

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

**The Stephan Co**  
**7901 4<sup>th</sup> St. N. Ste 300**  
**St. Petersburg, FL 33702**  
**800-637-1996**  
**www.thestephanco.com**  
**ir@thestephanco.com**  
**2844**

**Quarterly Report**  
**For the Period Ending: March 31, 2024 (the “Reporting Period”)**

**Outstanding Shares**

The number of shares outstanding of our Common Stock was:

4,107,051 as of March 31, 2024

4,107,051 as of December 31, 2023

**Shell Status**

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:

**Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes:  No:

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<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.

**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.

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.

In August 2022, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the Appleton Barber Supply through an asset purchase agreement.

In October 2023, the company purchased the FMS products brand and inventory 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 or halt orders issued by the SEC or FINRA 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.

In August 2022, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the Appleton Barber Supply through an asset purchase agreement.

In October 2023, the company purchased the FMS products brand and inventory through an asset purchase agreement.

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

The Stephan Co - 901 4<sup>th</sup> St. N Suite 300 St. Petersburg, FL 33702  
Bowman Beauty and Barber Supply, Inc - 2211 Reach Road, Suite B4, Williamsport, Pennsylvania 17701  
614 Barber Supply, Inc - 3590 Fishinger Blvd, Hilliard, OH 43026

**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:***

The Stephan Co - 901 4<sup>th</sup> St. N Suite 300 St. Petersburg, FL 33702  
Bowman Beauty and Barber Supply, Inc - 2211 Reach Road, Suite B4, Williamsport, Pennsylvania 17701  
614 Barber Supply, Inc - 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**

### Transfer Agent

Name: American Stock Transfer & Trust Company, LLC

Address: PO Box 12893, Philadelphia, PA 19176-0893

Phone: 800-934-5449

Email: help@astfinancial.com

Is the Transfer Agent registered under the Exchange Act?<sup>2</sup> Yes:  No:

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: 03/31/2024
Total shares outstanding:	4,107,051	as of date: 03/31/2024
Number of shares in the Public Float <sup>3</sup> :	2,035,948	as of date: 03/31/2024
Total number of shareholders of record:	296	as of date: 03/31/2024

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Each share of common stock is entitled to one vote and not generally entitled to any specific pre-emptive rights. Dividends, if any, are declared at the discretion of the Board of Directors

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions. - None
3. Describe any other material rights of common or preferred stockholders. - None
4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report. - None

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<sup>3</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.

### 3) Issuance History

#### 5. Changes to the Number of Outstanding Shares

Shares Outstanding as of Second Most Recent Fiscal Year End:									
<u>Balance</u>		<u>Opening</u>							
Date 01/01/2020	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, CEO	Directors Incentive Share plan		
8/31/2023	Stock Repurchase	-1,000	Common	\$1.17					
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date 03/31/2024									
Common: 4,107,051									
Preferred: NIL									

## B. Debt Securities, Including Promissory and Convertible Notes

None

### 4) 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 operates six distribution brands: Williamsport Bowman Barber Supply, Morris Flamingo, MD Barber Supply, Norva Barber Supply, Appleton Barber Supply and 614 Barber Supply. 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. Appleton Barber Supply is a wholesale barber distributor. 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 and brands

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

**5) 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 square foot walk-in showroom in Hilliard, Ohio

Office Address: 3600 Fishinger Blvd, Hilliard, OH 43026

**6) 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	519,913	Common Shares	12.7%	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	1,501,190	Common Shares	36.5%	Jad Fakhry and Poplar Point Capital together own 36.5% of the company's outstanding common shares. Jad Fakhry is the founder and Managing member of Poplar Point Capital Management LLC
Joel Getz	Director	New Haven, CT	50,000	Common Share	1.2%	
Henry Jacobi	CEO	Buffalo, NY	***			

## 7) Legal/Disciplinary History

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

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);  
**None**
2. Been the subject of 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, financial- or investment-related, insurance or banking activities;  
**None**
3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;  
**None**
4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or  
**None**
5. Been the subject 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**
6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.  
**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.

The Company has been named in more than 300 lawsuits related to talc products it previously manufactured, usually as a contract manufacturer for larger brands. In each case, the Company is one of a large number of defendants named. We have made some progress on our legal exposure

and SPCO has been dismissed from 118 cases so far and we still have 186 active cases. We will continue to work to reduce our exposure over time. The Company cannot currently estimate the cost of defending itself in these potential lawsuits or the potential legal liability. The Company will vigorously defend itself and believes the cases are without merit. While the expenses to defend the Company could be material, we cannot predict the outcome of this or any other legal contingency and our insurance carriers have agreed to fund a significant portion of our current expenses.

