

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

LAKELAND INDUSTRIES INC

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

FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **January 31, 2021**

OR

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

For the transition period from _____ to _____

Commission File Number: 0-15535

LAKELAND INDUSTRIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	13-3115216
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
202 Pride Lane SW, Decatur, AL	35603
(Address of Principal Executive Offices)	(Zip Code)

(Registrant's telephone number, including area code) (256) 350-3873

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	LAKE	NASDAQ

**Securities registered pursuant to Section 12(g) of the Act:
Not Applicable**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this Chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a nonaccelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Nonaccelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
Emerging growth company <input type="checkbox"/>	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of voting stock held by non-affiliates as of July 31, 2020 was approximately \$186.3 million. As of April 9, 2021, there were outstanding 8,027,177 shares of common stock, \$0.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed pursuant to Regulation 14A of the Security Exchange Act of 1934 are incorporated by reference into Part III (Items 10, 11, 12, 13 and 14) of this Form 10-K.

LAKELAND INDUSTRIES, INC.
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This Annual Report on Form 10-K contains forward-looking statements that are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks, uncertainties and assumptions as described from time to time in registration statements, annual reports and other periodic reports and filings of the Company filed with the Securities and Exchange Commission. All statements, other than statements of historical facts, which address the Company's expectations of sources of capital or which express the Company's expectation for the future with respect to financial performance or operating strategies, can be identified as forward-looking statements. As a result, there can be no assurance that the Company's future results will not be materially different from those described herein as "believed," "anticipated," "estimated" or "expected," "may," "will" or "should" or other similar words which reflect the current views of the Company with respect to future events. We caution readers that these forward-looking statements speak only as of the date hereof. The Company hereby expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which such statement is based.

PART I

Lakeland Industries, Inc. (the "Company" or "Lakeland," "we," "our," or "us") was incorporated in the State of Delaware in 1986. Our executive office is located at 202 Pride Lane SW, Decatur, AL 35603, and our telephone number is (256) 350-3873. Our website is located at www.lakeland.com. Information contained on our website is not part of this report.

ITEM 1. BUSINESS

Overview

We manufacture and sell a comprehensive line of industrial protective clothing and accessories for the industrial and public protective clothing market. All Lakeland products either protect the wearer from something in their environment, or protect a product or process from

the wearer. Our products must meet minimum performance requirements defined by industry best practice, and/or international or local standards.

Our products are sold globally by our in-house sales teams, our customer service group, and authorized independent sales representatives to a global network of over 1,600 safety and industrial supply distributors. Our authorized distributors supply end users, such as integrated oil, chemical/petrochemical, automobile, steel, glass, construction, smelting, heavy and light industry, cleanroom, janitorial, pharmaceutical, and high technology electronics manufacturers, as well as scientific, medical laboratories and the utilities industries (electrical, natural gas, and water). In addition, we supply federal, state and local governmental agencies and departments, such as fire and law enforcement, airport crash rescue units, the Department of Defense, the Department of Homeland Security and the US Food and Drug Administration. Internationally, we sell to a mixture of end users directly, and to industrial distributors depending on the particular country and market. Sales are made in more than 50 foreign countries, the majority of which were into China, the European Economic Community ("EEC"), Canada, Chile, Argentina, Russia, Kazakhstan, Colombia, Mexico, Ecuador, India and Southeast Asia. For purposes of this Form 10-K, (a) FY refers to a fiscal year ended January 31; for example, FY21 refers to the fiscal year ended January 31, 2021 and (b) Q refers to a quarter, for example Q4 FY 21 refers to the fourth quarter of the fiscal year ended January 31, 2021.

Lakeland regards owning and operating its own manufacturing facilities as a sustainable strategic advantage. We believe that ownership of manufacturing is the cornerstone to building resilient manufacturing. Having 6 manufacturing locations in 6 countries, coupled with sourcing core raw materials from multiple suppliers in various countries, affords Lakeland with capabilities and manufacturing resilience that cannot be matched by our competitors who use contractors. Owning our manufacturing provides us with the ability to rapidly scale up production to meet emergency demand; shift production between locations to take advantage of new trade agreements or avoid complications that may arise from trade disputes; and to maintain the highest levels of product quality. This belief was validated during this year's COVID-19 pandemic. Through these events, Lakeland was able to rebalance manufacturing in its facilities and make use of its diversified supplier network to supply its customers without major interruption.

By comparison, our competitors who utilize contractors to sew their garments, lack the ability to respond as quickly to emergency situations because contractor agreements typically require forecast lead-times in excess of 30 days. They typically deal with only one or two contractors in order to maximize their purchasing power, simplify their purchasing, and reduce freight out costs. While this works well during normal business conditions, they are at a disadvantage in the event of any changes in tariffs or export restrictions that may result from international trade disputes, or any supply disruptions due to public health emergencies, social unrest, or supply shortages.

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Should these issues continue for an extended period of time, an increasing number of our customers may seek sources of supply that are not captive to single-site manufacturing.

Our corporate strategy is to continue diversification of our manufacturing capability and product lines, and leverage it with real-time business intelligence allowing our sales team to focus on products and markets that provide improved margins as well as economic and seasonal insensitivity. In this manner we will be able to develop products and services that will differentiate Lakeland well into the future.

The last two weeks of FY20 and all of FY21 were dominated by response to the COVID-19 outbreak. The virus' progression into a global pandemic will likely continue to impact our business for the first half of FY22. We believe that COVID 19 demand will diminish in Q2 FY22, when vaccines become more widely available. As COVID-19 demand, currently estimated at approximately 35% of revenue, decreases, we anticipate a continuation of an increase in our core businesses (industrial) that began in Q2 FY21 and continued through Q4 FY21. The negative impact of lock downs and stay at home orders peaked in Q2 FY21 with core business sales down by approximately 25%. Through the second half of Q2 and through Q4 FY21 our core business sales have been recovering steadily. Based on recent, third quarter U.S. GDP Growth of 33.1%, November 2020 manufacturing Purchasing Manager Index of 57.5%, up from 56.0% at August 2020, and our increased market penetration and new customers, we expect our core business sales to recover fully and continue to grow through FY22. We anticipate that COVID 19 related sales will continue into the first half of FY22, however not at the levels experienced in FY21 as demand for immediate use diminishes and gives way to stockpiling demand and increased core business sales.

At present, raw materials supply appears to have caught up with demand, albeit at prices well above pre-COVID-19 pricing. We anticipate raw material pricing to continue at inflated levels into FY22. Our future sales would be affected should there be an industry-wide shortage of necessary raw materials in the event of another rise or surge in COVID-19 cases. As noted, we did experience significant price increases for fabric during FY21 and managed our available manufacturing capacity to lower costs, and increase prices to meet customer demand at these higher input costs. With the exception of our India export manufacturing operation, which did not qualify for "essential status" due to its export only restrictions, we have not experienced any manufacturing capacity issues due to inability to source raw materials, government quarantine, or shelter-in-place orders, or due to COVID-19 outbreaks in any of our factories; however, there can be no assurance that this will continue to be the case. While leading economic indicators indicate a relatively robust industrial market recovery, potential headwinds to revenue as we emerge from pandemic sales include the possibility of a recession and consumer stockpiled inventories, as well as a decline in our oil and gas industrial sector.

Reference is made to "Risk Factors" in Part I, Item 1A. Offsetting these risks are changes to our sales environment, as a result of COVID-19,

that we believe represent considerable potential upside to sales. We believe that once the pandemic subsides, there will be continued demand establishing PPE stockpiles for the long-term. This stockpiling will be filled in part by inventory that is in the distribution channels as the pandemic ends. When specific governments will issue RFQs for additional product is unknown, but some RFQs are already pending release; others are expected to be released over the next several months. Additionally, we believe the private sector will also engage in stockpiling of PPE as supply channels catch up to demand. And finally, we are seeing the emergence of institutional cleaning as a new market segment as countries and states reopen and seek to prevent further infections. For these reasons we are maximizing our manufacturing capacity in the near-term and evaluating expansion opportunities to allow us to further increase our industrial market penetration. This strategy combined with new product development, manufacturing expansion, and the addition of key senior personnel also serves to prepare us for any economic slowdown that may occur as COVID 19 business ends and our industry transitions to a more traditional product mix.

The Company is utilizing the business intelligence capability of its new ERP system to reorganize its global sales teams. We are now organizing our sales personnel into four market-based, vertical teams. The previous organization, in which sales teams were assigned geographically, selling all Lakeland products, did not allow our sales personnel to properly focus on our sales strategies. Simply stated, the time allotted for end user meetings, in most cases, was not sufficient for our sales personnel to cover our wide range of products, or to develop the application expertise that many of our customers require. This reorganization will limit the number of products each sales person focuses on to the specific vertical they work in and allow them to develop expertise in the use of Lakeland products within their specific market. This will allow the Company to better focus marketing and sales efforts to drive growth in specific markets that are strategic for the Company.

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FY20 saw the completion of the first phase of Lakeland's capital project to diversify and expand its manufacturing footprint into Vietnam and India. Both our India plant and our Vietnam facility are fully equipped, staffed and making regular delivery of product. Future capital expenditures, to add additional product manufacturing capabilities and to expand the capacity of these operations, is planned and will be implemented as our growth dictates.

Additionally, a major strategic companywide objective to accelerate growth throughout the Company is to push additional products and sales tools that are successful in the key US and China markets to the other international operations, which have traditionally carried smaller lines. To facilitate this, the Company is evaluating and redeploying sales and marketing assets into regions that offer the greatest potential for sales and margin growth.

Business Strategy

Key elements of our strategy include:

- *Continued Development of Manufacturing Capability:* It is critical that we increase our manufacturing capacity to meet our sales growth targets. We currently operate six (6) manufacturing facilities in six (6) countries, affording us a unique capability to take advantage of various trade agreements and to adjust our manufacturing as those agreements change. Diverse manufacturing also allows us to move price sensitive products into lower cost and more efficient operations as labor costs increase in other countries. Lakeland is also committed to manufacturing R&D and invests in new equipment to improve efficiencies, quality, and maximize manufacturing flexibility.

- *Improve Sales & Marketing in Existing Markets:* We believe that we have significant opportunity to increase market penetration and improve margins in existing markets by focusing our sales and marketing teams on vertical markets. The four 4 vertical markets that we are focusing on are our core industrial (e.g. oil & petrochemicals, manufacturing, and auto) markets, the fire services market, the utilities (e.g. electrical, gas, and water) market, and critical environments (clean rooms) markets. Focusing on verticals will allow our sales and marketing groups to better provide the expertise in specific applications relative to our products that our customers are seeking. The result will be an improved ability to focus on specific products and sell multiple product lines to the same accounts affording us the opportunity to bundle products to secure business.
- *Continued Emphasis on Customer Service.* We continue to offer a high level of customer service to distinguish our products and to create customer loyalty. The installation of our new enterprise resource planning (ERP) system into the United States and its continued rollout to additional Lakeland markets will provide us with the necessary business intelligence to better anticipate customer demand and improve our planning and customer service. We offer well-trained and experienced sales and support personnel, on-time delivery and accommodation of custom and rush orders. We also seek to advertise our Lakeland branded tradenames and trademarks.
- *Introduce New Products:* We continued our history of product development and innovation by introducing new proprietary products across all our product lines. In 2018 we introduced our CleanMax line of clean and sterile manufactured garments for use in critical and aseptic work environments. We also continued the development and introduction of our Performance Wear line targeting electrical and gas distribution with a complete layering system designed to improve worker comfort and be worn away from as well as to work. We are continuing to ramp up manufacturing and add products to both of these lines.

We own 20 patents on fabrics and production machinery, with one application in process, and continue to work on developing fabrics that could potentially lead us into new markets and channels. In North America, our growth strategy is to focus on key target sectors where we have advantages, and to increase our involvement at the end user level by adding sales personnel and enhancing our marketing and product training tools to make it easier for the sales teams of our distributors to be successful promoting our products.

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We have integrated the US, Canadian, and Mexican sales teams into one coordinated unit, a strategic recognition that the three countries are increasingly part of a great North American market with inter-related industries and companies throughout, and our sales teams are sharing opportunities with each other. We have experienced situations in which we could not break through with a company in one country, but the team in another country was able to make a conversion to our products. Then, after successful use of our products in one country, the doors open to us in the other. We have recently begun installation of SalesForce CRM software to facilitate this strategy globally.

We continue to pursue conversion of end users to our core disposable and chemical products, based on our overall performance and prices, however we are working hard to provide our sales teams with the tools needed to increase sales of higher value product lines, specifically fire service, critical environment, and performance wear (utilities). Our marketing is being significantly upgraded in terms of resources, better sales collateral materials, and increasingly effective use of social media. The Company plans to continue its efforts to align its global markets in terms of sales collateral, sales software, and e-commerce in the coming year and into the future.

Decrease Manufacturing Expenses by Opening New Manufacturing Facilities: We have successfully opened new manufacturing facilities in Vietnam and India in an effort to hedge against ever increasing manufacturing costs in China. Our China operation will continue for the foreseeable future to service products that are more complex and higher margin and for the manufacture of products for sale into China. Beginning in 1995, we successfully moved the labor-intensive sewing operations for our limited use/disposable protective clothing lines to Company owned and run facilities in Mexico and China. Manufacturing expansion is not only necessary to control rising costs, it is also necessary for Lakeland to achieve its growth objectives.

We continue to diversify our raw material and component suppliers, qualifying multiple suppliers whenever possible to enable us to press for price reductions and better payment terms, as well as providing for continuity of supply.

We are sourcing raw materials and components from most of the countries in which we have operations in order to reduce freight costs and inventory levels.

We are re-engineering many products to reduce the amount of raw materials used and reduce the direct labor required as well as harmonizing designs to meet the requirements of multiple global markets, thereby eliminating a number SKUs based on local certifications or preferences. The result is improved manufacturing throughput and reduced inventory levels.

Products

The following is a description of our core product offerings:

Limited Use/Disposable Protective Clothing

We manufacture a complete line of limited use/disposable protective garments, including coveralls, laboratory coats, shirts, pants, hoods, aprons, sleeves, arm guards, caps and smocks. Limited use garments can also be coated or laminated to increase splash protection against harmful inorganic acids, bases and other hazardous liquid and dry chemicals. Limited use garments are made from several different nonwoven fabrics. We use spunbonded polypropylene (SBPP), spunbonded meltblow spunbond (SMS), hydroentangled woodpulp/polyester, and needlepunched fabrics. These fabrics can be used alone or in combination with films of varying composition, and/or topical chemical treatments to make our own trademarked fabrics, like Pyrolon® Plus 2, XT, CRFR, CBFR MicroMax®, MicroMax NS, CleanMax, Safeguard®, Zonogard®, and ChemMax® 1, 2, 3, and 4, as well as our patented Interceptor fabric. We incorporate many sewing, heat sealing and taping techniques depending on the level of protection needed in the end use application.

Typical users of these garments include integrated oil/petrochemical refineries, chemical plants, automotive manufacturers, pharmaceutical companies, construction companies, coal, gas and oil power generation utilities and telephone utility companies, laboratories, mortuaries and governmental entities. Numerous smaller industries use these garments for specific safety applications unique to their businesses. Additional applications include protection from viruses and bacteria, such as Ebola, AIDS, streptococcus, SARS, hepatitis, and COVID-19 at medical facilities, laboratories, and emergency rescue sites. Clean manufactured and sterilized versions of our MicroMAX NS product, trademarked CleanMax, is used in aseptic laboratories to protect both the wearer and the product from cross contamination.

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High-End Chemical Protective Suits

We manufacture and sell heavy duty chemical protective suits and protective apparel from our proprietary CRFR, ChemMax® 3, 4, Interceptor and other fabrics. These suits are worn by individuals on hazardous material teams and within general industry to provide protection from powerful, highly concentrated, toxic and/or potentially lethal chemicals and biological toxins. These suits are useful against toxic wastes at Superfund sites, toxic chemical spills or biological discharges, chemical or biological warfare weapons (such as sarin, anthrax or ricin and mustard gas) and chemicals and petro-chemicals present during the cleaning of refineries and nuclear facilities, and volatile organic compounds (VOCs) in industrial applications, and protection from infectious diseases such as Avian Flu and Ebola.

We believe that we offer the most complete and cost-effective line of chemical protective garments available on the market today. Garments are certified to both NFPA, CE, ISO, as well as other international standards allowing us to offer products composed of these fabrics all over the world.

Our ChemMAX 3, 4 and Interceptor fabrics are supported by PermaSure®, an app based chemical database and permeation modeler that allows our customers to quickly determine the safe use time for supported Lakeland garments, under specific environmental conditions for over 4,000 chemicals. This powerful tool allows Lakeland customers to safely minimize the chemical protective clothing cost by not having to default to the most protective garments available because chemical data is not available, or because there is not time to consult with the manufacturer. PermaSure can be used to model response scenarios so that contingency plans for response can be put in place.

Firefighting and Heat Protective Apparel

We manufacture an extensive line of UL certified, NFPA compliant, structural firefighter protective apparel (turnout gear) for domestic and foreign fire departments. Our turnout gear is available both in standard stock patterns and custom configurations.

We offer basic firefighter turnout gear in the Attack (A10) and Battalion (B1) styles. Introduced in 2013 are the Battalion (“B2”) style with advanced ergonomic features and the Stealth style, with innovative features new to the fire industry.

We also manufacture each of the above styles in our UL certified, NFPA compliant, Proximity line for Aircraft Rescue Fire Fighting (“ARFF”) with aluminized shells.

We manufacture full lines of Fire service extrication suits in FR cotton, UL certified, NFPA compliant Wildland firefighting apparel in multiple fabrics and Aluminized Kiln entry/Approach suits to protect industrial workers from extreme heat encountered in foundry’s, boiler rooms, and direct fired ovens.

We manufacture fire suits (turnout gear) at our facilities in China and Mexico. Our Lakeland Fire® brand of firefighting apparel continues to benefit from ongoing research and development investment, as we seek to address the ergonomic needs of stressful occupations.

Gloves and Sleeves

We manufacture and sell specially designed glove and sleeve products made from Kevlar®, a cut and heat resistant fiber produced by DuPont, Spectra®, a cut resistant fiber made by Honeywell, and our own patented engineered yarns. These gloves offer a better overall level of protection, lower worker injury rate, and are more cost effective than traditional leather, canvas or coated work gloves. These gloves allow workers to safely handle sharp or jagged unfinished sheet metal, are used primarily in the automotive, glass and metal fabrication industries.

