

**Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

**The Stephan Co**  
**A Florida Corporation**

**2211 Reach Road, Suite B4, Williamsport,  
Pennsylvania 33610  
800-545-5300  
www.thestephanco.com  
ir@thestephanco.com  
2844**

**Quarterly Report  
For the Period Ending: June 30, 2022  
(the “Reporting Period”)**

As of **June 30, 2022** the number of shares outstanding of our Common Stock was: **4,108,051**

As of **March 31, 2022** the number of shares outstanding of our Common Stock was: **4,068,051**

As of **December 31, 2021** 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 Control<sup>1</sup> of the company has occurred over this reporting period:

Yes:  No:

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

<sup>1</sup> “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.

**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.

In October 2021, the company acquired the assets of 614 Barber Supply, the leading wholesale barber supply distributor in the Columbus, OH Metropolitan Area, which was formerly known as Columbus Barber and Beauty Supply.

**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 October 2021, the company acquired the assets of 614 Barber Supply, the leading wholesale barber supply distributor in the Columbus, OH Metropolitan Area, which was formerly known as Columbus Barber and Beauty Supply.

**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:*

2211 Reach Road, Suite B4, Williamsport, Pennsylvania 33610

3590 Fishinger Blvd, Hilliard, OH 43026

**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: 06/30/2022
Total shares outstanding:	4,108,051	as of date: 06/30/2022
Number of shares in the Public Float <sup>2</sup> :	1,986,130	as of date: 06/30/2022
Total number of shareholders of record:	216	as of date: 06/30/2022

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?<sup>3</sup> Yes:  No:**

**3) Issuance History**

<sup>2</sup> “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.

<sup>3</sup>

## A. Changes to the Number of Outstanding Shares

Shares Outstanding as of Second Most Recent Fiscal Year End:									
<b>Balance</b>		<b>Opening</b>							
Date 01/01/2020		Common:							
4,006,215		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 individuals 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.
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		
5/9/2022	Stock Grants	10,000	Common	\$2.16	No	Joel Getz, Board of Director	Directors Incentive Share plan		
5/9/2022	Stock Grants	10,000	Common	\$2.16	No	Jad Fakhry, Board of Director	Directors Incentive Share plan		
5/9/2022	Stock Grants	10,000	Common	\$2.16	No	Brian Harper, Board of Director	Directors Incentive Share plan		

5/9/2022	Stock Grants	10,000	Common	\$2.16	No	Benjamin Large, Board of Director, interim CEO	Directors Incentive Share plan		
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date 06/3/2022	Common:								
4,108,051	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
04/29/2022	<a href="#">Quarterly Report - The Stephan Co. 1st Quarter 2022 Report</a>	03/31/2022
03/24/2022	<a href="#">Annual Report - The Stephan Co. Annual Report 2021</a>	12/31/2021
11/08/2021	<a href="#">Quarterly Report - The Stephan Co. 3rd Quarter 2021 Report</a>	09/30/2021
08/23/2021	<a href="#">Quarterly Report - The Stephan Co. 2nd Quarter 2021 Report</a>	06/30/2021
05/05/2021	<a href="#">Quarterly Report - The Stephan Co. 1st Quarter 2021 Report</a>	03/31/2021
02/17/2021	<a href="#">Quarterly Report - The Stephan Co. 4th Quarter 2020 Report</a>	12/31/2020
10/29/2020	<a href="#">Quarterly Report - The Stephan Co. 3rd Quarter 2020 Report</a>	9/30/2020
8/19/2020	<a href="#">Annual Report - The Stephan Co. Annual Report 2019</a>	12/31/2019
7/28/2020	<a href="#">Quarterly Report - The Stephan Co. 2nd Quarter 2020 Report</a>	6/30/2020
4/24/2020	<a href="#">Quarterly Report - The Stephan Co. 1st Quarter 2020 Report</a>	3/31/2020
3/5/2020	<a href="#">Quarterly Report - Quarterly Report - The Stephan Co 4th Quarter 2019 Report</a>	12/31/2019
11/19/2019	<a href="#">Quarterly Report - Correction to the 3rd Quarter 2019 Report</a>	9/30/2019
11/14/2019	<a href="#">Quarterly Report - The Stephan Co 3rd Quarter 2019 Report</a>	9/30/2019
8/2/2019	<a href="#">Quarterly Report - The Stephan Co. 2nd Quarter 2019 Report</a>	6/30/2019
7/26/2019	<a href="#">Annual Report - The Stephan Co. Annual Report 2018</a>	12/31/2018
4/29/2019	<a href="#">Quarterly Report - The Stephan Co. 1st Quarter 2019 Report</a>	3/31/2019
2/12/2019	<a href="#">Quarterly Report - The Stephan Co. 4th Quarter 2018 Report</a>	12/31/2018
11/6/2018	<a href="#">Quarterly Report - The Stephan Co. 3rd Quarter 2018 Report</a>	9/30/2018
10/29/2018	<a href="#">Annual Report - The Stephan Co - Annual Report 2017</a>	12/31/2017
8/14/2018	<a href="#">Quarterly Report - The Stephan Co 2nd Quarter 2018 Report</a>	6/30/2018
6/12/2018	<a href="#">Quarterly Report - The Stephan Co. 1st Quarter 2018 Report</a>	3/31/2018

