiveness. On July 23rd , 2021, company received the full forgiveness for the loan amount.

Results of Operations Three Months Ended September 30, 2021 vs. Three Months Ended September 30, 2020

Reported revenues for the three months ended September 30, 2021 were \$2,369,000 compared to \$2,348,000 for the three months ended September 30, 2020 or an increase in revenue of 1%. Gross profit margins decreased from 30.4% to 29.5% compared to the prior period due to lower purchase discounts and supplier price increases during the quarter compared to previous period that we did not pass along to our customers immediately. Selling, general and administrative increased by \$50,000 compared to the prior period due to increasing marketing spend as we promote the brands in different marketplaces and updated our accounting allocations to normalize year end expenses across the entire year, more specifically, we have accrued year end expense items more evenly and this caused the most significant increase in our operating expenses. Additionally, growth initiatives (new website, online advertising, etc) caused our expenses to increase as the business continues to invest in new customer relationships.

Liquidity and Capital Resources

We held cash of \$1,281,000 at September 30, 2021. Our cash was maintained in FDIC and NCUA-insured bank accounts.

Our continuing operations provided cash flows of approximately \$461,000 for the nine months ended September 30, 2021. We have adequate liquidity and do not foresee the need for additional capital for day-to-day operations in the next year and maintained approximately \$2.6 million in working capital and had total net worth of \$8.2 million.

Under the provision of the CARES Act, the Company is eligible for a refundable Employee Retention Credit (ERC). We intend to claim the ERC credit and we estimate the potential benefit the ERC can provide to be approximately \$138,000.

We have no off-balance sheet financing arrangements except for operating leases primarily related to our distributor operations.

Nine Months Ended September 30, 2021 and September 30, 2020
(in thousands)

	<u>2021</u>	<u>2020</u>
Sales	6,812	6,932
<i>% change</i>	<i>(1.7)%</i>	<i>5.0%</i>
Gross profit	2,089	2,397
<i>% of sales</i>	<i>30.7%</i>	<i>34.6%</i>
SG&A	1,678	1,618
<i>% of sales</i>	<i>24.6%</i>	<i>23.3%</i>
Adjusted EBITDA (3)	416	939
<i>% of sales</i>	<i>6.1%</i>	<i>13.5%</i>
Capex	76	7
Working capital (1)	1,326	915
Invested capital (2)	1,703	1,307
LTM Adjusted EBITDA	512	891
Cash ROIC	30.0%	68.0%

Note: (1) Working capital = Inventory plus AR less AP

(2) Invested capital = total tangible assets less cash and payables and accruals.

(3)

	Q3 21	Q3 20	YTD 2021	YTD 2020
Net Income	204	202	656	747
Severance payment		44		132
Onetime legal expenses				13
Depreciation & Amortization	16	14	44	42
Interest (Income)/Expenses	4	7	11	5
Other (Income) - PPP loan forgiveness	(110)		(325)	
Incometax	30		30	
Adjusted EBITDA	144	267	416	939

Please read our Audited 2020 Annual Report, which can be found at www.otcmarkets.com (symbol: SPCO.PK), for further information about the Company's financial results and future plans.

5) Issuer's Business, Products and Services

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Stephan Co has five operating companies : Williamsport Bowman, Morris Flamingo, MD Barber, Norva and 614 Barber Supply. Our Williamsport Bowman is a wholesale barber distributor selling third party and proprietary branded products directly to barbershops. Morris Flamingo is a two-step wholesale distributor selling primarily our proprietary branded barber products to other Barber distributors. MD Barber sells its owned brands and third party brands through various online channels. Norva is a wholesale barber distributor selling third party products to barbershops. 614 Barber Supply is also a wholesale barber distributor selling third party products to barbershops, has a walk-in showroom location in Hilliard, OH. The Company also owns a portfolio of barber brands including LatherKing, Campbell's, Stephan's, BarberMate, StixFix and MD Barber, among others.

B. Please list any subsidiaries, parents, or affiliated companies.

The Stephan Co has the following 100% owned subsidiaries

- Bowman Beauty and Barber Supply, Inc
- Morris Flamingo- Stephan, Inc
- MD Barber Supply LLC
- Bowman NBS, Inc dba Norva Barber Supply
- 614 Barber Supply, Inc

C. Describe the issuers' principal products or services.

We have one reportable operating segment, which includes a Master Distributor as well as Distributors of barber and beauty supplies for professionals and consumers. Our Master Distributor segment consists of sales to distributors, schools, correctional institutions and supply stores. Our Distributor segment consist of sales to the barber and beauty professionals for use in the barbershops and salons as well as consumers and end users through various marketplaces.

6) Issuer's Facilities

The Company occupies 26,465 Sq. Ft lease space in Williamsport, PA and the lease term will expire on September 30, 2024.

Office Address: 2211 Reach Road, Suite B4, Williamsport, PA 17701

The Company occupies 3,861 Sq. Ft lease space in Hilliard, OH and the lease term will expire on August 31, 2024.

Office Address: 3590 Fishinger Blvd, Hilliard, OH 43026

7) **Officers, Directors, and Control Persons**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Brian Harper	Director/ more than 5% Holder	Longmont, CO	532,530	Common Shares	13.1%	Mr. Harper is a Partner and Portfolio Manager at Inlight Wealth Management, LLC, a Registered Investment Advisor. Prior to Inlight Wealth, Mr. Harper was president and founder of Harper Asset Management, LLC, a Registered Investment Advisor, from 2001 until its merger with Inlight Wealth in October 2020. Mr. Harper was elected to the board in March 2016. Elected as Chairman of the Board in March 2017.
Jad Fakhry	Director/ more than 5% Holder	Burlingame, CA	1,470,290	Common Shares	36.1%	Jad Fakhry and Poplar Point Capital together owns 36.1% of the company's outstanding common shares. Jad Fakhry is the founder and Managing member of Poplar Point Capital Management LLC
Benjamin Large	CEO/Director	Williamsport, PA	37,500	Common Shares	0.9%	
Joel Getz	Director	New Haven, CT	30,201	Common Share	0.7%	

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

9) Third Party Providers

Auditors

Firm: Cherry Bekaert LLP
Address 1: 401 East Jackson St., Suite 1200
Address 2: FL 33602
Phone: 813-251-1010

Accountants

Firm: Redge Global Services
Address 1: 405 Sai Paragon Meadows, 4th Street, BEML Layout Bangalore-560066
Phone: 918-398-0155
Email: contact@redgeglobal.com

10) Issuer Certification

Principal Executive Officer:

I, Benjamin Large certify that:

1. I have reviewed this Quarterly disclosure statement of The Stephan Co
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 08, 2021

[CEO's Signature]

/s/ Benjamin Large