We have patents for our Despro® and Despro® Plus products that provide greater cut and abrasion protection to the areas of a glove where injury is most likely to occur. For example, the areas of the thumb, thumb crotch and index fingers are made of heavier yarn than the balance of the glove, providing increased wear protection and longer glove life, reducing overall glove costs. This proprietary manufacturing process allows us to produce our gloves more economically and provide a greater value to the end user.

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High Visibility Clothing

Lakeland's High-Visibility Division manufactures and markets a comprehensive line of reflective apparel meeting the American National Standards Institute (ANSI) requirements as well as multiple national standards around the world. The line includes vests, T-shirts, sweatshirts, jackets, coats, raingear, jumpsuits, hats and gloves.

Fabrics available include solid and mesh fluorescent, polyester, both inherently FR and FR treated fabrics, and Modacrylic materials, which meet the arc flash protective requirements for use by electrical utilities. The mesh modacrylic fabric, with its inherent FR capability, has a strong appeal to utility workers in warmer climates during spring and summer months (heat prostration).

Our High Vis FR/ARC rated rainwear is light-weight, soft, flexible and breathable, providing for a cooler garment. This product is intended for the Gas and Electrical Utility markets. The Lakeland ARC-X FR/PU garment exceeds all of the required ASTM arc flash and flash fire ratings for the Electric and Gas Utility market.

Our vest production occurs in our facilities in Mexico and China. Much of this manufacturing is for custom products. Many corporations and agencies, such as State Departments of Transportation and large electric utilities, develop custom specifications which they feel are more efficient in meeting their specific needs than off-the-shelf product. We can also import significant quantities of product from China and Mexico to meet the demand for items in high volume commodity markets.

In addition to ANSI Reflective items, Lakeland Hi-Visibility manufactures Nomex and FR cotton garments which have reflective trim attached as a part of their design criteria. These garments typically are used in rescue or extrication operations, such as those encountered as a result of vehicular accidents. Garments in this group are not as price sensitive as those in other reflective categories.

Durable Woven Garments

We manufacture and market a line of durable, launderable woven garments that complement our firefighting and heat protective offerings and provide alternatives to our limited use/disposable protective clothing lines. These products provide us access to the much larger woven industrial and health care-related markets. Woven garments are favored by customers for certain applications because of familiarity with and acceptance of these fabrics. These products allow us to supply and satisfy a wider range of our end users' safety needs.

Our product lines include the following:

- Electrostatic dissipative apparel used in electronics clean rooms;
- Flame resistant (FR) meta aramid, para aramid and FR Cotton coveralls/pants/jackets used in petrochemical, refining operations, and electrical utilities;
- Cotton and Polycotton coveralls, lab coats, pants and shirts; and
- FR fabrics containing blends of cotton, Modacrylic, meta aramid, para aramid, and viscose.

We manufacture woven garments at our facilities in China, Mexico and Argentina. We are continuing to relocate our woven protective coveralls and flame-retardant coveralls to our facilities in China, Mexico, Vietnam and India where lower fabric and labor costs allow increased profit margins.

Quality

All of our manufacturing facilities are ISO 9001 or 9002 certified. ISO standards are internationally recognized manufacturing standards established by the International Organization for Standardization based in Geneva, Switzerland. To obtain ISO registration, our factories were independently audited to test our compliance with the applicable standards and norms. In order to maintain registration, our factories receive regular inspections by an independent certification organization. While ISO certification is advantageous in retaining CE certification of products, we believe that the ISO 9001 and ISO 9002 certifications help make us more competitive in the marketplace, as customers increasingly recognize the standard as an indication of conformity with industry best practices in manufacturing.

As we source more and more of our fabrics internationally and manufacture more products certified to various standards, we have installed laboratories in our China and U.S. facilities. These laboratories are critical for ensuring that our incoming raw materials meet our quality requirements, for research and development of new products or qualification of new fabrics, and evaluation of new products against international standards. We continue to add new capabilities to these facilities to meet the requirements of new products and new standards.

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Marketing and Sales

Domestically, we employ a field sales force, organized in four vertical sales groups, industrial sales, fire service, critical environment, and utilities, to better support customers and enhance marketing. We further leverage our in-house sales team with 52 independent sales representatives to a global network of over 1,600 safety and industrial supply distributors who buy our products for resale and typically maintain inventory at the local level in order to assure quick response times and the ability to serve their customers properly.

Internationally, Lakeland has sales representatives in 21 countries outside of the US and selling products into more than 50 countries. Our sustainable market advantages continue to be our knowledge of global standards, the diversity of our product offering and the fact that we manufacture our own products. We provide our customers with an exceptionally broad product selection, high quality, and excellent customer service.

We seek to maximize the efficiency of our established distribution network through direct promotion of our products at the end user level. To this end, we have organized our sales teams into the previously mentioned vertical market teams to increase our ability to focus on sales of specific products and into specific markets. Additionally, we are motivating our distributors to engage in promotional activities aligned with our sales strategies via coop incentives. We advertise primarily through trade publications, and our promotional activities include sales brochures, emails and our website. We exhibit at both regional and national trade shows, such as the National Safety Congress, the American Industrial Hygiene Association (“AIHA”), the American Society of Safety Engineers (“ASSE”), the CIOOSH, the COS+H and the A+A show in Dusseldorf, Germany. We believe that future international growth is sustainable in excess of the estimated industry organic growth rate of 7.0% to 7.5% (per Allied Market Research, “Global Disposable Protective Clothing Market 2019-2026”) in the coming year, but there can be no assurance in that regard, particularly in view of the disruptions due to the COVID-19 outbreak. This belief is based on our current estimates of market penetration, the introduction of higher value products and improved business intelligence and better planning afforded to us by our new ERP system.

Competition

We compete on the basis of our product quality, pricing, product availability, responsiveness to customers and manufacturing capability. Our business is highly competitive due to a few competitors who have monopolistic positions in the fabrics that are standards in the industry for disposable and high-end chemical suits. We believe that the barriers to entry in the disposable and reusable garments and gloves industries are relatively low as evidenced the by increasing availability of distributor private label product in the marketplace. We face competition in some of our other product markets from large established companies that have greater financial, research and development, sales and technical resources. Where larger competitors, such as DuPont, Kimberly Clark, Ansell and Honeywell, offer products that are directly competitive with our products, particularly as part of an established line of products, there can be no assurance that we can successfully

compete for sales and customers. Larger competitors outside of our Disposable and Chemical Suit lines also may be able to benefit from economies of scale and technological innovation and may introduce new products that compete with our products.

We are continually seeking sources for our raw materials in or near the various countries where we have manufacturing operations. Not only does this reduce freight costs, but it makes for a more robust supply chain that allows us to respond quickly.

Patents and Trademarks

We own 20 patents and have one patent in the application and approval process with the US Patent and Trademark Office. We own 56 trademarks and have six trademarks in the application and approval process. Intellectual property rights that apply to our various products include patents, trade secrets, trademarks and, to a lesser extent, copyrights. We maintain an active program to protect our technology, filing for patent and trademark protection in multiple countries where our product may be “knocked off” or where there exist significant sales of our products.

International and Domestic Standards

Globally, standards development continues to challenge Industrial protective clothing manufacturers. The pace of change and adoption of new standards continues to increase as standards for more hazards are added and deficiencies in existing standards are corrected. Complex and changing international standards play to Lakeland’s strengths when compared to most multinationals or smaller manufacturers. Lakeland currently sits on committees and/or works closely with groups involved in writing many international standards such as the American Society for Testing and Materials International (“ASTM”), the National Fire Protection Association (“NFPA”), International Safety Equipment Association (“ISEA”), the European Committee for Standardization (“CEN”), ISO, the China National Standards Board (“GB”) in China, and the Standards Australia and Standards New Zealand (“ASNZ”).

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Globally, not only are the standards continuing to change, but the focus of standards activity is shifting. In response to increasing use of certification processes as a technical barrier to trade, standards writing bodies in the US and Europe have both concluded efforts to update and define conformity assessment (ANSI/ISEA 125 and the PPE Regulation respectively) within their own spheres of influence, unfortunately, these are not “international standards” and can be easily ignored by other countries who wish to impose their own conformity assessment systems on importers. The result is an increasingly dynamic standards environment where not only are the standards changing, but the minimum requirements for conformity with the certification process itself are changing.

A number of developing nations are now becoming active in their own standards development based on existing international standards. However, we believe that the primary goal of their standards writing activity is not focused on worker protection (that is provided for by the use of international standards), rather they are attempting to establish their own certification criteria that will protect their domestic markets or favor specific regional suppliers. This presents a new challenge in that not only are we faced with multiple test methods and standards, but we have the potential for multiple certification processes. While this adds to product development and sales expenses, the additional cost is only incremental. The real challenge is in navigating the certification process itself. This is a significant impediment to entry for companies seeking to expand sales distribution globally. In many cases products preferred in one market are not acceptable in another and multiple conformity assessments are required for the same standard certification. This is both technically challenging and costly. Lakeland, by virtue of its international manufacturing and sales operations, is in a unique position to capitalize on this complex dynamic.

Suppliers and Materials

It is our policy, whenever possible, to qualify multiple vendors for our fabrics and bindings. We frequently distribute our purchases among the top two or three suppliers, based on pricing and delivery schedules, in order to keep multiple suppliers qualified and proficient in the manufacture of the raw materials that we require. Materials, such as polypropylene, polyethylene, polyvinyl chloride, spunlaced polyester, melt blown polypropylene and their derivatives and laminates, are available from 30 or more major mills. FR fabrics are also available from a number of both domestic and international mills. The accessories used in the production of our disposable garments, such as thread, boxes,

snaps and elastics, are obtained from unaffiliated suppliers. We have not experienced difficulty in obtaining our requirements for these commodity component items.

Due to the high cost of freight for our nonwoven fabrics, we also seek to find multiple sources that are local to our manufacturing to emergency demand and shift manufacturing between our locations with greater ease.

Human Capital

As of January 31, 2021, the Company employed approximately 2,000 people worldwide, of which approximately 100 were employed in the United States and 1,900 were employed outside of the United States. Approximately 1,500 or 75% of our global workforce is covered by collective bargaining agreements or works councils. Overall, we consider our employee relations to be good. Our culture is important to our success.

Health and Safety The health and safety of our employees is of utmost important to us. We conduct regular self-assessments and audits to ensure compliance with our health and safety guidelines and regulatory requirements. Our ultimate goal is to achieve a level of work-related injuries as close to zero as possible through continuous investment in our safety programs. We provide protective gear (e.g. eye protection, masks and gloves) as required by applicable standards and as appropriate given employee job duties. Additionally, during the COVID-19 pandemic, we have invested heavily to help ensure the health of our employees. Through the use of education and awareness, provision of necessary PPE, and changes to our manufacturing sites and screening, we strive to make our workplaces a safe place for employees during the workday.

Hiring Practices We recruit the best people for the job without regard to gender, ethnicity or other protected traits and it is our policy to comply fully with all domestic, foreign and local laws relating to discrimination in the workplace.

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Diversity and Inclusion Recognizing and respecting our global presence, we strive to maintain a diverse and inclusive workforce everywhere we operate. Almost 50% of our employees worldwide are female and, in the U.S., non-Caucasian employees account for more than 50% of the employee base. Our diversity and inclusion principles are also reflected in our employee training, in particular with respect to our policies against harassment and bullying and the elimination of bias in the workplace.

In addition, to support mental health and emotional well-being, all associates and their dependents worldwide have access to an Employee Assistance Program ("EAP"), at no cost to them. This includes access to visits with mental health care providers through the EAP.

Lakeland's compensation philosophy strives to provide total compensation for all employees at the market median, utilizing base salary, cash incentives and, in some cases, equity grants to achieve this goal. We further strive to provide above-market compensation opportunities for associates who exceed goals and expectations. This approach to compensation is designed to help Lakeland attract, retain and motivate high-performing individuals who foster an innovative culture and drive business results.

Environmental Matters

We are subject to various foreign, federal, state and local environmental protection, chemical control, and health and safety laws and regulations, and we incur costs to comply with those laws. We own and lease real property, and certain environmental laws hold current or previous owners or operators of businesses and real property responsible for contamination on or originating from property, even if they did not know of, or were not responsible for the contamination. The presence of hazardous substances on any of our properties or the failure to meet environmental regulatory requirements could affect our ability to use or to sell the property, or to use the property as collateral for borrowing, and could result in substantial remediation or compliance costs.

Although we have not in the past had any material costs or damages associated with environmental claims or compliance, and we do not currently anticipate any such costs or damages, we cannot guarantee that we will not incur material costs or damages in the future as a

result of the discovery of new facts or conditions, acquisition of new properties, the release of hazardous substances, a change in interpretation of existing environmental laws or the adoption of new environmental laws.

Seasonality

Our operations have historically been moderately seasonal, with higher sales generally occurring in March, April and May when scheduled maintenance on nuclear, coal, oil and gas fired utilities, chemical, petrochemical and smelting facilities, and other heavy industrial manufacturing plants occurs, primarily due to moderate spring temperatures and low Energy demands. Sales decline during the warmer summer vacation months and gradually increase from Labor Day through February with slight declines during holidays, such as Christmas. As a result of this seasonality in our sales, we have historically experienced a corresponding seasonality in our working capital, specifically inventories, with peak inventories occurring between December and May, coinciding with lead times required to accommodate the spring maintenance schedules. Certain of our large customers seek sole sourcing to avoid sourcing their requirements from multiple vendors whose prices, delivery times and quality standards differ.

In recent years, due to increased demand by first responders for our chemical suits and fire gear, our growing sales into the southern hemisphere, and our development of non-seasonal products like CleanMAX, our historical seasonal pattern has shifted. While we doubt that we will ever fully eliminate seasonality in our business, we continue our efforts to diminish its impact on revenues, operational results, working capital and cash flow, by focusing on sales into non-seasonal markets like clean rooms, electric utilities and the fire service markets.

Available Information

Our Internet address is www.Lakeland.com. We make the following filings available free of charge on the Investor Relations page on our website as soon as they have been electronically filed with or furnished to the Securities and Exchange Commission ("SEC"): our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as our proxy statement. Information contained on our website is not part of this annual report on Form 10-K or our other filings with the SEC. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers like us who file electronically with the SEC.

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Information about our Executive Officers

The following is a list of the names and ages of all of our executive officers indicating all positions and offices they hold with us as of April 15, 2021.

Name	Age	Position
Charles D. Roberson	58	Chief Executive Officer, President and Secretary
Allen E. Dillard	61	Chief Financial Officer
Steven L. Harvey	60	Executive Vice President for Global Sales and Marketing

Charles D. Roberson has served as our Chief Executive Officer, President and Secretary since February 2020. Previously he served as Chief Operating Officer from July 2018. From 2009 to July 2018, he was our Senior Vice President, International Sales. Mr. Roberson joined our Company in 2004 as Technical Marketing Manager; was instrumental in development of our ChemMAX and Interceptor fabrics and represented Lakeland to various standards writing bodies, and later served as International Sales Manager. Prior to joining the Company, Mr. Roberson was employed by Precision Fabrics Group, Inc. as a Market Manager from 1995-2001 and as a Nonwovens Manufacturing Manager from 1991-1995. He began his career as a manufacturing manager for Burlington Industries, Inc. in its Menswear Division from 1985-1991.

Allen E. Dillard has served as our Chief Financial Officer since August 2019. Mr. Dillard was Chief Financial Officer of Digium, Inc., a provider of telecommunications solutions from September 2015 to August 2019. Mr. Dillard served as Chief Executive Officer of Mobular Technologies, Inc., a technology solutions provider from September 2003 to September 2015. Mr. Dillard has also served as CFO/Treasurer for Nichols Research Corporation and Wolverine Tube, Inc. and was a senior manager at Ernst & Young.

Steven L. Harvey has been our Executive Vice President for Global Sales and Marketing since January 2021. From 2007 to 2018, Mr. Harvey was Vice-President of Global Sales and Service of Digium, Inc., a provider of telecommunications solutions. From 2003 to 2007, Mr. Harvey was employed by Adtran, Inc., a provider of networking and communications equipment as the Vice President of Sales, Enterprise and Competitive Service Providers, as the Vice President of Sales, Competitive Service Providers from 1998 to 2002 and as the Vice President of Sales, Enterprise from 1996 to 1998. Mr. Harvey was also an Executive Vice President of, and held various sales positions for, Data Processing Sciences, and began his career at The Procter & Gamble Company.

RISK FACTORS

You should carefully consider the following risks before investing in our common stock. These are not the only risks that we may face. If any of the events referred to below actually occur, our business, financial condition, liquidity and results of operations could suffer. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. You should also refer to the other information in this Form 10-K and in the documents we incorporate by reference into this Form 10-K, including our consolidated financial statements and the related notes.

Risks Related to Our Business and Industry***We are subject to risk as a result of our international manufacturing operations.***

Because most of our products are manufactured at our facilities located in China, Vietnam, Mexico, Argentina and India, our operations are subject to risk inherent in doing business internationally. Such risks include the adverse effects on operations from corruption, war, international terrorism, civil disturbances, political instability, government activities such as border taxes and renegotiation of treaties, deprivation of contract and property rights and currency valuation changes.

Since 1978, the Chinese government has been reforming its economic and political systems, and we expect this to continue. Although we believe that these reforms have had a positive effect on the economic development of China and have improved our ability to successfully operate our facilities in China, we cannot assure you that these reforms will continue or that the Chinese government will not take actions that impair our operations or assets in China. In addition, periods of international unrest may impede our ability to manufacture goods in other countries and could have a material adverse effect on our business and results of operations.

A terrorism attack, other geopolitical crisis, or widespread outbreak of an illness or other health issue, such as the COVID-19 Coronavirus outbreak, could negatively impact our domestic and/or international operations.

Our global operations are susceptible to global events, including acts or threats of war or terrorism, international conflicts, political instability, and natural disasters. The occurrence of any of these events could have an adverse effect on our business results and financial condition.

We are also susceptible to a widespread outbreak of an illness or other health issue, such as the COVID-19 coronavirus outbreak first reported in Wuhan, Hubei Province, China in December 2019, resulting in millions of confirmed cases identified around the world and in countries in which we conduct business. The outbreak has caused governments to implement quarantines, implement significant restrictions on travel, closed schools and work places, and implement work restrictions, all of which impaired normal business operations of numerous businesses. Globally air travel has been significantly interrupted as has air freight, ocean freight, and even truck deliveries.