The Stephan Co  
**CONSOLIDATED BALANCE SHEETS**  
 At June 30, 2022 and December 31, 2021  
 (In thousands, except share and per share amounts)

	<u>2022</u> (Unaudited)	<u>2021</u> (Unaudited)
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 666	\$ 650
Accounts receivable, net	133	212
Inventories, net	2,754	2,479
Prepaid expenses and other current assets	<u>127</u>	<u>81</u>
Total Current Assets	3,680	3,422
Other assets, net	289	260
Property and equipment, net	162	183
Deferred tax assets, net	3,384	3,384
Intangibles, net	854	854
Goodwill	<u>1,890</u>	<u>1,890</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,259</u></b>	<b><u>\$ 9,993</u></b>
<b><u>LIABILITIES &amp; STOCKHOLDERS' EQUITY</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	<u>\$ 766</u>	<u>\$ 843</u>
Total Current Liabilities	766	843
<b>Long-term Liabilities</b>		
Loans payable	934	981
Total Long-term Liabilities	<u>934</u>	<u>981</u>
<b>TOTAL</b>	<b><u>\$ 1,700</u></b>	<b><u>\$ 1,824</u></b>
<b>LIABILITIES</b>		
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
At June 30, 2022 and December 31, 2021:		
Preferred stock, \$.01 par value; 1,000,000 shares authorized; none issued or outstanding	---	---
Common stock, \$.01 par value; 25,000,000 shares authorized; 4,754,436 and 4,714,436 shares in 2022 and 2021, respectively issued		
(4,108,051 shares outstanding at June 30, 2022 and 4,068,051 shares outstanding at December 31, 2021)	47	47
Additional paid-in capital	18,863	18,777
Accumulated deficit	(9,085)	(9,389)
Treasury stock (646,385 shares at June 30, 2022 and 646,385 shares at December 31, 2021), at cost	<u>(1,266)</u>	<u>(1,266)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>8,559</u>	<u>8,169</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b><u>\$ 10,259</u></b>	<b><u>\$ 9,993</u></b>

The Stephan Co  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
 Three Months Ended June 30, 2022 and June 30, 2021  
*(in thousands, except per share data)*

	<b>2022</b> (Unaudited)	<b>2021</b> (Unaudited)
Revenue	\$ 2,485	\$ 2,253
Cost of revenue	<u>1,745</u>	<u>1,532</u>
Gross profit	740	721
Selling, general and administrative expenses	707	590
Depreciation and amortization	<u>17</u>	<u>15</u>
Operating income/ (loss)	16	116
Other income/ (expenses), net	<u>119</u>	<u>213</u>
Income/ (loss) from operations before taxes	135	329
Income tax benefit (expense)	-	-
NET INCOME/ (LOSS)	<u>\$ 135</u>	<u>\$ 329</u>
Per common share:		
Income from continuing operations	\$ 0.03	\$ 0.08
Income from discontinued operations	<u>---</u>	<u>---</u>
Net income	<u>\$ 0.03</u>	<u>\$ 0.08</u>
Weighted average common shares outstanding	4,094,718	4,068,051

The Stephan Co  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
Six Months Ended June 30, 2022 and June 30, 2021  
*(in thousands, except per share data)*