## 8) Third Party Providers

### Auditors

Firm: DeJoy, Knauf & Blood, LLP  
Address 1: 280 East Broad Street, Suite 300, Rochester  
Address 2: NY 14604  
Phone: 585-546-1840

### 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

## 9) Disclosure and Financial Statements

A. This Disclosure Statement was prepared by (name of individual):

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

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

- U.S. GAAP  
 IFRS

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

Name: Narasimha Rao Muppalla  
Title: Consultant  
Relationship to Issuer: Consultant, Redge Global Services  
Describe the qualification of person or person who prepared the financial statements: Finance major from ICAI with 20 years accounting experience.

The Stephan Co  
**CONSOLIDATED BALANCE SHEETS**  
At March 31, 2024 and December 31, 2023  
*(In thousands, except share and per share amounts)*

	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 942	\$ 757
Accounts receivable, net	169	136
Inventories, net	1,932	2,129
Prepaid expenses and other current assets	292	259
Total Current Assets	3,335	3,281
Other assets, net	226	203
Property and equipment, net	83	97
Deferred tax assets, net	3,222	3,222
Intangibles, net	987	987
Goodwill	1,890	1,890
<b>TOTAL ASSETS</b>	<b>\$ 9,743</b>	<b>\$ 9,680</b>
 <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 759	\$ 668
Total Current Liabilities	759	668
<b>Long-term Liabilities</b>		
Loans payable	1,214	1,267
Total Long-term Liabilities	1,214	1,267
<b>TOTAL</b>	<b>\$ 1,973</b>	<b>\$ 1,935</b>
<b>LIABILITIES</b>		
 COMMITMENTS AND CONTINGENCIES		
 STOCKHOLDERS' EQUITY		
At March 31, 2024 and December 31, 2023:		
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 4,754,436 shares in 2024 and 2023, respectively issued		
(4,107,051 shares outstanding at March 31, 2024 and 4,107,051 shares outstanding at December 31, 2023)	47	47
Additional paid-in capital	18,863	18,863
Accumulated deficit	(9,873)	(9,898)
Treasury stock (647,385 shares at March 31, 2024 and 647,385 shares at December 31, 2023), at cost	(1,267)	(1,267)
TOTAL STOCKHOLDERS' EQUITY	7,770	7,745
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 9,743</b>	<b>\$ 9,680</b>

The Stephan Co  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
Three Months Ended March 31, 2024 and March 31, 2023  
*(in thousands, except per share data)*

	<b>2024</b> (Unaudited)	<b>2023</b> (Unaudited)
Revenue	\$ 2,503	\$ 2,742
Cost of revenue	<u>1,802</u>	<u>1,988</u>
Gross profit	701	754
Selling, general and administrative expenses	658	662
Depreciation and amortization	<u>14</u>	<u>14</u>
Operating income/ (loss)	29	78
Interest Income/ (expenses)	(4)	(18)
Other income/ (expenses), net	<u>-</u>	<u>3</u>
Income/ (loss) from operations before taxes	25	63
Income tax benefit (expense)	-	
NET INCOME/ (LOSS)	<u>\$ 25</u>	<u>\$ 63</u>
Per common share:		
Income from continuing operations	\$ 0.01	\$ 0.02
Income from discontinued operations	<u>---</u>	<u>---</u>
Net income	<u>\$ 0.01</u>	<u>\$ 0.02</u>
Weighted average common shares outstanding	4,107,051	4,108,051

The Stephan Co  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
 Three Months Ended March 31, 2024  
*(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, 2023 (Unaudited)	4,754,436	\$ 47	\$ 18,863	\$ (9,898)	\$ (1,267)	\$ 7,745
Net Income	<u>--</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>
Balance at March 31, 2024 (Unaudited)	<u>4,754,436</u>	<u>\$ 47</u>	<u>\$ 18,863</u>	<u>\$ (9,873)</u>	<u>\$ (1,267)</u>	<u>\$ 7,770</u>

The Stephan Co  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Three Months Ended March 31, 2024 and March 31, 2023  
*(in thousands)*