As a result of pandemic outbreaks, businesses can be shut down, supply chains can be interrupted, slowed, or rendered inoperable, and individuals can become ill, quarantined, or otherwise unable to work and/or travel due to health reasons or governmental restrictions. Governmental mandates may require forced shutdowns of our facilities for extended or indefinite periods. In addition, these widespread outbreaks of illness could adversely affect our workforce resulting in serious health issues and absenteeism. Pandemic outbreaks could also interfere with general commercial activity related to our supply chain and customer base, which could have an adverse effect on our financial condition and operational results. If our operations are curtailed, we may have to shift manufacturing, if available, to another Lakeland facility which may be more expensive and limit our manufacturing capacity. Our raw materials sources may not be available or may be delayed in shipments to us, impacting our ability to deliver to our customers, negatively impacting our operational results and financial condition. Further, if our customers' businesses are similarly affected, they might delay or reduce purchases from us, which could adversely affect our results of operations. To date, while we have experienced some loss of employee time, we have not suffered significant negative effects due to COVID-19, and our manufacturing facilities have been able to operate without shutdown.

Pandemics or disease outbreaks, such as COVID-19, may cause unfavorable economic or market conditions which could impact demand patterns and/or disrupt global supply chains and manufacturing operations.

Collectively, these outcomes could materially and adversely affect our business, results of operations and financial condition. Pandemics or disease outbreaks such as COVID-19 could result in a widespread health crisis that could adversely affect the economies of developed and emerging markets, potentially resulting in an economic downturn that could affect customers' demand for our products in certain industrial-based end-markets. The spread of pandemics or disease outbreaks may also disrupt the Company's manufacturing operations, supply chain, or logistics necessary to import, export and deliver products to our customers. During a pandemic or crisis, applicable laws and response directives could, in some circumstances, adversely affect our ability to operate our plants, or to deliver our products in a timely manner. Some laws and directives may also hinder our ability to move certain products across borders. Economic conditions can also influence order patterns. These factors could negatively impact our consolidated results of operations and cash flow. To date, while we have experienced some loss of employee time and reduced core business sales, we have not suffered significant negative effects due to COVID-19, and our manufacturing facilities have been able to operate without shutdown.

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We have significant international operations and are subject to the risks of doing business in foreign countries We have business operations in approximately 60 foreign countries. In FY21, more than half of our net sales were made by operations located outside the United States. Those operations are subject to various political, economic and other risks and uncertainties, which could have a material adverse effect on our business. These risks include the following:

- unexpected changes in regulatory requirements;
- changes in trade policy or tariff regulations;
- changes in tax laws and regulations;
- additional valuation allowances on deferred tax assets due to an inability to generate sufficient profit in certain foreign jurisdictions;
- intellectual property protection difficulties or intellectual property theft;
- difficulty in collecting accounts receivable;
- complications in complying with a variety of foreign laws and regulations, some of which may conflict with U.S. laws;
- foreign privacy laws and regulations;
- trade protection measures and price controls;
- trade sanctions and embargoes;
- nationalization and expropriation;
- increased international instability or potential instability of foreign governments;
- effectiveness of worldwide compliance with Lakeland's anti-bribery policy, the U.S. Foreign Corrupt Practices Act, and similar local laws;
- difficulty in hiring and retaining qualified employees;
- the ability to effectively negotiate with labor unions in foreign countries;
- the need to take extra security precautions for our international operations;
- costs and difficulties in managing culturally and geographically diverse international operations;
- pandemics and similar disasters; and
- risks associated with the United Kingdom's exit from the European Union, including disruptions to trade and free movement of goods, services and people to and from the United Kingdom; increased foreign exchange volatility with respect to the British pound; and additional legal and economic uncertainty.

Any one or more of these risks could have a negative impact on the success of our international operations and, thereby, have a material adverse effect our business, consolidated results of operations and financial condition.

Our results of operations may vary widely from quarter to quarter.

Our quarterly results of operations have varied and are expected to continue to vary in the future. These fluctuations may be caused by many factors, including:

- Currency volatility
- Global crisis, such as the COVID-19 pandemic, oil spills, or ebola outbreak;
- Our expansion of international operations;
- Competitive pricing pressures;
- Seasonal buying patterns resulting from the cyclical nature of the business of some of our customers;
- Changes in the mix of products and services sold;
- The timing of introductions and enhancements of products by us or our competitors;
- Market acceptance of new products;
- Technological changes in fabrics or production equipment used to make our products;
- Availability of raw materials due to unanticipated demand or lack of precursors (oil and gas);
- Changes in the mix of domestic and international sales; and
- Personnel changes.

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These variations could negatively impact our stock price.

Because we do not have long-term commitments from many of our customers, we must estimate customer demand, and errors in our estimates could negatively impact our inventory levels and net sales.

Our sales are generally made on the basis of individual purchase orders, which may later be modified or canceled by the customer, rather than on long-term commitments. We have historically been required to place firm orders for fabrics and components with our suppliers prior to receiving an order for our products, based on our forecasts of customer demands. Our sales process requires us to make multiple demand forecast assumptions, each of which may introduce error into our estimates, causing excess inventory to accrue or a lack of manufacturing capacity when needed. If we overestimate customer demand, we may allocate resources to manufacturing products that we may not be able to sell when we expect to or not at all. As a result, we would have excess inventory, which would negatively impact our financial results. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we would lose sales opportunities, lose market share and damage our customer relationships. On occasion, we have been unable to adequately respond to delivery dates required by our customers because of the lead time needed for us to obtain required materials or to send fabrics to our assembly facilities in China, Vietnam, India, and Mexico. We must recruit and retain skilled employees, including our senior management, to succeed in our business.

We face competition from other companies, a number of which have substantially greater resources than we do.

Four of our competitors, DuPont, Honeywell, Ansell and Kimberly Clark, have substantially greater financial, marketing and sales resources than we do. In addition, we believe that the barriers to entry in the disposable and reusable garments and gloves markets are relatively low. We cannot assure you that our present competitors or competitors that choose to enter the marketplace in the future will not exert significant competitive pressures. Such competition could have a material adverse effect on our net sales and results of operations.

Our operations are substantially dependent upon key personnel.

Our performance is substantially dependent on the continued services and performance of our senior management and certain other key personnel, including Charles D. Roberson, our Chief Executive Officer, President and Secretary, Allen E. Dillard, our Chief Financial Officer, and Steven L. Harvey, our Executive Vice President for Global Sales and Marketing. The loss of services of any of our executive officers or other key employees could have a material adverse effect on our business, financial condition and results of operations. In addition, any future expansion of our business will depend on our ability to identify, attract, hire, train, retain and motivate other highly skilled managerial, marketing, customer service and manufacturing personnel, and our inability to do so could have a material adverse effect on our business, financial condition and results of operations.

Technological change could negatively affect sales of our products and our performance.

The rapid development of fabric technology continually affects our apparel applications and may directly impact the performance of our products. We cannot assure you that we will successfully maintain or improve the effectiveness of our existing products, nor can we assure you that we will successfully identify new opportunities or continue to have the needed financial resources to develop new fabric or apparel manufacturing techniques in a timely or cost-effective manner. In addition, products manufactured by others may render our products obsolete or noncompetitive. If any of these events occur, our business, prospects, financial condition and operating results will be materially and adversely affected.

Cybersecurity incidents could disrupt business operations, result in the loss of critical and confidential information and adversely impact our reputation and results of operations.

Global cybersecurity threats can range from uncoordinated individual attempts to gain unauthorized access to our information technology ("IT") systems to sophisticated and targeted measures known as advanced persistent threats. While we employ comprehensive measures to prevent, detect, address and mitigate these threats (including access controls, data encryption, vulnerability assessments, management training, continuous monitoring of our IT networks and systems and maintenance of backup and protective systems), cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. While no cybersecurity attack to date has had a material impact on our financial condition, results of operations or liquidity, the threat remains and the potential consequences of a material cybersecurity incident include reputational damage, litigation with third parties, diminution in the value of our investment in research, development and engineering, and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness and results of operations.

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Acquisitions could be unsuccessful.

In the future, subject to capital constraints, we may seek to acquire selected safety products lines or safety-related businesses or other businesses, which will complement our existing products. Our ability to acquire these businesses is dependent upon many factors, including our management's relationship with the owners of these businesses, many of which are small and closely held by individual stockholders. In addition, we will be competing for acquisition and expansion opportunities with other companies, many of which have greater name recognition, marketing support and financial resources than us, which may result in fewer acquisition opportunities for us, as well as higher acquisition prices. There can be no assurance that we will be able to identify, pursue or acquire any targeted business and, if acquired, there can be no assurance that we will be able to profitably manage additional businesses or successfully integrate acquired business into our Company without substantial costs, delays and other operational or financial problems.

Acquisitions involve a number of special risks in addition to those mentioned above, including the diversion of management's attention to the assimilation of the operations and personnel of the acquired companies, the potential loss of key employees of acquired companies, potential exposure to unknown liabilities, adverse effects on our reported operating results and the amortization or write-down of acquired intangible assets. We cannot assure you that any acquisition by us will or will not occur, that if an acquisition does occur that it will not materially and adversely affect our results of operations or that any such acquisition will be successful in enhancing our business. To the extent that we are unable to manage growth efficiently and effectively or are unable to attract and retain additional qualified management personnel, our business, financial condition and results of operations could be materially and adversely affected.

Financial Risks

Our results of operations could be negatively affected by potential fluctuations in foreign currency exchange rates.

Most of our assembly arrangements with our foreign-based subsidiaries or third-party suppliers require payment to be made in US dollars or the Chinese Renminbi ("RMB"). Any decrease in the value of the US dollar or RMB in relation to foreign currencies could increase the cost of the services provided to us upon contract expirations or supply renegotiations. There can be no assurance that we will be able to increase product prices to offset any such cost increases, and any failure to do so could have a material adverse effect on our business, financial condition and results of operations.

We are also exposed to foreign currency exchange rate risks as a result of our sales to customers in foreign countries in the amount of \$88.4 million in FY21. Our sales in these countries are usually denominated in the local currency. If the value of the US dollar increases relative to these local currencies, and we are unable to raise our prices proportionally, then our profit margins could decrease because of the exchange rate change.

We are exposed to changes in foreign currency exchange rates as a result of our purchases and sales in other countries. To manage the volatility relating to foreign currency exchange rates, we seek to limit, to the extent possible, our non-US dollar denominated purchases and sales.

In connection with our operations in China, we purchase a significant amount of products from outside of the United States. However, our purchases in China are primarily made in the RMB, the value of which has floated for the last 5 years, therefore we have been exposed to additional foreign exchange rate risk on our Chinese raw material and component purchases.

Our primary risk from foreign currency exchange rate changes is presently related to non-US dollar denominated sales in China, Canada and Europe and, to a smaller extent, in South American countries and in Russia. Our sales to customers in Canada are denominated in Canadian dollars, in Europe in Euros and British pounds, and in China in RMB and US dollars. If the value of the US dollar increases relative to the Canadian dollar, the Pound, the Euro, or the RMB then our net sales could decrease as our products would be more expensive to these international customers because of changes in rate of exchange. We manage the foreign currency risk, when appropriate, through the use of rolling 90-day forward contracts against the Canadian dollar and Euro and through cash flow hedges in the US against the RMB and the Euro. We do not hedge other currencies at this time. In the event that non-US dollar denominated international purchases and sales grow, exposure to volatility in exchange rates could have a material adverse impact on our financial results.

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Covenants in our credit facilities may restrict our financial and operating flexibility.

As a result of the Loan Agreement the Company entered into on June 25, 2020 we currently have a \$12.5 million revolving credit facility, expiring June 25, 2025. Our credit facility requires, and any future credit facilities may also require, among others that we comply with specified financial covenants relating to fixed charge coverage and maximum capital expenditures. Our ability to satisfy these financial covenants can be affected by events beyond our control, and we cannot guarantee that we will meet the requirements of these covenants. These restrictive covenants could affect our financial and operational flexibility or impede our ability to operate or expand our business, including a limitation on annual investments and advances we can make to foreign subsidiaries. Default under our credit facilities would allow the lenders to declare all amounts outstanding to be immediately due and payable. Our lenders have a security interest in substantially all of our assets to secure the debt under our current credit facilities, and it is likely that our future lenders will have security interests in our assets. If our lenders declare amounts outstanding under any credit facility to be due, the lenders could proceed against our assets. Any event of default, therefore, could have a material adverse effect on our business.

We may need additional funds, and if we are unable to obtain these funds, we may not be able to expand or operate our business as planned.

Our operations require significant amounts of cash, and we may be required to seek additional capital, whether from sales of equity or by borrowing money, to fund acquisitions for the future growth and development of our business or to fund our operations and inventory, particularly in the event of a market downturn.

A number of factors could affect our ability to access future debt or equity financing, including:

- Our financial condition, strength and credit rating;
- The financial markets' confidence in our management team and financial reporting;
- General economic conditions and the conditions in the homeland security and Energy sectors; and
- Capital markets conditions

Even if available, additional financing may be more costly than our current facility and may have adverse consequences. If additional funds are raised through the incurrence of debt, we will incur increased debt servicing costs and may become subject to additional restrictive financial and other covenants. We can give no assurance as to the terms or availability of additional capital. Although management believes it currently has sufficient capital, if we do need additional capital in the future and are unsuccessful, it could reduce our net sales and materially adversely impact our earning capability and financial position.

Legal and Regulatory Risks

We may be exposed to continuing and other liabilities arising from our former Brazilian operations.

Although we formally completed the terms of the "Shares Transfer Agreement", pursuant to which our entire equity interest in our former Brazilian subsidiary ("Lakeland Brazil") was transferred during the fiscal year ended January 31, 2016, we may continue to be exposed to certain liabilities arising in connection with the operations of Lakeland Brazil, which was shut down in late March 2019. We understand that under the laws of Brazil, a parent company may be held liable for the liabilities of a former Brazilian subsidiary in the event of fraud, misconduct, or under various theories. In this respect, as regards labor claims, a parent company could conceivably be held liable for the liabilities of a former Brazilian subsidiary. Although we would have the right of adversary system, full defense and due process, in case of a potential litigation, there can be no assurance as to the findings of the courts in Brazil. For this reason we have worked with Brazilian legal counsel to settle all open labor claims against the former subsidiary in order to mitigate this risk.

We deal in countries where corruption is an obstacle.

We must comply with American laws such as the Foreign Corrupt Practices Act (FCPA) and Sarbanes-Oxley and also with anticorruption legislation in the U.K. Some of our competitors and customers in foreign jurisdictions may not adhere to such legislation. As a result, we believe that we lose sales orders due to our strict adherence to such regulations.

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We are subject to various U.S. and foreign tax laws and any changes in these laws related to the taxation of businesses and resolutions of tax disputes could adversely affect our results of operations.

The U.S. Congress, the Organization for Economic Co-operation and Development (or, OECD) and other government agencies in jurisdictions in which we invest or do business have maintained a focus on issues related to the taxation of multinational companies. The OECD has changed numerous long-standing tax principles through its base erosion and profit shifting (“BEPS”) project which could adversely impact our effective tax rate.

We are subject to regular review and audit by both foreign and domestic tax authorities. While we believe our tax positions will be sustained, the final outcome of tax audits and related litigation may differ materially from the tax amounts recorded in our consolidated financial statements, which could have a material adverse effect on our consolidated results of operations, financial condition and cash flows.

We may be subject to product liability claims, and insurance coverage could be inadequate or unavailable to cover these claims.

We manufacture products used for protection from hazardous or potentially lethal substances, such as chemical and biological toxins, fire, viruses and bacteria. The products that we manufacture are typically used in applications and situations that involve high levels of risk of personal injury. Failure to use our products for their intended purposes, failure to use our products properly or the malfunction of our products could result in serious bodily injury or death of the user. In such cases, we may be subject to product liability claims arising from the design, manufacture or sale of our products. If these claims are decided against us, and we are found to be liable, we may be required to pay substantial damages, and our insurance costs may increase significantly as a result. We cannot assure you that our insurance coverage would be sufficient to cover the payment of any potential claim. In addition, we cannot assure you that this or any other insurance coverage will continue to be available or, if available, that we will be able to obtain it at a reasonable cost. Any material uninsured loss could have a material adverse effect on our financial condition, results of operations and cash flows.

Environmental laws and regulations may subject us to significant liabilities.

Our US operations, including our manufacturing facilities, are subject to federal, state and local environmental laws and regulations relating to the discharge, storage, treatment, handling, disposal and remediation of certain materials, substances and wastes. Any violation of any of those laws and regulations could cause us to incur substantial liability to the Environmental Protection Agency, the state environmental agencies in any affected state or to any individuals affected by any such violation. If hazardous substances are released from or located on any of our properties, we could incur substantial costs and damages. Any such liability could have a material adverse effect on our financial condition and results of operations.

Provisions in our restated certificate of incorporation and by-laws and Delaware law could make a merger, tender offer or proxy contest difficult.

Our restated certificate of incorporation contains classified board provisions, authorized preferred stock that could be utilized to implement various “poison pill” defenses and a stockholder authorized, but as yet unused, Employee Stock Ownership Plan (“ESOP”), all of which may have the effect of discouraging a takeover of Lakeland, which is not approved by our board of directors. Further, we are subject to the antitakeover provisions of Section 203 of the Delaware General Corporation Law, which prohibit us from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in the prescribed manner.

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Risks Relating to Our Common Stock

The market price of our common stock may fluctuate widely.

The market price of our common stock could be subject to significant fluctuations in response to quarter-to-quarter variations in our operating results, announcements of new products or services by us or our competitors and other events or factors. For example, a shortfall in net sales or net income, or an increase in losses, from levels expected by securities analysts or investors, could have an immediate and significant adverse effect on the market price of our common stock. Volume fluctuations that have particularly affected the market prices of many micro and small capitalization companies have often been unrelated or disproportionate to the operating performance of these companies. These fluctuations, as well as general economic and market conditions, may adversely affect the market price for our common stock.

Our common stock is an equity interest and therefore subordinated to our indebtedness.

Payments of the principal and interest under notes issued under the loan agreements entered into in connection with our senior financing are secured by liens on, and security interests in, substantially all of our and our subsidiaries' present and after-acquired assets. In the event of our liquidation, dissolution or winding up, our common stock would rank below all debt and creditor claims against us. As a result, holders of our common stock will not be entitled to receive any payment or other distribution of assets upon our liquidation, dissolution or winding up until after all of our obligations to our debt holders and creditors have been satisfied.