	<u>2022</u> (Unaudited)	<u>2021</u> (Unaudited)
Revenue	\$ 5,109	\$ 4,443
Cost of revenue	<u>3,533</u>	<u>3,054</u>
Gross profit	1,576	1,389
Selling, general and administrative expenses	1,320	1,120
Depreciation and amortization	<u>36</u>	<u>28</u>
Operating income/ (loss)	220	241
Other income/ (expenses), net	<u>84</u>	<u>211</u>
Income/ (loss) from operations before taxes	304	452
Income tax benefit (expense)	-	-
NET INCOME/ (LOSS)	<u>\$ 304</u>	<u>\$ 452</u>
Per common share:		
Income from continuing operations	\$ 0.04	\$ 0.11
Income from discontinued operations	<u>---</u>	<u>---</u>
Net income	<u>\$ 0.04</u>	<u>\$ 0.11</u>
Weighted average common shares outstanding	4,081,384	4,068,051

The Stephan Co  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
Six Months Ended June 30, 2022  
*(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, 2021 (Unaudited)	4,714,436	\$ 47	\$ 18,777	\$ (9,389)	\$ (1,266)	\$ 8,169
Stock based compensation	40,000	-	86			86
Net Income	<u>--</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>-</u>	<u>304</u>
Balance at June 30, 2022 (Unaudited)	<u>4,754,436</u>	<u>\$ 47</u>	<u>\$ 18,863</u>	<u>\$ (9,085)</u>	<u>\$ (1,266)</u>	<u>\$ 8,559</u>

The Stephan Co  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Six Months Ended June 30, 2022 and Jun 30, 2021  
*(in thousands)*

	<b><u>2022</u></b>	<b><u>2021</u></b>
	(Unaudited)	(Unaudited)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
NET INCOME	\$ 304	\$ 452
Net cash flows provided by operating activities:		
Deferred income taxes	-	-
Stock based compensation	86	-
Depreciation and amortization	36	28
Changes in operating assets & liabilities:		
(Increase) decrease in accounts receivable, net	79	(15)
(Increase) decrease in inventories, net	(275)	(204)
(Increase) decrease in prepaid expenses and other assets	(75)	(131)
Increase in accounts payable and accrued expenses	<u>(76)</u>	<u>193</u>
Net cash provided by operating activities - continuing operations	78	323
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Cash paid for acquisition	-	-
Purchases of property and equipment	<u>(15)</u>	<u>(56)</u>
Net cash used in investing activities	(15)	(56)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Loans received, net	<u>(47)</u>	<u>85</u>
Net cash used in financing activities	(47)	85
<b>NET (DECREASE) IN CASH</b>	16	352
CASH AT BEGINNING OF PERIOD	<u>650</u>	<u>811</u>
CASH AT END OF THE PERIOD	<u>\$ 666</u>	<u>\$ 1,163</u>

## Management's Discussion and Analysis

### **Business overview**

The Stephan Co. (“SPCO”) 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 a wholesale barber supply distributor in the Columbus, OH metropolitan area, has a walk-in showroom location in Hilliard, OH that includes service and repair. 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.

SPCO remains focused on growing through acquisitions of brands and distributors at attractive valuations. SPCO is hoping to continue expanding its operations.

### **Summary of Q2 2022**

	Q2 2022	Q2 2021
<b>Net Income</b>	135	329
Depreciation & Amortization	17	15
Board of Directors stock grant expenses	86	
Non-recurring consultation expenses	4	
Other (Income)- ERC Credit	(101)	
Other (Income)- PPP forgiveness		(215)
Other (Income)- Trademark Sale	(25)	
Interest (Income)/ Expenses	16	3
<b>Adjusted EBITDA</b>	<b>132</b>	<b>132</b>

In Q2 2022, revenues grew +9.3%, and Adjusted EBITDA remains comparable to Q2 2021. Gross margins declined by 2.2% as higher product pricing was more than offset by discounting on excess inventory. While demand continues to be soft in the industry, we also saw declines in our catalog business at WB Barber and one of our key owned brand products declined in sales as we were not able to meet demand due to component and labor shortages. We are overcoming this component shortage, but demand is still greater than we can handle given supply constraints. 614 Barber Supply continues to contribute and grow organically and has been a strong acquisition. Organic revenues in the catalog and web were down slightly, while 614’s retail operation continues to grow on strong merchandising and solid execution. We continue to work to drive down excess inventory as product availability in our supply chain improves.

We are focused on adding the right products and improving product mix, as well as adding higher margin repair services, a category in which we lead the industry.

Our inventory remains at elevated levels due to supply chain constraints. As supply chain constraints ease, we will further reduce inventories, generating more cash for the business to reinvest.

We continue to seek attractively priced acquisitions of barber brands and distributors and our pipeline of new deals is keeping us busy. As always, we will remain financially disciplined, but when the time comes for a deal, we will move quickly to acquire and integrate brands and distributors that allow us to add new customers and to scale our business while adding incremental cash flow to grow value per share.