	<u>2024</u>	<u>2023</u>
	(Unaudited)	(Unaudited)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
NET INCOME	\$ 25	\$ 63
Net cash flows provided by operating activities:		
Depreciation and amortization	14	14
Changes in operating assets & liabilities:		
(Increase) decrease in accounts receivable, net	(33)	(69)
(Increase) decrease in inventories, net	197	264
(Increase) decrease in prepaid expenses and other assets	(56)	(123)
Increase in accounts payable and accrued expenses	<u>91</u>	<u>(79)</u>
Net cash provided by operating activities - continuing operations	238	70
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	<u>-</u>	<u>(5)</u>
Net cash used in investing activities	-	(5)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Loans received/ repayment, net	<u>(53)</u>	<u>(45)</u>
Net cash used in financing activities	(53)	(45)
<b>NET (DECREASE) IN CASH</b>	185	20
CASH AT BEGINNING OF PERIOD	<u>757</u>	<u>1,203</u>
CASH AT END OF THE PERIOD	<u>\$ 942</u>	<u>\$ 1,223</u>

## Management's Discussion and Analysis

### Business overview

The Stephan Co. (“SPCO”) has six operating brands: Williamsport Bowman, Morris Flamingo, MD Barber, Norva, 614 Barber Supply and Appleton Barber Supply. Our Williamsport Bowman subsidiary 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 and Appleton are wholesale barber distributors 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 organic customer acquisition and through acquisitions of brands and distributors at attractive valuations.

### **Summary of Q1 2024**

( Amount \$'000)	Q1 2024	Q1 2023
<b>Net Income</b>	25	63
Depreciation and Amortization	14	14
Interest Expenses	4	18
Other Expenses/ (Income)	-	(3)
<b>Adjusted EBITDA</b>	43	92

In Q1 2024, revenues declined by 8.7%, as our core Williamsport and Morris Flamingo segments grew and our other divisions declined. The decline in sales also caused EBITDA to fall on deleveraging of fixed costs. While industry demand remains weak, we did see some sales weakness at certain divisions that was due to company specific factors. First, we saw sales weakness at some of our acquired divisions as we transitioned to a new, unified web platform. Second, we lost a key e-commerce partner at one division. Since quarter end, our new unified web platforms are up and running smoothly, we have restarted our sales relationship with this aforementioned e-commerce partner and our warehouse fulfillment metrics continue to improve. We continue to work to drive down excess inventory and have reduced overall inventories by 9% from Q423 to Q124, largely by reducing stocks of slower turning SKU’s.

Our inventory remains at historically elevated levels due to the supply chain challenges of recent years and shifts in end demand in certain categories. We seek to further reduce inventories by streamlining offerings and through promotional activity, generating more cash for the business to reinvest. We seek to return inventory turns to more historical levels in the next 18 months.

Regarding our legal exposure, described in section 7B, our insurance carriers are covering our defense costs and SPCO has been dismissed from some cases. There still remain many lawsuits and could be more in the future that could result in judgements or settlements over the limits of our insurance coverage. 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 legal judgments may be significant and overwhelm our coverage.

### **Results of Operations Three Months Ended March 31, 2024 vs. Three Months Ended March 31, 2023**

Reported revenues for the three months ended March 31, 2024, were \$2,503,000 compared to \$2,742,000 for the three months ended March 31, 2023, or a decrease in revenue of approximately 8.7%. Gross profit margins rose to 28% from 27.5% in the prior year quarter as we adjusted our shipping policy. SG&A expenses are comparable in both the periods.

### **Liquidity and Capital Resources**

We held cash and cash equivalents of \$ 942,000 on March 31, 2024. Our cash was maintained in FDIC and NCUA-insured bank accounts, and the majority is earning competitive rates of interest.

We have adequate liquidity and do not foresee the need for additional capital for day-to-day operations in the next year. We have no off-balance sheet financing arrangements except for operating leases primarily related to our distributor operations.

**Three Months Ended March 31, 2024 and March 31, 2023**  
(in thousands)

	<u>2024</u>	<u>2023</u>
Sales	2,503	2,742
<i>% change</i>	-8.7%	4.5%
Gross profit	701	754
<i>% of sales</i>	28%	27.5%
SG&A	658	662
<i>% of sales</i>	26.3%	24.1%
Adjusted EBITDA (3)	43	92
<i>% of sales</i>	1.7%	3.4%
Capex	-	5
Working capital (1)	1,790	1,796
Invested capital (2)	1,943	2,220
LTM Adjusted EBITDA	211	344
Cash ROIC	10.9%	15.5%

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

Please read our Audited 2021 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.

## 10) Issuer Certification

*Principal Executive Officer:*

I, Henry Jacobi, 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.

May 10, 2024

**/s/ Henry Jacobi**

[CEO's Signature]