We are precluded from paying and do not anticipate paying any dividends to our common stockholders in the near future.

We are prohibited from declaring or paying any dividends to our common stockholders without the prior consent of our lenders. Further, we have not paid dividends on our common stock since August 2006 and we do not anticipate, if permitted, paying any dividends in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations.

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ITEM 1B: UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive office is located at 202 Pride Lane SW, Decatur, AL, 35603 United States. We own or lease our primary facilities. Our primary manufacturing locations are located in AnQui City, China, Jerez, Mexico, Buenas Aires, Argentina, Noida, India, and Xuan Trung Commune, Vietnam.

We believe that all of our facilities, including the manufacturing facilities, are in good repair and in suitable condition for the purposes for which they are used.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are a party to litigation arising in the ordinary course of our business. We are not currently a party to any litigation or other legal proceedings that we believe could reasonably be expected to have a material adverse effect on our results of operations, financial condition or cash flows. See Note 10 to the consolidated financial statements related to legal matters in respect of our former subsidiary in Brazil and its relation to the Company.

ITEM 4. MINE SAFETY DISCLOSURES

N/A

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PART II

ITEM 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is currently traded on the Nasdaq Market under the symbol “LAKE.” On April 9, 2021 there were 30 registered holders of our shares of common stock.

Dividend Policy

We may pay stock dividends in future years at the discretion of our board of directors.

We have never paid any cash dividends on our common stock, and we currently intend to retain any future earnings for use in our business. The payment and rate of future cash or stock dividends, if any, or stock repurchase programs are subject to the discretion of our board of directors and will depend upon our earnings, financial condition, capital or contractual restrictions under our credit facilities and other factors.

Issuer Purchase of Equity Securities

On February 11, 2021, the Company’s board of directors approved a stock repurchase program under which the Company may repurchase up to \$5,000,000 of its outstanding common stock. The new program replaces the prior program which had approximately \$800,000 remaining for repurchases. There were no shares repurchased in the fourth quarter of FY 21.

ITEM 6. SELECTED FINANCIAL DATA

N/A

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**Management's Discussion and Analysis of
Financial Condition and Results of Operations**

You should read the following summary together with the more detailed business information and consolidated financial statements and related notes that appear elsewhere in this Form 10-K and in the documents that we incorporate by reference into this Form 10-K. This document may contain certain "forward-looking" information within the meaning of the Private Securities Litigation Reform Act of 1995. This information involves risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. In this Form 1-K, (a) "FY" means fiscal year; thus for example, FY21 refers to the fiscal year ended January 31, 2021 and (b) "Q" refers to a quarter; thus, for example, Q4 FY21 refers to the fourth quarter of the fiscal year ended January 31, 2021.

Overview; Response to COVID-19 Outbreak

We manufacture and sell a comprehensive line of industrial protective clothing and accessories for the industrial and public protective clothing market. Our products are sold globally by our in-house sales teams, our customer service group, and authorized independent sales representatives to a network of over 1,600 global safety and industrial supply distributors. Our authorized distributors supply end users, such as integrated oil, chemical/petrochemical, automobile, steel, glass, construction, smelting, cleanroom, janitorial, pharmaceutical, and high technology electronics manufacturers, as well as scientific, medical laboratories and the utilities industry. In addition, we supply federal, state and local governmental agencies and departments, such as fire and law enforcement, airport crash rescue units, the Department of Defense, the Department of Homeland Security and the Centers for Disease Control. Internationally, we sell to a mixture of end users directly, and to industrial distributors depending on the particular country and market. In addition to the United States, sales are made to more than 50 foreign countries, the majority of which were into China, the European Economic Community ("EEC"), Canada, Chile, Argentina, Russia, Kazakhstan, Colombia, Mexico, Ecuador, India and Southeast Asia.

In FY21 we had net sales of \$159.0 million and \$107.8 million in FY20.

We have operated facilities in Mexico since 1995 and in China since 1996. Beginning in 1995, we moved the labor intensive sewing operation for our limited use/disposable protective clothing lines to these facilities. Our facilities and capabilities in China and Mexico allow access to a less expensive labor pool than is available in the United States and permit us to purchase certain raw materials at a lower cost than they are available domestically. More recently we have added manufacturing operations in Vietnam and India to offset increasing manufacturing costs in China and further diversify our manufacturing capabilities. Our China operations will continue primarily manufacturing for the Chinese market and other markets where duty advantages exist. Manufacturing expansion is not only necessary to control rising costs, it is also necessary for Lakeland to achieve its growth objectives.

Our net sales attributable to customers outside the United States were \$88.4 million and \$51.9 million for the fiscal years ended January 31, 2021 and 2020, respectively.

The last two weeks of FY20 and all of FY21 were dominated by response to the COVID 19 outbreak. The virus' progression into a global pandemic will likely continue to impact our business into the first half of FY22. We experienced a drop in COVID 19 demand in Q4 FY21 that will continue into Q2 FY22, when vaccines become more widely available. As COVID 19 demand, currently estimated at approximately 30% to 35% of revenue decreases, we anticipate a continuation of an increase in our core businesses (industrial) that began in Q2 FY21 and continued through Q4 FY21. The negative impact of lock downs and stay at home orders peaked in Q2 FY21 with core business sales down by approximately 25%. Through the second half of Q2 FY21 and through Q4 FY21 our core business sales have been recovering steadily. Based on recent, third quarter U.S. GDP Growth of 33.1%; November 2020 manufacturing Purchasing Manager Index of 57.5%, up from 56.0% at August 2020, and our increased market penetration and new customers, we expect our core business sales to recover fully and continue to grow through FY22. We anticipate that COVID 19 related sales will continue for the first half of FY22, however not at the levels

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At present, raw materials supply appears to have caught up with demand, albeit at prices well above pre-COVID-19 pricing. We anticipate raw material pricing to continue at inflated levels into FY22. Our future sales would be affected should there be an industry-wide shortage of

necessary raw materials in the event of another rise or surge in COVID-19 cases. As noted, we did experience significant price increases for fabric during FY21 and managed our available manufacturing capacity to lower costs, and increase prices, to meet customer demand at these higher prices. With the exception of our India export manufacturing operation, which did not qualify for “essential status” due to its export only restrictions we have not experienced any manufacturing capacity issues due to inability to source raw materials, government quarantine, or shelter-in-place orders, or due to COVID-19 outbreaks in any of our factories, however there can be no assurance that this will continue to be the case. While leading economic indicators indicate a relatively robust industrial market recovery, potential headwinds to revenue as we emerge from pandemic sales include the possibility of a recession and consumer stockpiled inventories, as well as a decline in our oil and gas industrial sector that may temper demand within our regular markets in the second half of FY21.

Reference is made to “Risk Factors” in Part I, Item 1A, of this Annual Report on Form 10-K for the fiscal year ended January 31, 2021. Offsetting these risks are changes to our sales environment, as a result of COVID-19, that we believe represent considerable upside to sales. We believe that once the pandemic subsides, there will be continued demand establishing PPE stockpiles for the long-term. This stockpiling will be filled in part by inventory that is in the distribution channels as the pandemic ends. When specific governments will issue RFQs for additional product is unknown, but some RFQs are already pending release; others are expected to be released over the next several months. Additionally, we believe the private sector will also engage in stockpiling of PPE as supply channels catch up to demand. And finally, we are seeing the emergence of institutional cleaning as a new market segment as countries and states reopen and seek to prevent further infections. For these reasons we are maximizing our manufacturing capacity in the near-term and evaluating expansion opportunities to allow us to further increase our industrial market penetration as our competitors abandon their industrial customers as they seek to maximize COVID-19 related sales. This strategy combined with new product development, manufacturing expansion, and the addition of key senior personnel also serves to prepare us for any economic slowdown that may occur as COVID-19 business ends and our industry transitions to a more traditional product mix.

Lakeland’s strategy for response to these “black swan” events is to remain focused on our long term growth strategies and tailor our response to these events so as to accelerate our strategic plans. We believe that focusing on our long-term growth strategy is also a solid strategy for minimizing the impact of any post-pandemic recession. In this particular case, our long-term strategy for revenue and margin improvement is to increase market penetration into markets that use higher value, higher margin products, that are recession resistant. Our manufacturing flexibility allows the Company to maximize the manufacture of disposable and chemical garments without degrading its ability to supply higher end, flame resistant and arc flash resistant garments. In order to maximize our response to pandemic demand, we have increased the daily working hours for our disposables and chemical manufacturing product lines, and we have significantly reduced the number of SKUs in these product lines in order to maximize efficiencies. This will have the effect of increasing throughput and reducing manufacturing costs to help mitigate any raw materials prices increases. Additionally, by focusing on a few core styles, we believe we can minimize the impact on inventory of any production over run when the pandemic subsides. SKU reduction also affords Lakeland the opportunity to discontinue any styles that have ceased being profitable due to pricing or sales volume. We are not deviating from our growth strategy, rather we are looking to utilize the short-term, increased demand as a catalyst to accelerate attainment of growth objectives.

Having successfully implemented the above strategy, as evidenced by significantly increased market penetration in international markets, the addition of new customers accounting for additional sales of approximately \$10 million, and realizing efficiency gains that we intend to make permanent, we are now focused on adding human and IT resources required to accelerate our growth rate in a post-COVID-19 environment. We believe that we will emerge from FY21 a full year ahead of our pre-COVID-19 growth plan, and we are committed to leveraging our position to accelerate growth in Critical Environment Markets such as pharmaceutical cleanrooms, isolation gowns, and Chemo-gowns; the Electric Utility Market; and to continue improving efficiencies by rationalizing our product offering in non-Covid product lines. To do this we will be acquiring additional senior and middle managers with specific skills in Sales and Marketing, Quality Control, Supply Chain Management, and Industrial Engineering. These personnel will facilitate future manufacturing expansion by assuring that we have the skill sets necessary to meet our growth targets.

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The personal protective equipment market continues to grow worldwide at an estimated rate of 7.0% to 7.5%, prior to the COVID-19 pandemic, as developing countries increasingly adopt protection standards similar to those of North America and Europe, and standards in more mature markets become more stringent, cover more workers, and more hazards. This growth rate will likely be impacted by the COVID-19 pandemic and resultant post-pandemic economic conditions, however these fundamental growth drivers will remain in place. Management believes Lakeland is uniquely positioned to take advantage of these trends with its presence in many major and high growth potential markets worldwide. However, management also understands that significant investment in these markets in terms of sales personnel, sales collateral and improved distribution (local warehousing) is required for the Company to realize its goals for growth in revenue and income as many of these markets become more competitive.

In order to promote future improvements in operating income, cash availability, and business outlook, the Company made multiple investments in operations and organizational expansion. Additional personnel in sales and marketing have been hired worldwide in order to increase penetration in existing markets and pursue new sales channels. On February 1, 2020, we relocated our corporate offices from New York to our Decatur, AL facility where we have hired additional personnel to improve centralized planning, finance, and IT support throughout the organization. New equipment has been purchased to increase manufacturing capacity and efficiency as well as to replace older equipment. New manufacturing facilities in Vietnam and India commenced production in FY19 and continued to add capacity until the latter half of FY20 when inventory levels necessitated curtailment. Curtailment of these operations was ended at all facilities in early February of 2020 as COVID-19 sales began to escalate. New accounting and operations software is being installed to improve processes, planning, and access to sales, financial, and manufacturing data. Additionally we continue to explore new fabrics and new technologies that may improve our product offerings and/or profitability. Management believes the Company's ability to compete for the global opportunities in its industry are being enhanced.

Critical Accounting Policies and Estimates

Revenue Recognition. Substantially all the Company's revenue is derived from product sales, which consist of sales of the Company's personal protective wear products to distributors. The Company considers purchase orders to be a contract with a customer. Contracts with customers are considered to be short-term when the time between order confirmation and satisfaction of the performance obligations is equal to or less than one year, and virtually all of the Company's contracts are short-term. The Company recognizes revenue for the transfer of promised goods to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company typically satisfies its performance obligations in contracts with customers upon shipment of the goods. Generally, payment is due from customers within 30 to 90 days of the invoice date, and the contracts do not have significant financing components. The Company elected to account for shipping and handling activities as a fulfillment cost rather than a separate performance obligation. Shipping and handling costs associated with outbound freight are included in operating expenses, and for the years ended in FY21 and FY20 aggregated approximately \$3.9 million and \$3.3 million, respectively. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenue.

The transaction price includes estimates of variable consideration, related to rebates, allowances, and discounts that are reductions in revenue. All estimates are based on the Company's historical experience, anticipated performance, and the Company's best judgment at the time the estimate is made. Estimates for variable consideration are reassessed each reporting period and are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur upon resolution of uncertainty associated with the variable consideration. All the Company's contracts have a single performance obligation satisfied at a point in time and the transaction price is stated in the contract, usually as quantity times price per unit.

Inventories. Inventories include freight-in, materials, labor and overhead costs and are stated at the lower of cost (on a first-in, first-out basis) or net realized value. Adjustments are recorded for slow-moving, obsolete or unusable inventory. We assess our inventory for estimated obsolescence or unmarketable inventory and write down the difference between the cost of inventory and the estimated net realizable value based upon assumptions about future sales and supply on-hand, if necessary. If actual market conditions are less favorable

than those projected by management, additional inventory write-downs may be required.

Income Taxes. The Company is required to estimate its income taxes in each of the jurisdictions in which it operates as part of preparing the consolidated financial statements. This involves estimating the actual current tax in addition to assessing temporary differences resulting from differing treatments for tax and financial accounting purposes. These differences, together with net operating loss carryforwards and tax credits, are recorded as deferred tax assets or liabilities on the Company's consolidated balance sheet. A judgment must then be made of the likelihood that any deferred tax assets will be recovered from future taxable income. A valuation allowance may be required to reduce deferred tax assets to the amount that is more likely than not to be realized. In the event the Company determines that it may not be able to realize all or part of its deferred tax asset in the future, or that new estimates indicate that a previously recorded valuation allowance is no longer required, an adjustment to the deferred tax asset is charged or credited to income in the period of such determination.

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The Company recognizes tax positions that meet a “more likely than not” minimum recognition threshold. If necessary, the Company recognizes interest and penalties associated with tax matters as part of the income tax provision and would include accrued interest and penalties with the related tax liability in the consolidated balance sheets.

Net income Per Share

Basic net income per share is based on the weighted average number of common shares outstanding without consideration of common stock equivalents. Diluted net income per share is based on the weighted average number of common shares and common stock equivalents. The diluted net income per share calculation takes into account unvested restricted shares and the shares that may be issued upon exercise of stock options and warrants, reduced by shares that may be repurchased with the funds received from the exercise, based on the average price during the fiscal year.

Significant Balance Sheet Fluctuation January 31, 2021, as Compared to January 31, 2020

Cash increased by \$38.0 million, primarily as a result of increased profitability, improved accounts receivable collection efficiency, an increase in inventory turns, and a net increase in current liabilities. Accounts receivable was increased due to an increase in sales. Inventory decreased \$0.4 million due to improved inventory management and increased inventory turns from higher sales levels. Accounts payable, accrued compensation, and other accrued expenses increased \$2.1 million due to an increase in accounts payable for raw material purchases and increased accruals for employee incentive plans.

Results of Operations

The following table sets forth our historical results of continuing operations for the years and three-months ended January 31, 2021 and 2020 as a percentage of our net sales from operations.

	Three Months Ended		Year Ended	
	January 31,		January 31,	
	(Unaudited)			
	2021	2020	2021	2020
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	51.1%	62.3%	50.2%	64.8%
Gross profit	48.9%	37.7%	49.8%	35.2%
Operating expenses	23.9%	31.6%	22.3%	29.7%
Operating profit	25.1%	6.1%	27.6%	5.5%
Other income, net	0.0%	0.1%	0.0%	0.0%
Interest expense	0.0%	(0.1)%	0.0%	(0.1)%
Income (loss) before tax	25.1%	6.1%	27.6%	5.3%
Income tax expense	3.8%	1.9%	5.5%	2.3%
Net income	21.3%	4.3%	22.1%	3.0%

Net Sales. Net sales increased to \$159.0 million for the year ended January 31, 2021 compared to \$107.8 million for the year ended January 31, 2020, an increase of 47.5%. Sales in the US increased \$14.7 million or 26.3% primarily due to increases in the number of direct container shipments in the US and Canada throughout the year, and sales driven by COVID-19 demand. Sales to the Asian market increased by \$13.1 million or 72.0% driven by COVID-19 demand. Sales to the European market increased by \$7.5 million or 79.7% driven by COVID-19 demand. Canada sales increased by \$4.0 million or 41.2% due to direct container shipments. Latin America sales increased \$3.8 million or 45.3% as the Company continued to expand its selling efforts into the Chilean market and also expanded to Uruguay. Sales into the Mexican market increased \$2.9 million or 102.1% driven by COVID-19 demand. Our other foreign markets accounted for \$5.4 million of increased sales or 146.7% as we further penetrated these markets coupled with COVID-19 demand.

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Gross Profit. Gross profit increased \$41.4 million, or 109.2%, to \$79.3 million for the year ended January 31, 2021, from \$37.9 million for the year ended January 31, 2020. Gross profit as a percentage of net sales increased from 35.2% for the year ended January 31, 2020 to 49.8% for the year ended January 31, 2021. Major factors driving gross margins were:

- Increased volumes and pricing overall, throughout the entire year.
- Increased sales of higher margin product lines, primarily disposables, chemical, and fire.
- Improved manufacturing efficiency in Vietnam.

Operating Expense. Operating expenses increased 10.5% from \$32.0 million for the year ended January 31, 2020 to \$35.4 million for the year ended January 31, 2021. Operating expenses as a percentage of net sales was 22.3% for the year ended January 31, 2021, down from 29.7% for the year ended January 31, 2020. Selling expenses increased \$0.8 million, including sales compensation, freight out, advertising and marketing. General and administrative expenses increased \$2.6 million due to increases in salaries and compensation (including bonuses and equity based compensation), banking and insurance expenses, depreciation, and bad debt expense. During FY20, the Company reversed stock-based compensation expense of \$0.8 million related to restricted stock grants due to cumulative financial performance for the grant awards. Due to the results in FY21, the Company recognized \$0.8 million of expense as a result of a change in estimate in the numbers of shares expected to be earned under the performance plan.