We continue to grow the business given the attractive incremental returns we are enjoying from acquisitions like 614 Barber Supply. This strategy also allows us to maximize the use of our substantial federal tax assets.

Labor remains a key challenge for the company given the inflationary wage pressures and the tight supply of labor in our markets. We continue to seek to fill open positions and acquisitions can be an excellent way to acquire talented team members.

The Barber industry has a lot of exciting traction into 2022 as pandemic effects ease, important product launches are expected, and Barber related events are resuming.

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. A sustained closure of our customers and suppliers would negatively affect our business and could impair our liquidity.

The Stephan Co 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 precautions 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 a 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.

## **Results of Operations Three Months Ended June 30, 2022 vs. Three Months Ended June 30, 2021**

Reported revenues for the three months ended June 30, 2022 were \$2,485,000 compared to \$2,253,000 for the three months ended June 30, 2021 or an increase in revenue of 9.3%. The revenue growth was driven by adding in the acquired 614 Barber Supply Revenues. Gross profit margins decreased to 30% from 32% compared to the prior period due to product mix and discounting on excess inventory. Selling, general and administrative increased by \$117,000 compared to the prior period due to the addition of 614 and also includes an \$86,000 stock grant to the board of directors.

Other income includes \$101,000 from the ERC credit. Under the provision of the CARES Act, the Company is eligible for a refundable Employee Retention Credit (ERC). We submitted the claim for the ERC credit for \$138,000 and so far have received \$101,000. Other income also includes proceeds from sale of a trademark. In April 2022, the Company sold its trademark Lekair for \$25,000 to Afam Concept Inc and entered into a distribution agreement to sell the product as a distributor.

## **Liquidity and Capital Resources**

We held cash of \$666,000 on June 30, 2022. Our cash was maintained in FDIC and NCUA-insured bank accounts.

Our continuing operations provided cash flows of approximately \$78,000 for the six months ended June 30, 2022. 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 \$3.2 million in working capital and had total net worth of \$8.5 million.

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

## **Subsequent Events**

We completed the acquisition of Appleton Barber Supply on August 12, 2022.

**Six Months Ended June 30, 2022 and June 30, 2021**  
(in thousands)

	<u>2022</u>	<u>2021</u>
Sales	5,109	4,443
<i>% change</i>	<i>15%</i>	<i>(3.1)%</i>
Gross profit	1,576	1,389
<i>% of sales</i>	<i>30.8%</i>	<i>31.3%</i>
SG&A	1,320	1,120
<i>% of sales</i>	<i>25.8%</i>	<i>25.2%</i>
Adjusted EBITDA (3)	356	271
<i>% of sales</i>	<i>6.9%</i>	<i>6.1%</i>
Capex	15	56
Working capital (1)	2,121	1,254
Invested capital (2)	2,729	1,723
LTM Adjusted EBITDA	534	601
Cash ROIC	19.6%	34.9%

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

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

(3) Adjusted EBITDA= Net Income plus depreciation, interest, taxes and one time expenses minus one time income

	YTD June 2022	YTD June 2021
<b>Net Income</b>	304	452
Depreciation & Amortization	36	28
Board of Directors stock grants expense	86	
Non-recurring legal & Consultation	41	
Interest (Income)/Expenses	15	6
Other (Income) - ERC Credit	(101)	
Other (Income) - Trademark sale	(25)	
Other (Income) - PPP Loan forgiveness		(215)
<b>Adjusted EBITDA</b>	356	271

Please read our Audited 2020 Annual Report, which can be found at [www.otcmarkets.com](http://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 a 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 has a walk-in showroom location in Hilliard, OH and also provides service and repair. 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 consists 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 of leased space and the lease term will expire on September 30, 2024.

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

The company has a 3,861 Sq. ft walk-in showroom in Hilliard, Ohio

Office Address: 3600 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	537,430	Common Shares	13.1%	Mr. Harper is a Partner and Portfolio Manager at Inlight Wealth Management, LLC, a Registered Investment Advisor.
Jad Fakhry	Director/ more than 5% Holder	Burlingame, CA	1,489,690	Common Shares	36.3%	Jad Fakhry and Poplar Point Capital together own 36.3% 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	47,500	Common Shares	1.2%	
Joel Getz	Director	New Haven, CT	42,201	Common Share	1.0%	

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, 4<sup>th</sup> 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.

August 08, 2022

**/s/ Benjamin Large**

[CEO's Signature]