Operating Profit. Operating profit increased to \$43.9 million for the year ended January 31, 2021, from \$5.9 million for the year ended January 31, 2020, due to the impacts detailed above. Operating margin increased to 27.6% for the year ended January 31, 2021, compared to 5.5% for the year ended January 31, 2020.

Interest Expense. Interest expenses was less than \$0.1 million for the year ended January 31, 2021 compared to \$0.1 million for the year ended January 31, 2020.

Income Tax Expense. Income tax expense consists of federal, state and foreign income taxes. Income tax expense was \$8.8 million and included \$1.9 million associated with the GILTI component of the Tax Act of 2017 for the year ended January 31, 2021, as compared to an income tax expense of \$2.5 million, including \$1.0 million associated with the GILTI component, for the year ended January 31, 2020. All international subsidiaries impacted the GILTI calculation.

Net Income. Net income increased to \$35.1 million for the year ended January 31, 2021 from \$3.3 million for the year ended January 31, 2020.

Fourth Quarter Results

Net sales and net income were \$36.9 million and \$7.9 million, respectively, for Q4 FY21, as compared to \$28.2 million and \$1.2 million, respectively, for Q4 FY20.

Factors affecting Q4 FY21 results of operations included:

- Increased sales due to COVID-19 demand in the US and China.
- Margins were increased due to increased pricing and improved manufacturing efficiency, primarily in our Vietnam facility.

Liquidity and Capital Resources

At January 31, 2021, cash and cash equivalents were approximately \$52.6 million and working capital was approximately \$108.0 million. Cash and cash equivalents increased \$38.0 million and working capital increased \$41.1 million from January 31, 2020 reflecting positive earnings and the Company's focus on working capital efficiencies.

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Of the Company's total cash and cash equivalents of \$52.6 million as of January 31, 2021, cash held in Latin America of \$1.4 million, cash held in Russia and Kazakhstan of \$1.1 million, cash held in the UK of \$2.5 million, cash held in India of \$0.9 million and cash held in Canada of \$3.8 million would not be subject to additional US tax in the event such cash was repatriated due to the change in the US tax law as a result of the December 22, 2017 enactment of the 2017 Tax Cuts and Jobs Act (the "Tax Act"). In the event the Company repatriated cash from China, of the \$23.8 million balance at January 31, 2021 there would be an additional 10% withholding tax incurred in that country. The Company has strategically employed a dividend plan subject to declaration and certain approvals in which its Canadian subsidiary sends dividends to the US in the amount of 100% of the previous year's earnings, the UK subsidiary sends dividends to the US in the amount of 50% of the previous year's earnings, and the Weifang China subsidiary sends dividends to the US in declared amounts of the previous year's earnings. No dividends were proposed by management or declared by our Board of Directors for our China subsidiary in FY21.

Net cash provided by operating activities of \$40.7 million for the year ended January 31, 2021 was primarily due to net income of \$35.1

million, non-cash expenses of \$7.0 million for deferred taxes, depreciation and amortization, and stock compensation, decrease in net inventories of \$0.5 million and an increase in accounts payable, accrued expenses and other liabilities of \$3.8 million, offset in part by a \$4.0 million increase to accounts receivable due to a higher sales volumes in the fourth quarter as compared to prior year and an increase in other current assets of \$1.7 million due to an increase in amounts due from HSBC under the UK factoring agreement. Net cash used in investing activities of \$1.7 million for the year ended January 31, 2021 reflects purchases in property and equipment as the Company optimized capital expenditures in the year for the ERP project, the set-up of manufacturing facilities in Vietnam and India, the enhancement of IT infrastructure, and equipment purchases in Mexico and China. Net cash used in financing activities was \$1.3 million for the year ended January 31, 2021, primarily due to the repayment of \$1.2 million term loan with SunTrust Bank as part of the transition to the new Loan Agreement with Bank of America.

Net cash provided by operating activities of \$3.6 million for the year ended January 31, 2020 was primarily due to net income of \$3.3 million, non-cash expenses of \$2.6 million for deferred taxes, depreciation and amortization and stock compensation, and an increase in accounts payable of \$1.1 million, offset in part by a \$1.4 million increase to accounts receivable due to a higher concentration of sales in the latter part of the fourth quarter and an increase in inventories of approximately \$2.2 million. Net cash used in investing activities of \$1.0 million for the year ended January 31, 2020 reflects purchases in property and equipment as the Company optimized capital expenditures in the year for the ERP project, the set-up of manufacturing facilities in Vietnam and India, the enhancement of IT infrastructure, and equipment purchases in Mexico and China. Net cash used in financing activities was \$0.7 million for the year ended January 31, 2020, was primarily due to a \$0.5 million increase in treasury stock for shares purchased under the previously approved stock repurchase program.

On June 25, 2020, we entered into a Loan Agreement (the "Loan Agreement") with Bank of America ("Lender"). The Loan Agreement provides the Company with a secured \$12.5 million revolving credit facility, which includes a \$5.0 million letter of credit sub-facility. The Company may request from time to time an increase in the revolving credit loan commitment of up to \$5.0 million (for a total commitment of up to \$17.5 million). Borrowing pursuant to the revolving credit facility is subject to a borrowing base amount calculated as (a) 80% of eligible accounts receivable, as defined, plus (b) 50% of the value of acceptable inventory, as defined, minus (c) certain reserves as the Lender may establish for the amount of estimated exposure, as reasonably determined by the Lender from time to time, under certain interest rate swap contracts. The borrowing base limitation only applies during periods when the Company's quarterly funded debt to EBITDA ratio, as defined, exceeds 2.00 to 1.00. The credit facility will mature on June 25, 2025. Borrowings under the revolving credit facility bear interest at a rate per annum equal to the sum of the LIBOR Daily Floating Rate ("LIBOR"), plus 125 basis points. LIBOR is subject to a floor of 100 basis points. All outstanding principal and unpaid accrued interest under the revolving credit facility is due and payable on the maturity date. On a one-time basis, and subject to there not existing an event of default, the Company may elect convert up to \$5.0 million of the then outstanding principal of the revolving credit facility to a term loan facility with an assumed amortization of 15 years and the same interest rate and maturity date as the revolving credit facility. The Loan Agreement provides for an annual unused line of credit commitment fee, payable quarterly, of 0.25%, based on the difference between the total credit line commitment and the average daily amount of credit outstanding under the facility during the preceding quarter.

The Company has experienced increased sales and order activity as a result of the COVID-19 pandemic and may need to increase inventories in order to continue to respond to this increased demand. Additionally, the Company may accelerate investments in capacity expansion which may require significant capital expenditures.

Stock Repurchase Program. On February 17, 2021, the Company's board of directors approved a stock repurchase program under which the Company may repurchase up to \$5,000,000 of its outstanding common stock. The new program replaces the prior program which had approximately \$800,000 remaining for repurchases. There were no shares repurchased in FY21. The Company has repurchased 152,801 shares of stock under the prior program as of the date of this filing which amounted to \$1,671,188, inclusive of commissions.

Capital Expenditures. Our capital expenditures for FY21 of \$1.7 million principally relate to capital purchases for our manufacturing facilities in Vietnam and India, the enhancement of IT infrastructure, and equipment purchases in Mexico and the US. We anticipate FY22 capital expenditures to be approximately \$4.0 million as we continue to deploy our ERP solution globally, invest in strategic capacity expansion, and replace existing equipment in the normal course of operations.

Recent Accounting Pronouncements

See Note 1 - Business and Significant Accounting Policies of the consolidated financial statements in Part II Item 8 of this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A smaller reporting company is not required to provide the information required by this Item and therefore, no disclosure is required under Item 7A for the Company.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Lakeland Industries, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Lakeland Industries, Inc. and subsidiaries (the "Company") as of January 31, 2021, the related statements of income, comprehensive income, stockholders' equity, and cash flows, for the year ended January 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2021, and the results of its operations and its cash flows for the year ended January 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 16, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

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Inventories - Refer to Notes 1 and 2 to the financial statements

Critical Audit Matter Description

The Company's inventory includes costs to acquire and produce the goods and is stated at the lower of cost or net realizable value on a first-in, first-out method (FIFO). The assessment of estimated obsolescence or unmarketable inventory involved judgment and is based upon

assumptions about future sales and supply on-hand for certain inventory items. Total inventory of approximately \$47 million is in part composed of products which were deemed to be slow moving based on historical inventory turns and sales history. An excess and obsolete adjustment of approximately \$3 million was recorded by the Company.

Given the significant judgments made by management to evaluate the net realizable value of certain of its inventory products, performing audit procedures to evaluate the reasonableness of management's assumptions related to those inventory adjustments required a high degree of auditor judgment and an increased extent of effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to valuation of slow moving, excess and obsolete inventory included, among others:

- We tested the effectiveness of controls over management's process to evaluate the need for adjustments for its slow-moving, obsolete or unusable inventory, such as controls related to the development of management's forecast around the commercial marketability and customer purchases of this inventory.
- We tested the mathematical accuracy of management's estimates of the net realizable value for slow-moving, obsolete or unusable inventory.
- We evaluated management's historical ability to forecast sales for inventory.
- We evaluated management's ability and intent to execute promotional actions and the financial impact of those actions and their relationship to the costs incurred to produce historically slower moving inventory.
- We compared forecasts and planned actions to:
 - Historical results and actions
 - Communications between management and the board of directors
 - Industry information related to the market for these products, including sales prices and buying cycles.
 - Subsequent events

/s/ Deloitte & Touche LLP

Memphis, Tennessee
April 16, 2021

We have served as the Company's auditor since 2020.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Lakeland Industries, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Lakeland Industries, Inc. and subsidiaries (the “Company”) as of January 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended January 31, 2021, of the Company and our report dated April 16, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any

evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Memphis, Tennessee
April 16, 2021

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Lakeland Industries, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Lakeland Industries, Inc. and Subsidiaries (collectively, the "Company")

as of January 31, 2020, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year ended January 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2020, and the results of its operations and its cash flows for the year ended January 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of January 31, 2020, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated April 15, 2020, expressed an adverse opinion.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2016.

/s/ Friedman LLP

New York, New York
April 15, 2020

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Lakeland Industries, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended January 31, 2021 and 2020
(\$000's) except share information

	2021	2020
Net sales	\$ 159,000	\$ 107,809
Cost of goods sold	79,750	69,912
Gross profit	79,250	37,897
Operating expenses	35,397	32,021
Operating profit	43,853	5,876
Other income (expense), net	50	(7)
Interest expense	(23)	(116)
Income before taxes	43,880	5,753
Income tax expense	8,774	2,472
Net income	\$ 35,106	\$ 3,281
Net income per common share:		
Basic	\$ 4.40	\$ 0.41
Diluted	\$ 4.31	\$ 0.41
Weighted average common shares outstanding:		
Basic	7,977,683	8,005,927
Diluted	8,141,189	8,037,019

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

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Lakeland Industries, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended January 31, 2021 and 2020
(\$000)'s

	<u>2021</u>	<u>2020</u>
Net income	\$ 35,106	\$ 3,281
Other comprehensive income (loss):		
Foreign currency translation adjustments	1,150	(510)
Comprehensive income	<u>\$ 36,256</u>	<u>\$ 2,771</u>

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

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Lakeland Industries, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
January 31, 2021 and 2020
(\$000's) except share information

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 52,596	\$ 14,606
Accounts receivable, net of allowance for doubtful accounts of \$700 and \$497 at January 31, 2021 and 2020, respectively	21,702	17,702
Inventories	43,833	44,238
Prepaid VAT and other taxes	1,343	1,228
Other current assets	4,134	2,033
Total current assets	123,609	79,807
Property and equipment, net	9,819	10,113
Operating leases right-of-use assets	2,347	2,244
Deferred tax assets	2,839	5,939
Prepaid VAT and other taxes	329	333
Other assets	112	98
Goodwill	871	871
Total assets	<u>\$ 139,925</u>	<u>\$ 99,405</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 7,397	\$ 7,204
Accrued compensation and benefits	3,902	1,300
Other accrued expenses	1,793	2,445
Income tax payable	1,534	—
Current maturity of long-term debt	—	1,155
Current portion of operating lease liability	768	835
Total current liabilities	15,394	12,939
Long-term portion of operating lease liability	1,613	1,414
Total liabilities	17,007	14,353
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.01 par; authorized 1,500,000 shares (none issued)	—	—
Common stock, \$0.01 par; authorized 20,000,000 shares, Issued 8,498,457 and 8,481,665; outstanding 7,984,518 and 7,972,423 at January 31, 2021 and 2020, respectively	85	85
Treasury stock, at cost; 509,242 shares at January 31, 2021 and 2020	(5,023)	(5,023)
Additional paid-in capital	76,781	75,171
Retained earnings	52,687	17,581
Accumulated other comprehensive loss	(1,612)	(2,762)
Total stockholders' equity	122,918	85,052
Total liabilities and stockholders' equity	\$ 139,925	\$ 99,405

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

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Lakeland Industries, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended January 31, 2021 and 2020

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount (\$000's)	Shares	Amount (\$000's)				
Balance, As At January 31, 2019	8,475,929	\$ 85	(462,089)	\$ (4,517)	\$ 75,612	\$ 14,300	\$ (2,252)	\$ 83,228
Net Income	—	—	—	—	—	3,281	—	3,281
Other comprehensive loss	—	—	—	—	—	—	(510)	(510)
Stock-based compensation:								
Restricted stock issued	5,736	—	—	—	—	—	—	—
Restricted stock plan	—	—	—	—	(417)	—	—	(417)
Return of shares in lieu of payroll tax withholding	—	—	—	—	(24)	—	—	(24)
Treasury stock purchased, inclusive of commissions	—	—	(47,153)	(506)	—	—	—	(506)
Balance, As At January 31, 2020	<u>8,481,665</u>	<u>\$ 85</u>	<u>(509,242)</u>	<u>\$ (5,023)</u>	<u>\$ 75,171</u>	<u>\$ 17,581</u>	<u>\$ (2,762)</u>	<u>\$ 85,052</u>

Net Income	—	—	—	—	—	35,106	—	35,106
Other comprehensive income	—	—	—	—	—	—	1,150	1,150
Stock-based compensation:								
Restricted stock issued	16,792	—	—	—	—	—	—	—
Restricted stock plan	—	—	—	—	1,726	—	—	1,726
Return of shares in lieu of payroll tax withholding	—	—	—	—	(116)	—	—	(116)
Treasury stock purchased, inclusive of commissions	—	—	—	—	—	—	—	—
Balance, As At January 31, 2021	<u>8,498,457</u>	<u>\$ 85</u>	<u>(509,242)</u>	<u>\$ (5,023)</u>	<u>\$ 76,781</u>	<u>\$ 52,687</u>	<u>\$ (1,612)</u>	<u>\$ 122,918</u>

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Lakeland Industries, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended January 31, 2021 and 2020
(\$000's)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Net income	\$ 35,106	\$ 3,281
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for (recovery of) doubtful accounts	203	63
Deferred income taxes	3,103	1,328
Depreciation and amortization	1,965	1,645
Stock based and restricted stock compensation	1,727	(403)

Loss on disposal of property and equipment	7	19
Non-cash operating lease expense	(102)	957
(Increase) decrease in operating assets:		
Accounts receivable	(3,980)	(1,414)
Inventories	547	(2,156)
Prepaid VAT and other taxes	(115)	250
Other current assets	(1,698)	102
Increase (decrease) in operating liabilities:		
Accounts payable	191	1,090
Accrued expenses and other liabilities	3,580	(220)
Operating lease liabilities	132	(952)
Net cash provided by operating activities	40,666	3,590
Cash flows from investing activities:		
Purchases of property and equipment	(1,662)	(1,033)
Net cash used in investing activities	(1,662)	(1,033)
Cash flows from financing activities		
Loan repayments, short-term	(1,161)	(158)
Purchase of Treasury Stock under stock repurchase program	—	(506)
Shares returned to pay employee taxes under restricted stock program	(116)	(24)
Net cash used in financing activities	(1,277)	(688)
Effect of exchange rate changes on cash and cash equivalents	263	(94)
Net increase in cash and cash equivalents	37,990	1,775
Cash and cash equivalents at beginning of year	14,606	12,831
Cash and cash equivalents at end of year	\$ 52,596	\$ 14,606
Cash paid for interest	\$ 23	\$ 116
Cash paid for taxes	\$ 3,561	\$ 1,700
Noncash investing and financing activities		
Leased assets obtained in exchange for operating lease liabilities	\$ 343	\$ 3,180

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Lakeland Industries, Inc. and Subsidiaries (“Lakeland,” the “Company,” “we,” “our” or “us”), a Delaware corporation organized in April 1986, manufacture and sell a comprehensive line of industrial protective clothing and accessories for the industrial and public protective clothing market. Our products are sold globally by our in-house sales teams, our customer service group, and authorized independent sales representatives to a network of over 1,600 global safety and industrial supply distributors. Our authorized distributors supply end users, such as integrated oil, chemical/petrochemical, automobile, steel, glass, construction, smelting, cleanroom, janitorial, pharmaceutical, and high technology electronics manufacturers, as well as scientific, medical laboratories and the utilities industry. In addition, we supply federal, state and local governmental agencies and departments, such as fire and law enforcement, airport crash rescue units, the Department of Defense, the Department of Homeland Security and the Centers for Disease Control. Internationally, we sell to a mixture of end users directly, and to industrial distributors depending on the particular country and market. Sales are made to more than 50 countries, the majority of which were into China, the European Economic Community (“EEC”), Canada, Chile, Argentina, Russia, Kazakhstan, Colombia, Mexico, Ecuador, India and Southeast Asia. For purposes of this Form 10-K, FY refers to a fiscal year ended January 31; for example, FY21 refers to the fiscal year ended January 31, 2021.

Basis of Presentation

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The following is a description of the Company’s significant accounting policies.

Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from

those estimates. It is reasonably possible that events could occur during the upcoming year that could change such estimates.

Cash and Cash Equivalents

The Company considers highly liquid temporary cash investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of money market funds.

Accounts Receivable, Net. Trade accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The Company recognizes losses when information available indicates that it is probable that a receivable has been impaired based on criteria noted above at the date of the consolidated financial statements, and the amount of the loss can be reasonably estimated. Management considers the following factors when determining the collectability of specific customer accounts: Customer creditworthiness, past transaction history with the customers, current economic industry trends and changes in customer payment terms. Past due balances over 90 days and other less creditworthy accounts are reviewed individually for collectability. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

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Inventories

Inventories include freight-in, materials, labor and overhead costs and are stated at the lower of cost (on a first-in, first-out basis) or net realizable value. Allowances are recorded for slow-moving, obsolete or unusable inventory. We assess our inventory for estimated obsolescence or unmarketable inventory and write down the difference between the cost of inventory and the estimated net realizable value based upon assumptions about future sales and supply on-hand, if necessary. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis. Leasehold improvements and leasehold costs are amortized over the term of the lease or service lives of the improvements, whichever is shorter. The costs of additions and improvements which substantially extend the useful life of a particular asset are capitalized. Repair and maintenance costs are charged to expense. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the account, and the gain or loss on disposition is reflected in operating income.

Assets held for sale are measured at the lower of carrying value or fair value less cost to sell. Gains or losses are recognized for any subsequent changes to fair value less cost to sell. However, gains are limited to cumulative losses previously recognized. Assets

classified as held for sale are not depreciated.

Capitalized Software Costs

In accordance with Accounting Standards Codification ("ASC") 350-40, Internal-Use Software, the Company capitalizes eligible costs to acquire or develop internal-use software. Capitalized costs related to internal-use software are amortized using the straight-line method over the estimated useful life of the assets, which is generally three years.

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is evaluated for impairment at least annually; however, this evaluation may be performed more frequently when events or changes in circumstances indicate the carrying amount may not be recoverable. Factors that the Company considers important that could identify a potential impairment include: significant changes in the overall business strategy and significant negative industry or economic trends. Management assesses whether it is more likely than not that goodwill is impaired and, if necessary, compares the fair value of the reporting unit to the carrying value. Fair value is generally determined by management either based on estimating future discounted cash flows for the reporting unit or by estimating a sales price for the reporting unit based on multiple of earnings. These estimates require the Company's management to make projections that can differ from actual results.

Impairment of Long-Lived Assets

The Company evaluates the carrying value of long-lived assets to be held and used when events or changes in circumstances indicate the carrying value may not be recoverable. The Company measures any potential impairment on a projected undiscounted cash flow method. Estimating future cash flows requires the Company's management to make projections that can differ materially from actual results. The carrying value of a long-lived asset is considered impaired when the total projected undiscounted cash flows from the asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset.

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Revenue Recognition

Substantially all the Company's revenue is derived from product sales, which consist of sales of the Company's personal protective wear products to distributors. The Company considers purchase orders to be a contract with a customer. Contracts with customers are considered to be short-term when the time between order confirmation and satisfaction of the performance obligations is equal to or less than one year, and virtually all of the Company's contracts are short-term. The Company recognizes revenue for the transfer of promised goods to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company typically satisfies its performance obligations in contracts with customers upon shipment of the goods. Generally, payment is due from customers within 30 to 90 days of the invoice date, and the contracts do not have significant financing components. The Company elected to account for shipping and handling activities as a fulfillment cost rather than a separate performance obligation. Shipping and handling costs associated with outbound freight are included in operating expenses, and for the years ended in FY21 and FY20 aggregated approximately \$3.9 million and \$3.3 million, respectively. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenue.

The transaction price includes estimates of variable consideration, related to rebates, allowances, and discounts that are reductions in revenue. All estimates are based on the Company's historical experience, anticipated performance, and the Company's best judgment at the time the estimate is made. Estimates for variable consideration are reassessed each reporting period and are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur upon resolution of uncertainty associated with the variable consideration. All the Company's contracts have a single performance obligation satisfied at a point in time and the transaction price is stated in the contract, usually as quantity times price per unit.

The Company has seven revenue generating reportable geographic segments under ASC Topic 280 "Segment Reporting" and derives its sales primarily from its limited use/disposable protective clothing and secondarily from its sales of reflective clothing, high-end chemical protective suits, firefighting and heat protective apparel, reusable woven garments and gloves and arm guards. The Company believes disaggregation of revenue by geographic region and product line best depicts the nature, amount, timing, and uncertainty of its revenue and cash flows (see table below). Net sales by geographic region and by product line are included below:

	Year Ended	
	January 31,	
	(in millions of dollars)	
	2021	2020
External Sales by region:		
USA	\$ 70.59	\$ 55.89
Other foreign	9.03	3.66
Europe (UK)	16.80	9.35
Mexico	5.70	2.82
Asia	31.22	18.15
Canada	13.61	9.64
Latin America	12.05	8.30
Consolidated external sales	<u>\$ 159.00</u>	<u>\$ 107.81</u>

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	Year Ended January 31, (in millions of dollars)	
	2021	2020
External Sales by product lines:		
Disposables	\$ 103.85	\$ 53.42
Chemical	31.18	22.96
Fire	7.48	8.63
Gloves	3.08	3.12
High Visibility	4.45	7.75
High Performance Wear	2.26	1.65
Wovens	6.70	10.28
Consolidated external sales	<u>\$ 159.00</u>	<u>\$ 107.81</u>

Advertising Costs

Advertising costs are expensed as incurred and included in operating expenses on the consolidated statement of income. Advertising and co-op costs amounted to \$0.7 million and \$1.0 million in FY21 and FY20, respectively, net of a co-op advertising allowance received from a supplier.

Stock-Based Compensation

The Company records the cost of stock-based compensation plans based on the fair value of the award on the grant date. For awards that contain a vesting provision, the cost is recognized over the requisite service period (generally the vesting period of the equity award) which approximates the performance period. For awards based on services already rendered, the cost is recognized immediately.

Research and Development Costs

Research and development costs include labor, equipment and materials costs and are expensed as incurred and included in operating expenses. Research and development expenses aggregated were approximately \$0.2 million in FY21 and FY20.

Income Taxes

The Company is required to estimate its income taxes in each of the jurisdictions in which it operates as part of preparing the consolidated financial statements. This involves estimating the actual current tax in addition to assessing temporary differences resulting from differing treatments for tax and financial accounting purposes. These differences, together with net operating loss carryforwards and tax credits, are recorded as deferred tax assets or liabilities on the Company's consolidated balance sheet. A judgment must then be made of the likelihood that any deferred tax assets will be recovered from future taxable income. A valuation allowance may be required to reduce deferred tax assets to the amount that is more likely than not to be realized. In the event the Company determines that it may not be able to realize all or part of its deferred tax asset in the future, or that new estimates indicate that a previously recorded valuation allowance is no longer required, an adjustment to the deferred tax asset is charged or credited to income in the period of such determination.

The Company recognizes tax positions that meet a "more likely than not" minimum recognition threshold. If necessary, the Company recognizes interest and penalties associated with tax matters as part of the income tax provision and would include accrued interest and penalties with the related tax liability in the consolidated balance sheets.

Foreign Operations and Foreign Currency Translation

The Company maintains manufacturing operations in Mexico, India, Argentina, Vietnam and the People's Republic of China and can access independent contractors in China, Vietnam, Argentina and Mexico. It also maintains sales and distribution entities located in India, Canada, the U.K., Chile, China, Argentina, Russia, Kazakhstan, Uruguay, Australia and Mexico. The Company is vulnerable to currency risks in these countries. The functional currency for the United Kingdom subsidiary is the Euro; the trading company in China, the RMB; the Russian operation, the Russian Ruble, and the Kazakhstan operation the Kazakhstan Tenge. All other operations have the US dollar as its functional currency.

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Pursuant to US GAAP, assets and liabilities of the Company's foreign operations with functional currencies, other than the US dollar, are translated at the exchange rate in effect at the balance sheet date, while revenues and expenses are translated at average rates prevailing during the periods. Translation adjustments are reported in accumulated other comprehensive loss, a separate component of stockholders' equity. Cash flows are also translated at average translation rates for the periods, therefore, amounts reported on the consolidated statement of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheet. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred. Foreign currency transaction loss included in net income for the years ended January 31, 2021 and 2020, were approximately \$0.1 million and \$0.4 million, respectively.

Fair Value of Financial Instruments

US GAAP defines fair value, provides guidance for measuring fair value and requires certain disclosures utilizing a fair value hierarchy which is categorized into three levels based on the inputs to the valuation techniques used to measure fair value.

The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect management's own assumptions.

There were no foreign currency forward or hedge contracts at January 31, 2021 or January 31, 2020.

The financial instruments of the Company classified as current assets or liabilities, including cash and cash equivalents, accounts receivable, short-term borrowings, borrowings under revolving credit facility, accounts payable and accrued expenses, are recorded at carrying value, which approximates fair value based on the short-term nature of these instruments.

Net Income Per Share

Net income per share are based on the weighted average number of common shares outstanding without consideration of common stock equivalents. Diluted net income per share are based on the weighted average number of common shares and common stock equivalents. The diluted net income per share calculation takes into account unvested restricted shares and the shares that may be issued upon exercise of stock options, reduced by shares that may be repurchased with the funds received from the exercise, based on the average price during the fiscal year.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all accounting standards updates ("ASUs"). Management periodically reviews new accounting standards that are issued.

New Accounting Pronouncements Recently Adopted

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350), which includes provisions, intended to simplify the test for goodwill impairment. The standard is effective for annual periods beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company has adopted this guidance using prospective transition method, which had no material impact on its unaudited condensed consolidated financial statements and related disclosures.

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In February 2016, the FASB issued ASU 2016-02, "Leases: Amendments to the FASB Accounting Standards Codification (Topic 842)". This ASU requires the Company to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms of more than twelve months. This ASU also requires disclosures enabling the users of financial statements to understand the amount, timing and uncertainty of cash flows arising from leases. In addition, the FASB provided a practical expedient transition method that allows entities to initially apply the requirements by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, as opposed to applying the requirements retrospectively and providing comparative prior period financial statements.

The Company adopted the new standard on February 1, 2019, the first day of fiscal 2020, and applied the above practical expedient transition method. The Company elected certain other transition options which, among other things, allowed the Company to carry forward its prior conclusions about lease identification and classification. Upon adoption of the new standard, the Company recognized approximately \$2.3 million of right-of-use ("ROU") assets and lease liabilities. Adoption of the new standard did not have a material impact on the Company's consolidated statements of income or consolidated statements of cash flows. Refer to Note 10 for additional information and disclosures related to the adoption of ASC 842.

New Accounting Pronouncements Not Yet Adopted

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes. The ASU removes certain exceptions for performing intra-period allocation and calculating income taxes in interim periods. It also simplifies the accounting for income taxes by requiring recognition of franchise tax partially based on income as an income-based tax, requiring reflection of enacted changes in tax laws in the interim period and making improvements for income taxes related to employee stock ownership plans. ASU 2019-12 is effective for fiscal years and interim periods within those years, beginning after December 15, 2020. Early adoption is permitted, including adoption in any interim period for which financial statements have not been issued. The Company is currently evaluating the impact the standard will have on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The ASU provides optional guidance to ease the potential burden in accounting for reference rate reform on financial reporting in response to the risk of cessation of the London Interbank Offered Rate (LIBOR). This amendment provides for optional expedients and exceptions for applying generally accepted accounting principles to contracts and hedging relationships that are affected by LIBOR and other reference rates. The ASU generally allows for a hedge accounting to continue if the hedge was highly effective or met other standards prior to reference rate reform. Entities are permitted to apply the amendments to all contracts, cash flow and net investment hedge relationships that exist as of March 12, 2020. The relief provided in this ASU is only available for a limited time, generally through December 31, 2022. Our debt agreement that utilizes LIBOR has not yet discontinued the use of LIBOR and, therefore, this ASU is not yet effective for us. To the extent our debt arrangements change to another accepted rate, we will utilize the relief available in this ASU.

No other recently issued accounting pronouncements had or are expected to have a material impact on the Company's consolidated financial statements.

2. INVENTORIES

Inventories consist of the following (in \$000s):

	January 31,	
	2021	2020
Raw materials	\$ 18,941	\$ 17,661
Work-in-process	409	670
Finished goods	27,047	28,593
Excess and obsolete adjustments	(2,564)	(2,686)
	\$ 43,833	\$ 44,238

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3. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	Useful Life in Years	January 31,	
		2021 (000's)	2020 (000's)
Machinery and equipment	3-10	\$ 5,095	\$ 4,559
Furniture and fixtures	3-10	1,065	906
Leasehold improvements	Lease term	1,735	1,598
Computer hardware and software	3	4,652	3,953
Land and building	20-30	9,183	9,182
		21,730	20,198
Less accumulated depreciation and amortization		(12,007)	(10,176)
Construction-in-progress		96	91
		<u>\$ 9,819</u>	<u>\$ 10,113</u>

Depreciation and amortization expense for FY21 and FY20 amounted to \$2.0 million and \$1.6 million, respectively.

4. LONG-TERM DEBT

Revolving Credit Facility

On June 25, 2020, the Company entered into a Loan Agreement (the "Loan Agreement") with Bank of America ("Lender"). The Loan Agreement provides the Company with a secured (i) \$12.5 million revolving credit facility, which includes a \$5.0 million letter of credit sub-facility. The Company may request from time to time an increase in the revolving credit loan commitment of up to \$5.0 million (for a total commitment of up to \$17.5 million). Borrowing pursuant to the revolving credit facility is subject to a borrowing base amount calculated as (a) 80% of eligible accounts receivable, as defined, plus (b) 50% of the value of acceptable inventory, as defined, minus (c) certain reserves as the Lender may establish for the amount of estimated exposure, as reasonably determined by the Lender from time to time, under certain interest rate swap contracts. The borrowing base limitation only applies during periods when the Company's quarterly funded debt to EBITDA ratio, as defined, exceeds 2.00 to 1.00. The credit facility will mature on June 25, 2025.

Borrowings under the revolving credit facility bear interest at a rate per annum equal to the sum of the LIBOR Daily Floating Rate ("LIBOR"), plus 125 basis points. LIBOR is subject to a floor of 100 basis points. All outstanding principal and unpaid accrued interest under the revolving credit facility is due and payable on the maturity date. On a one-time basis, and subject to there not existing an event of default, the Company may elect to convert up to \$5 million of the then outstanding principal of the revolving credit facility to a term loan facility with an assumed amortization of 15 years and the same interest rate and maturity date as the revolving credit facility. The Loan Agreement provides for an annual unused line of credit commitment fee, payable quarterly, of 0.25%, based on the difference between the total credit line commitment and the average daily amount of credit outstanding under the facility during the preceding quarter.

The Company made certain representations and warranties to the Lender in the Loan Agreement that are customary for credit

arrangements of this type. The Company also agreed to maintain, as of the end of each fiscal quarter, a minimum “basic fixed charge coverage ratio” (as defined in the Loan Agreement) of at least 1.15 to 1.00 and a “funded debt to EBITDA ratio” (as defined in the Loan Agreement) not to exceed 3.00 to 1.00, in each case for the trailing 12-month period ending with the applicable quarterly reporting period. The Company also agreed to certain negative covenants that are customary for credit arrangements of this type, including restrictions on the Company’s ability to enter into mergers, acquisitions or other business combination transactions, conduct its business, grant liens, make certain investments, make substantial change in the present executive or management personnel and incur additional indebtedness, which negative covenants are subject to certain exceptions.

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The Loan Agreement contains customary events of default that include, among other things (subject to any applicable cure periods and materiality qualifier), non-payment of principal, interest or fees, defaults under related agreements with the Lender, cross-defaults under agreements for other indebtedness, violation of covenants, inaccuracy of representations and warranties, bankruptcy and insolvency events, material judgements and material adverse change. Upon the occurrence of an event of default, the Lender may terminate all loan commitments, declare all outstanding indebtedness owing under the Loan Agreement and related documents to be immediately due and payable, and may exercise its other rights and remedies provided for under the Loan Agreement.

In connection with the Loan Agreement, the Company entered into with the Lender (i) a security agreement dated June 25, 2020,

pursuant to which the Company granted to the Lender a first priority perfected security interest in substantially all of the personal property and the intangibles of the Company, and (ii) a pledge agreement, dated June 25, 2020, pursuant to which the Company granted to the Lender a first priority perfected security interest in the stock of its subsidiaries (limited to 65% of those subsidiaries that are considered “controlled foreign subsidiaries” as set forth in the Internal Revenue Code and regulations). The Company’s obligations to the Lender under the Loan Agreement are also secured by a negative pledge evidenced by a Non-encumbrance Agreement covering the real property owned by the Company in Decatur, Alabama

As of January 31, 2021, the Company had no borrowings outstanding on the letter of credit sub-facility and no borrowings outstanding under the revolving credit facility.

Prior to the execution of the Loan Agreement with Bank of America, the Company repaid a \$1.2 million term loan that was outstanding under a similar agreement with SunTrust Bank. The Company has terminated the borrowing agreement with SunTrust Bank.

Borrowings in UK

On December 31, 2014, the Company and Lakeland Industries Europe, Ltd, (“Lakeland UK”), a wholly owned subsidiary of the Company, amended the terms of its existing line of credit facility with HSBC Bank to provide for (i) a one-year extension of the maturity date of the existing financing facility to December 19, 2016, (ii) an increase in the facility limit from £1,250,000 (approximately USD \$1.9 million, based on exchange rates at time of closing) to £1,500,000 (approximately USD \$2.3 million, based on exchange rates at time of closing), and (iii) a decrease in the annual interest rate margin from 3.46% to 3.0%. In addition, pursuant to a letter agreement dated December 5, 2014, the Company agreed that £400,000 (approximately USD \$0.6 million, based on exchange rates at time of closing) of the note payable by the UK subsidiary to the Company shall be subordinated in priority of payment to the subsidiary’s obligations to HSBC under the financing facility. On December 31, 2016, Lakeland UK entered into an extension of the maturity date of its existing facility with HSBC Invoice Finance (UK) Ltd. to December 19, 2017. Other than the extension of the maturity date and a reduction of the service charge from 0.9% to 0.85%, all other terms of the facility remained the same. On December 4, 2017 the facility was extended to March 31, 2018 for the next review period. On March 9, 2019 the facility was extended to March 31, 2020 and on March 6, 2020 further extended to March 31, 2021 with no additional changes to the terms. There were no borrowings outstanding under this facility at January 31, 2021 and January 31, 2020. The amounts due from HSBC of \$2.0 million and \$0.1 million as of January 31, 2021, and January 31, 2020, respectively, is included in other current assets on the accompanying consolidated balance sheets.

5. CONCENTRATION OF RISK

Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents, and trade receivables. Concentration of credit risk with respect to trade receivables is generally diversified due to the large number of entities comprising the Company’s customer base and their dispersion across geographic areas principally within the United States. The Company routinely addresses the financial strength of its customers and, as a consequence, believes that its receivable credit risk exposure is limited. The Company does not require customers to post collateral.

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The Company's foreign financial depositories are Bank of America; China Construction Bank; Bank of China; China Industrial and Commercial Bank; HSBC (UK); Rural Credit Cooperative of Shandong; Postal Savings Bank of China; Punjab National Bank; HSBC in India, Argentina and UK; Raymond James in Argentina; TD Canada Trust; Banco Itaú S.A., Banco Credito Inversione in Chile; Banco Mercantil Del Norte SA in Mexico; ZAO KB Citibank Moscow in Russia, and JSC Bank Centercredit in Kazakhstan. The Company monitors its financial depositories by their credit rating which varies by country. In addition, cash balances in banks in the United States of America are insured by the Federal Deposit Insurance Corporation subject to certain limitations. There was approximately \$14.3 million total included in the U.S. bank accounts and approximately \$38.2 million total in foreign bank accounts as of January 31, 2021, of which \$51.9 million was uninsured.

Major Customer

No customer accounted for more than 10% of net sales during FY21 and FY20.

Major Supplier

No vendor accounted for more than 10% of purchases during FY21 and FY20.

6. STOCKHOLDERS' EQUITY

The 2017 Plan

On June 21, 2017, the stockholders of the Company approved the Lakeland Industries, Inc. 2017 Equity Incentive Plan (the "2017 Plan") at the Annual Meeting of Stockholders. The executive officers and all other employees and directors of the Company, including its subsidiaries, are eligible to participate in the 2017 Plan. The 2017 Plan is administered by the Compensation Committee of the Board of Directors (the "Committee"), except that with respect to all non-employee directors, the Committee shall be deemed to include the full Board. The 2017 Plan provides for the grant of equity-based compensation in the form of stock options, restricted stock, restricted stock units, performance shares, performance units, or stock appreciation rights ("SARS").

The Committee has the authority to determine the type of award, as well as the amount, terms and conditions of each award, under the 2017 Plan, subject to the limitations and other provisions of the 2017 Plan. An aggregate of 360,000 shares of the Company's common stock are authorized for issuance under the 2017 Plan, subject to adjustment as provided in the 2017 Plan for stock splits, dividends, distributions, recapitalizations and other similar transactions or events. If any shares subject to an award are forfeited, expire, lapse or otherwise terminate without issuance of such shares, such shares shall, to the extent of such forfeiture, expiration, lapse or termination, again be available for issuance under the 2017 Plan.

The Company recognizes expense related to performance-based restricted share awards over the requisite performance period using the straight-line attribution method based on the most probable outcome (Minimum, Target, Maximum, Cap or Zero) at the end of the performance period and the price of the Company's common stock price at the date of grant. During FY20, The 2017 grants actually expired unvested on January 31, 2020 (described above) that will be earned for the designated performance period. Based on actual EBITDA achieved by the Company in FY20, it was deemed improbable that such performance would meet even the Minimum level required for the 2017 and 2018 grants to vest. As a result, stock-based compensation expense for the 2017 and 2018 grants was adjusted to account for the change in estimate. The total amount of previously recognized stock-based compensation attributable to

the 2017 and 2018 grants that was reversed was approximately \$0.8 million. Due to significantly increased profitability during FY21, the Company has determined that it is probable that the 2018 grants will now vest and has recorded approximately \$0.8 million in stock based compensation expense in FY21. The 2017 grants expired unvested on January 31, 2020.

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The Company recognized total stock-based compensation costs, which are reflected in operating expenses:

Year Ended January 31,

	<u>2021</u>	<u>2020</u>
2017 Plan:		
Restricted Stock Program	\$ 1,668,710	\$ (404,764)
Stock Options	58,183	27,577
	<u>\$ 1,726,893</u>	<u>\$ (377,187)</u>
Stock appreciation rights	\$ —	\$ (25,559)
Total stock-based compensation	<u>\$ 1,726,893</u>	<u>\$ (402,746)</u>
Total income tax benefit (expense) recognized for stock-based compensation arrangements	<u>\$ 362,647</u>	<u>\$ (85,577)</u>

Restricted Stock

Under the 2017 Plan, as described above, the Company awarded performance-based shares and service-based restricted stock units to eligible employees and directors. The following table summarizes the activity under the 2017 Plan for the year ended January 31, 2021. This table reflects the amount of awards granted at the number of shares that would be vested if the Company were to achieve the cap performance level under the June 2018 grants and maximum performance level under the December 2019 and April 2020 grants.

	<u>Performance- Based</u>	<u>Service- Based</u>	<u>Total</u>	<u>Weighted Average Grant Date Fair Value</u>
Outstanding at January 31, 2020	169,293	9,930	179,223	\$ 11.54
Awarded	75,917	21,000	96,917	\$ 16.38
Vested	—	—	—	—
Forfeited	—	—	—	—
Outstanding at January 31, 2021	245,210	30,930	276,140	\$ 13.24

The actual number of shares of common stock of the Company, if any, to be earned by the award recipients is determined over a three year performance measurement period based on measures that include Earnings Before Interest Taxes Depreciation and Amortization (“EBITDA”) with respect to the June 7, 2018 grant and revenue growth, EBITDA margin, and cash flow for the December 4, 2019 and April 8, 2020 grants. The performance targets have been set for each of the Minimum, Target, and Maximum levels. The actual performance amount achieved is determined by the Board and may be adjusted for items determined to be unusual in nature or infrequent in occurrence, at the discretion of the Board.

The compensation cost is based on the fair value at the grant date, is recognized over the requisite performance/service period using the straight-line method, and is periodically adjusted for the probable number of shares to be awarded. As of January 31, 2021, unrecognized stock-based compensation expense totaled \$1.3 million pursuant to the 2017 Plan based on outstanding awards under the Plan. This expense is expected to be recognized over approximately two years.

Stock Repurchase Program

On July 19, 2016, the Company’s board of directors approved a stock repurchase program under which the Company may repurchase up to \$2,500,000 of its outstanding common stock. During the year ended January 31, 2021, the Company did not repurchase any shares. The Company has repurchased 152,801 shares of stock under this program as of January 31, 2021 for \$1,671,188, inclusive, of commissions. On February 17, 2021, the Company’s Board of Directors authorized a new stock repurchase program under which the Company may repurchase up to \$5,000,000 of its outstanding common stock. This new program replaced the prior program which had approximately \$800,000 remaining for repurchases.

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Warrant

In October 2014, the Company issued a five-year warrant that is immediately exercisable to purchase up to 55,500 shares of the Company's common stock at an exercise price of \$11.00 per share. During FY20, such warrant expired.

7. INCOME TAXES

The provision for income taxes is based on the following pretax income (loss):

	Years Ended January 31,	
	2021	2020
Domestic and Foreign Pretax Income		
Domestic	\$ 8,414	\$ 466
Foreign	35,466	5,287
Total	<u>\$ 43,880</u>	<u>\$ 5,753</u>
	Years Ended January 31,	
	2021	2020
Income Tax Expense		
Current:		
Federal	\$ 41	\$ 16
State and other taxes	54	38
Foreign	<u>5,408</u>	<u>1,090</u>
Total Current Tax Expense	\$ 5,503	\$ 1,144
Deferred:		
Domestic	\$ 3,271	\$ 1,328
Total Income Taxes	<u>\$ 8,774</u>	<u>\$ 2,472</u>

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The following is a reconciliation of the effective income tax rate to the Federal statutory rate:

	Years Ended January 31,	
	2021	2020
Statutory rate	21.00%	21.00%
State Income Taxes, Net of Federal Tax Benefit	0.90	4.47
Adjustment to Deferred	0.29	0.70
GILTI	4.43	17.96
Permanent Differences	(0.09)	2.47
Valuation Allowance-Deferred Tax Asset	2.20	—
Foreign Tax Credit	(7.61)	—
Foreign Dividend & Subpart F	2.14	—
Foreign Rate Differential	(4.01)	(3.51)
Rate Change	----	0.20
Other	0.74	(0.32)
Effective Rate	<u>19.99%</u>	<u>42.97%</u>

The tax effects of temporary cumulative differences which give rise to deferred tax assets are summarized as follows:

	Years Ended January 31,	
	2021	2020
Deferred tax assets:		
Inventories	\$ 902	\$ 672
US tax loss carryforwards, including work opportunity credit*	167	3,524
Accounts receivable and accrued rebates	378	247
Accrued compensation and other	302	179
India reserves - US deduction	43	45
Equity based compensation	535	171
Foreign tax credit carry-forward	2,430	1,348
State and local carry-forwards	805	990
Argentina timing difference	(28)	43
Depreciation and other	(52)	55
Amortization	(213)	(206)
Brazil write-down	220	220
Right-of-use asset	(239)	549
Operating lease liability	241	(550)
Deferred tax asset	<u>5,491</u>	<u>7,287</u>
Less valuation allowance	(2,652)	(1,348)
Net deferred tax asset	<u>\$ 2,839</u>	<u>\$ 5,939</u>

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Tax Reform

On December 22, 2017, federal tax reform legislation was enacted in the United States, resulting in significant changes from previous tax law. The 2017 Tax Cuts and Jobs Act (the Tax Act) reduced the federal corporate income tax rate to 21% from 35% effective January 1, 2018. The Tax Act requires us to recognize the effect of the tax law changes in the period of enactment, such as determining the transition tax, re-measuring our US deferred tax assets as well as reassessing the net realizability of our deferred tax assets. The Company completed this re-measurement and reassessment in FY18. While the Tax Act provides for a modified territorial tax system, beginning in 2018, it includes two new U.S. tax base erosion provisions, the global intangible low-taxed income (“GILTI”) provisions and the base-erosion and anti-abuse tax (“BEAT”) provisions. The GILTI provisions require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary’s tangible assets. Re-measurement and reassessment of the GILTI tax resulted in a charge to tax expense of \$1.1 million and \$1.0 million in FY21 and FY20, respectively. The Company intends to account for the GILTI tax in the period in which it is incurred. Though this non-cash expense (due to available NOL’s) had a materially negative impact on FY21 earnings, the Tax Act also changes the taxation of foreign earnings, and companies generally will not be subject to United States federal income taxes upon the receipt of dividends from foreign subsidiaries.

We previously considered substantially all of the earnings in our non-U.S. subsidiaries to be indefinitely reinvested outside the U.S. and, accordingly, recorded no deferred income taxes on such earnings. At this time, the applicable provisions of the Tax Act have been fully analyzed and our intention with respect to unremitted foreign earnings is to continue to indefinitely reinvest outside the U.S. those earnings needed for working capital or additional foreign investment. As stated above, GILTI is recognized in the period it is incurred and is not considered with regard to deferred income tax on unremitted E&P. All international subsidiaries are impacted by GILTI calculation.

Income Tax Audits

The Company is subject to US federal income tax, as well as income tax in multiple US state and local jurisdictions and a number of foreign jurisdictions. Returns for the years since FY17 are still open based on statutes of limitation only.

Chinese tax authorities have performed limited reviews on all Chinese subsidiaries as of tax years 2008 through 2018 with no significant issues noted and we believe our tax positions are reasonably stated as of January 31, 2021. Weifang Meiyang Products Co., Ltd. (“Meiyang”), one of our Chinese operations, was changed to a trading company from a manufacturing company in Q1 FY16 and all direct workers and equipment were transferred from Meiyang to Weifang Lakeland Safety Products Co., Ltd., (“WF”), another entity of our Chinese operation thereby reducing our tax exposure. The 2019 tax review will be performed before May 30, 2020 in China.

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As mentioned above, it's the Company's intention is to reinvest outside the US those earnings needed for working capital or foreign investment. As a result of the transition tax, \$5.0 million of foreign income was repatriated at the end of FY18. However, the Company has no intention to repatriate earnings with regards with GILTI. It is not practicable to determine the amount of unrecognized deferred tax liabilities related to the Company's investments in foreign subsidiaries that are permanent in duration. the fiscal year ended January 31, 2021, no dividends were declared. It is the Company's practice and intention to reinvest the earnings of our non-US subsidiaries in their operations with the exception of the dividend plan.

Change in Valuation Allowance

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. The valuation allowance for the year ended January 31, 2021 and January 31, 2020 was \$2.7 million and \$1.3 million respectively.

8. NET INCOME PER SHARE

The following table sets forth the computation of basic and diluted net income per share as follows:

	Years Ended January 31, (000's except share information)	
	2021	2020
Numerator - Net Income	\$ 35,106	\$ 3,281
Denominator for basic net income per share (weighted-average shares which reflect 509,242 shares in the treasury at January 31, 2021 and 2020)	7,977,683	8,005,927
Effect of dilutive securities from restricted stock plan and from dilutive effect of stock options	163,506	31,092
Denominator for diluted net income per share (adjusted weighted average shares)	8,141,189	8,037,019
Basic net income per share	\$ 4.40	\$ 0.41
Diluted net income per share	\$ 4.31	\$ 0.41

9. Derivative Instruments and Foreign Currency Exposure

The Company is exposed to foreign currency risk. Management has commenced a derivative instrument program to partially offset this risk by purchasing forward contracts to sell the Canadian Dollar and the Euro other than the cash flow hedge discussed below. Such contracts are largely timed to expire with the last day of the fiscal quarter, with a new contract purchased on the first day of the following quarter, to match the operating cycle of the Company. We designated the forward contracts as derivatives but not as hedging instruments, with loss and gain recognized in current earnings.

The Company accounts for its foreign exchange derivative instruments by recognizing all derivatives as either assets or liabilities at fair value, which may result in additional volatility in current period earnings or other comprehensive income, depending whether the instrument was designated as a cash flow hedge, as a result of recording recognized and unrecognized gains and losses from changes in the fair value of derivative instruments.

We have one type of derivatives to manage the risk of foreign currency fluctuations.

We entered into forward contracts with financial institutions to manage our currency exposure related to net assets and liabilities denominated in foreign currencies. Those forward contract derivatives, not designated as hedging instruments, were generally settled quarterly. Gain and loss on those forward contracts are included in current earnings. There were no outstanding forward contracts at January 31, 2021 or 2020.

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10. COMMITMENTS AND CONTINGENCIES

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such

proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been or is probable of being incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

The Company's Exit from Brazil

On March 9, 2015, Lakeland Brazil, S.A. changed its legal form to a Limitada and changed its name to Lake Brasil Industria E Comercio de Roupas E Equipamentos de Protecao Individual LTDA ("Lakeland Brazil").

Transfer of Shares Agreement

On July 31, 2015 (the "Closing Date"), Lakeland and Lakeland Brazil, completed a conditional closing of a Shares Transfer Agreement (the "Shares Transfer Agreement") with Zap Comércio de Brindes Corporativos Ltda ("Transferee"), a company owned by an existing Lakeland Brazil manager, entered into on June 19, 2015. Pursuant to the Shares Transfer Agreement, the Transferee has acquired all of the shares of Lakeland Brazil owned by the Company. Pursuant to the Shares Transfer Agreement, Transferee paid R\$1.00 to the Company and assumed all liabilities and obligations of Lakeland Brazil, whether arising prior to, on or after the Closing Date. In order to help enable Lakeland Brazil to have sufficient funds to continue to operate for a period of at least two years following the Closing Date, the Company provided funding to Lakeland Brazil in the aggregate amount of USD \$1,130,000 in cash, in the form of a capital raise, on or prior to the Closing Date, and agreed to provide an additional R\$582,000 (approximately USD \$188,000) (the "Additional Amount"), in the form of a capital raise, to be utilized by Lakeland Brazil to pay off certain specified liabilities and other potential contingent liabilities. Pursuant to the Shares Transfer Agreement, the Company paid R\$992,000 (approximately USD \$320,000) in cash, on July 1, 2015 and issued a non-interest bearing promissory note for the payment to be due for the Additional Amount (R\$582,000) (approximately USD \$188,000) on the Closing Date which was paid to Lakeland Brazil in two (2) installments of (i) R\$288,300 (approximately USD \$82,000) which was paid on August 1, 2015, and (ii) R\$294,500 (approximately USD \$84,000) on September 1, 2015. The closing of this agreement was subject to Brazilian government approval of the shares transfer, which was received in October 2015 (The "Final Closing Date").

Although the Company formally completed the terms of the "Shares Transfer Agreement", pursuant to which our entire equity interest in our former Brazilian subsidiary ("Lakeland Brazil") was transferred, during the fiscal year ended January 31, 2016, we may continue to be exposed to certain liabilities arising in connection with the operations of Lakeland Brazil, which was shut down in late March 2019. The Company understands that under the laws of Brazil, a parent company may be held liable for the liabilities of a former Brazilian subsidiary in the event of fraud, misconduct, or under various theories. In this respect, as regards labor claims, a parent company could conceivably be held liable for the liabilities of a former Brazilian subsidiary. Although the Company would have the right of adversary system, full defense and due process, in case of a potential litigation, there can be no assurance as to the findings of the courts in Brazil.

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VAT Tax Issues in Brazil

Value Added Tax ("VAT") in Brazil is charged at the state level. We commenced operations in Brazil in May 2008 through the acquisition of Lakeland Brazil. Having successfully settled that largest of the VAT claims against Lakeland Brazil, three claims remain open. Our attorney informs us the three claims totaling R\$1.3 million (USD \$0.5 million) excluding interest, penalties and fees of R\$2.7 million (USD \$0.9 million) were likely to be successfully defended based on state auditor misunderstanding. Furthermore, with regards to foreign tax claims, our US attorney informs us that the US courts will not hear foreign tax claims and therefore will not enforce them.

Labor Claims in Brazil

As disclosed in our periodic filings with the SEC, we agreed to make certain payments in connection with ongoing labor litigation involving our former Brazilian subsidiary. While the vast majority of these labor suits have been resolved, two significant claims remain; one labor claim and one civil claim filed by separate former officers of our former Brazilian subsidiary. While Lakeland was initially named as a co-defendant in the labor suit, Lakeland was dismissed from the case by the labor judge. Lakeland is a named co-defendant in the civil matter.

In the labor case filed in 2014, the former Brazilian manager was initially awarded USD \$100,000 and appealed the award amount. Having recently completed that appeals process, the case has been returned to the initial hearing phase for witness testimony and collection of evidence before the same judge that previously dismissed Lakeland. Currently, Lakeland is not a co-defendant in this case, but that could change should the judge change his prior ruling.

In the civil matter, a former Lakeland Brazil manager is seeking approximately USD \$700,000 he alleges is due to him against an unpaid promissory note. Lakeland has not been served with process and no decision on the merits has been issued in this case yet.

These two cases are the only two cases filed within the last 5 years and represent the majority of the remaining exposure for Lakeland.

Lakeland Brazil may face new labor lawsuits in the short term as a result of the shutdown of its operations in March 2019. The Company has no obligation under the Shares Transfer Agreement to make any additional payments in connection with these potential new labor lawsuits. The Company also understands that under the labor laws of Brazil, a parent company may be held liable for the labor liabilities of a former Brazilian subsidiary in the case of fraud, misconduct, or under various theories.

Although the Company would have the right of adversary system, full defense and due process in case of a potential litigation, there can be no assurance as to the findings of the courts of Brazil.

There are additional cases in Labor and Civil courts against Lakeland Brazil in which Lakeland is not a party, and other outstanding monetary allegations of Lakeland Brazil.

In FY19, the Company recorded an additional accrual of \$1.2 million for professional fees and litigation reserves associated with labor claims in Brazil. In FY20 the Company recorded an additional expense of \$0.4 million and paid \$1.4 million in professional fees and labor claims. The accrual on the balance sheet at January 31, 2021 and 2020 is \$0.03 million and \$0.2 million, respectively.

General litigation contingencies

The Company is involved in various litigation proceedings arising during the normal course of business which, in the opinion of the

management of the Company, will not have a material effect on the Company's financial position, results of operations or cash flows; however, there can be no assurance as to the ultimate outcome of these matters. As of January 31, 2021, to the best of the Company's knowledge, there were no outstanding claims or litigation, except for the labor contingencies in Brazil described above.

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Leases

We lease real property, equipment and automobiles. The Company made the accounting policy election to account for short-term leases as described herein. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

The Company determines if a contract contains a lease at inception. US GAAP requires that the Company's leases be evaluated and classified as operating or finance leases for financial reporting purposes. The classification evaluation begins at the commencement date and the lease term used in the evaluation includes the non-cancellable period for which the Company has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option would result in an economic penalty. All of the Company's real estate leases are classified as operating leases.

Most of our real estate leases include one or more options to renew, with renewal terms that generally can extend the lease term for an additional four to five years. The exercise of lease renewal options is at the Company's discretion. The Company evaluates renewal options at lease inception and on an ongoing basis, and includes renewal options that it is reasonably certain to exercise in its expected lease terms when classifying leases and measuring lease liabilities. Lease agreements generally do not require material variable lease payments, residual value guarantees or restrictive covenants.

Lease cost

The components of lease expense are included on the consolidated statement of operations as follows (in 000's):

	Classification	Year Ended January 31, 2021
Operating lease cost	Cost of goods sold	\$ 727
	Operating expenses	\$ 625
Short-term lease cost		\$ 176

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Maturity of Lease Liabilities

Maturity of lease liabilities as of January 31, 2021 was as follows (in \$000's):

Year ending January 31,	Operating Leases (a)
2022	\$ 1,019
2023	784
2024	141
2025	94
2026	94
Thereafter	377
Total lease payments	2,509
Less: Interest	128
Present value of lease liability	\$ 2,381

Weighted-average lease terms and discount rates are as follows:

	January 31, 2021
Weighted-average remaining lease term (years)	

Operating leases	3.96
Weighted-average discount rate	
Operating leases	7.15%

Supplemental cash flow information related to leases were as follows (in 000's):

	Year Ended January 31, 2021
Cash paid for amounts included in the measurement of lease liabilities;	
Operating cash flows from operating leases	\$ 1,154
Leased assets obtained in exchange for new operating lease liabilities	\$ 981

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11. SEGMENT REPORTING

Domestic and international sales from continuing operations are as follows in millions of dollars:

	Year Ended January 31,	
	2021	2020
Domestic	\$ 70.59	\$ 55.89
International	88.41	51.92
Total	\$ 159.00	\$ 107.81

We manage our operations by evaluating each of our geographic locations. Our US operations include a facility in Alabama (primarily the distribution to customers of the bulk of our products and the light manufacturing of our chemical, wovens, reflective, and fire products). The Company also maintains one manufacturing company in China (primarily disposable and chemical suit production), a manufacturing facility in Mexico (primarily disposable, reflective, fire and chemical suit production), a manufacturing facility in

Vietnam (primarily disposable production) and a small manufacturing facility in India. Our China facilities produce the majority of the Company's products and China generates a significant portion of the Company's international revenues. We evaluate the performance of these entities based on operating profit, which is defined as income before income taxes, interest expense and other income and expenses. We have sales forces in the USA, Canada, Mexico, Europe, Latin America, India, Russia, Kazakhstan and China, which sell and distribute products shipped from the United States, Mexico, India or China. The table below represents information about reported segments for the years noted therein:

	Year Ended January 31,	
	2021	2020
	(in millions of dollars)	
Net Sales		
USA Operations (including Corporate)	\$ 73.91	\$ 61.15
Other foreign	11.89	6.59
Europe (UK)	16.80	9.35
Mexico	6.80	4.03
Asia	90.95	58.12
Canada	13.61	9.68
Latin America	12.40	8.58
Less intersegment sales	(67.37)	(49.69)
Consolidated sales	<u>\$ 159.00</u>	<u>\$ 107.81</u>
External Sales		
USA Operations (including Corporate)	\$ 70.59	\$ 55.89
Other foreign	9.03	3.66
Europe (UK)	16.80	9.35
Mexico	5.70	2.82
Asia	31.22	18.15
Canada	13.61	9.64
Latin America	12.05	8.30
Consolidated external sales	<u>\$ 159.00</u>	<u>\$ 107.81</u>
Intersegment Sales		
USA Operations (including Corporate)	\$ 3.32	\$ 5.25
Other foreign	2.87	2.95
Mexico	1.10	1.21
Asia	59.73	39.96
Canada	—	0.03
Latin America	0.35	0.29
Consolidated intersegment sales	<u>\$ 67.37</u>	<u>\$ 49.69</u>

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	Year Ended January 31,	
	2021	2020
	(in millions of dollars)	
Operating Profit (Loss):		
USA Operations (including Corporate)	\$ 8.38	\$ 0.44
Other foreign	4.67	0.46
Europe (UK)	4.83	—
Mexico	—	(0.84)
Asia	21.65	4.35
Canada	2.28	0.98
Latin America	3.59	0.36
Less intersegment (profit) loss	(1.55)	0.13
Consolidated operating profit	<u>\$ 43.85</u>	<u>\$ 5.88</u>
Depreciation and Amortization Expense:		
USA Operations (including Corporate)	\$ 0.87	\$ 0.87
Other foreign	0.05	0.03
Europe (UK)	0.01	—
Mexico	0.18	0.15
Asia	0.73	0.55
Canada	0.09	0.10
Latin America	0.04	0.04
Less intersegment	(0.01)	(0.09)
Consolidated depreciation and amortization expense	<u>\$ 1.96</u>	<u>\$ 1.65</u>
Interest Expense:		
USA Operations (including Corporate)	\$ 0.01	\$ 0.06
Europe (UK)	—	0.01
Latin America	0.01	0.05
Consolidated interest expense	<u>\$ 0.02</u>	<u>\$ 0.12</u>
Income Tax Expense (Benefit):		
USA Operations (including Corporate)	\$ 3.37	\$ 1.38
Other foreign	0.74	—
Europe (UK)	0.88	—
Mexico	—	(0.12)
Asia	2.68	0.94
Canada	0.64	0.35
Latin America	0.69	(0.08)

Less intersegment	(0.22)	0.01
Consolidated income tax expense	<u>\$ 8.77</u>	<u>\$ 2.48</u>

Total Assets:		
USA Operations (including Corporate)	\$ 76.53	\$ 88.08
Other foreign	8.74	1.69
Europe (UK)	11.33	4.52
Mexico	5.68	5.00
Asia	64.20	44.22
Canada	8.03	6.09
Latin America	7.07	5.77
Less intersegment	(41.66)	(55.96)
Consolidated assets	<u>\$ 139.92</u>	<u>\$ 99.41</u>
Total Assets Less Intersegment:		
USA Operations (including Corporate)	\$ 52.31	\$ 49.94
Other foreign	8.37	3.41
Europe (UK)	11.33	4.52
Mexico	5.62	5.16
Asia	47.29	24.65
Canada	8.03	6.07
Latin America	6.97	5.66
Consolidated assets	<u>\$ 139.92</u>	<u>\$ 99.41</u>
Property and Equipment:		
USA Operations (including Corporate)	\$ 3.05	\$ 3.32
Other foreign	0.25	0.15
Europe (UK)	—	0.01
Mexico	2.34	2.17
Asia	2.94	3.19
Canada	1.06	1.15
Latin America	0.08	0.04
Less intersegment	0.09	0.08
Consolidated long-lived assets	<u>\$ 9.81</u>	<u>\$ 10.11</u>
Capital Expenditures:		
USA Operations (including Corporate)	\$ 0.59	\$ 0.25
Other foreign	0.16	0.01
Europe (UK)	0.01	0.01
Mexico	0.35	0.17
Asia	0.49	0.58
Canada	—	—
Latin America	0.08	0.01
Consolidated capital expenditure	<u>\$ 1.68</u>	<u>\$ 1.03</u>
Goodwill:		
USA Operations (including Corporate)	\$ 0.87	\$ 0.87
Consolidated goodwill	<u>\$ 0.87</u>	<u>\$ 0.87</u>

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on their evaluation as of the end of the period covered by this Form 10-K, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including the principal executive officer and principle financial officer, as appropriate to allow timely decisions regarding required disclosure.

Remediation of Material Weakness

In connection with our audit of the fiscal year 2020 consolidated financial statements, we and our independent registered public accounting firm determined that we had material weaknesses in our internal control over financial reporting. These material weaknesses primarily pertained to process-level controls over product costing and valuation process to ensure the appropriate valuation of the inventory on hand at year-end.

During the year ended January 31, 2021, we implemented enhanced procedures to remediate the deficiencies in our internal control over financial reporting that resulted in the material weakness. Specific remedial actions undertaken by management included, without limitation:

- evaluating and remediating the design of controls related to bill of material changes;
- evaluating and implementing consistent inventory valuation policies across all subsidiaries;
- establishing standard costs within the enterprise resource planning system; and,
- educating control owners concerning the principles and requirements of each control.

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We have completed the process of implementing the aforementioned enhancements, and believe that we have remediated the material weaknesses in our internal control over financial reporting with respect to the valuation of the inventory on hand at year end.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining effective internal control over financial reporting (ICOFR), as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process, under the supervision of the CEO and CFO, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with GAAP and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and the disposition of our assets; (2) provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with appropriate authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of January 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on our assessment and those criteria, management has concluded that the Company maintained effective internal control over financial reporting as of January 31, 2021.

Changes in Internal Control over Financial Reporting

Other than the remediation efforts described above, which were ongoing during the last fiscal quarter ended January 31, 2021, there were no other changes in the Company's internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(f) and 15d-15(f) of the Exchange Act during the quarter ended January 31, 2021 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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PART III

The information required by Part III: Item 10, Directors, Executive Officers and Corporate Governance; Item 11, Executive Compensation; Item 13, Certain Relationships and Related Transactions and Director Independence; and Item 14, Principal Accountant Fees and Services is included in and incorporated by reference to Lakeland's definitive proxy statement in connection with its Annual Meeting of Stockholders scheduled to be held in June 2021, to be filed with the Securities and Exchange Commission within 120 days following the end of Lakeland's fiscal year ended January 31, 2021. Information relating to the executive officers of the Registrant appears under Item 1 of this report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS

The information regarding security ownership of certain beneficial owners and management that is required to be included pursuant to this Item 12 is included in and incorporated by reference to Lakeland's definitive proxy statement in connection with its Annual Meeting of Stockholders scheduled to be held in June 2021.

Equity Compensation Plans

The following sets forth information relating to Lakeland's equity compensation plans as of January 31, 2021:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1) (a)	Weighted-average exercise price per share of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(1) (c)
Equity Compensation plans approved by security holders	312,829	\$ 12.94	47,171
Equity compensation plans not approved by security holders	—	—	—
Total	312,829	\$ 12.94	47,171

(1) The total reflected in column (c) includes shares available for grant as any type of equity award under our 2017 Equity Incentive Plan.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

- a. (1) Financial Statements - Covered by Report of Independent Registered Public Accounting Firm
- (A) Consolidated Statements of Income for the years ended January 31, 2021 and 2020
- (B) Consolidated Statements of Comprehensive Income for the years ended January 31, 2021 and 2020
- (C) Consolidated Balance Sheets at January 31, 2021 and 2020
- (D) Consolidated Statements of Stockholders' Equity for the years ended January 31, 2021 and 2020
- (E) Consolidated Statements of Cash Flows for the years ended January 31, 2021 and 2020
- (F) Notes to Consolidated Financial Statements
- (4) Exhibits – See (b) below
- b. Exhibits

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of Lakeland Industries, Inc., as amended (incorporated by reference to Exhibit 3.2 of Lakeland Industries, Inc.'s Form 10-Q filed December 7, 2011).
3.2	Amended and Restated Bylaws of Lakeland Industries Inc., (incorporated by reference to Exhibit 3.1 of Lakeland Industries, Inc.'s Form 8-K filed April 28, 2017).
4.2	Lakeland Industries, Inc. 2017 Equity Incentive Plan (incorporated by reference to Exhibit 4.1 of Lakeland Industries, Inc.'s Form 8-K filed June 22, 2017).
10.1	Employment Agreement dated February 11, 2021, between Allen E. Dillard and the Company (incorporated by reference to Exhibit 10.1 of Lakeland Industries, Inc. Form 8-K filed January 16, 2021).
10.2	Employment Agreement dated January 27, 2020, between Charles D. Roberson and the Company (incorporated by reference to Exhibit 10.1 of Lakeland Industries, Inc. Form 8-K filed January 29, 2020).
10.3	Form of Stock Option Certificate and Agreement (incorporated by reference to Exhibit 10.1 of Lakeland Industries, Inc. Form 10-Q filed September 9, 2019).
10.4	Lakeland Industries, Inc. Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Lakeland Industries, Inc. Form 8-K filed June 29, 2012).
10.5	Lease Agreement dated April 4, 2011, between Wallingfen Park Limited, as lessor, and Lakeland Industries, Inc., as lessee (incorporated by reference to Exhibit 10.1 of Lakeland Industries, Inc. Form 10-Q for fiscal quarter ended April 30, 2015).
10.6	Agreement for the Purchase of Debts dated January 29, 2013 between HSBC Invoice Finance (UK) Limited and Lakeland Industries Europe Limited (incorporated by reference to Exhibit 10.1 to Lakeland Industries, Inc. Form 8-K filed February 25, 2013).
10.7	Fixed Charge on Non-vesting Debts and Floating Charge dated January 29, 2013 between HSBC Invoice Finance (UK) Limited and Lakeland Industries Europe Limited (incorporated by reference to Exhibit 10.2 to Lakeland Industries, Inc. Form 8-K filed February 25, 2013).
10.8	Standard Terms & Conditions dated May 15, 2018, for the debt provided by between HSBC Invoice Finance (UK) Limited and Lakeland Industries Europe Limited (incorporated by reference to Exhibit 10.20 of Lakeland Industries, Inc.'s Form 10-K filed April 10, 2019).
10.9	Amendment to Agreement for Purchase of Debts, dated effectively as of December 3, 2014 between HSBC Invoice Finance (UK) Limited and Lakeland Industries Europe Limited (incorporated by reference to Exhibit 10.1 of Lakeland Industries, Inc.'s Form 8-K filed December 8, 2014).

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Exhibit No.	Description
10.10	Letter Agreement dated December 5, 2014, between Lakeland Industries, Inc. and HSBC Invoice Finance (UK) Ltd. (incorporated by reference to Exhibit 10.2 of Lakeland Industries, Inc.'s Form 8-K filed December 8, 2014).
10.11	Lease Agreement dated February 10, 2016, between Safety Pro, LLC, as lessor and Lakeland Industries, Inc. as lessee (incorporated by reference to Exhibit 10.55 of Lakeland Industries, Inc. Form 10-K filed April 21, 2016).
10.12	Shares Transfer Agreement, dated as of June 19, 2015, by and among Lakeland Industries, Inc., Brasil Industria E Comercio de Roupas E Equipamentos de Protecao Individual Ltda, Zap Comércio de Brindes Corporativos Ltda and Jack Nemer (incorporated by reference to Exhibit 10.1 of Lakeland Industries, Inc. Form 8-K filed June 25, 2015).
10.13	Amendment to Agreement for Purchase of Debts, dated effectively as of December 31, 2015 between Lakeland Industries Europe Ltd. and HSBC Invoice Finance (UK) Limited (incorporated by reference to Exhibit 10.1 of Lakeland Industries, Inc.'s Form 8-K filed December 8, 2014).
10.14	Lease Agreement dated December 1, 2018, between Tamash S.A., as lessor and Lakeland Argentina S.R.L. as lessee (incorporated by reference to Exhibit 10.20 of Lakeland Industries, Inc.'s Form 10-K filed April 10, 2019)
10.15	Loan Agreement, dated as of June 25, 2020, by and between Lakeland Industries, Inc. and Bank of America, N.A. (incorporated by reference to Exhibit 10.1 of Lakeland Industries, Inc.'s Form 8-K filed June 30, 2020).
10.16	Security Agreement, dated as of June 25, 2020, by and between Lakeland Industries, Inc. and Bank of America, N.A. (incorporated by reference to Exhibit 10.2 of Lakeland Industries, Inc.'s Form 8-K filed June 30, 2020).
10.17	Pledge Agreement, dated as of June 25, 2020, by and between Lakeland Industries, Inc. and Bank of America, N.A. (incorporated by reference to Exhibit 10.3 of Lakeland Industries, Inc.'s Form 8-K filed June 30, 2020).
10.18	Non-encumbrance Agreement, dated as of June 25, 2020, by Lakeland Industries, Inc. for the benefit of Bank of America, N.A. (incorporated by reference to Exhibit 10.4 of Lakeland Industries, Inc.'s Form 8-K filed June 30, 2020).
14.1	Lakeland Industries, Inc. Code of Ethics, as amended on September 29, 2017 (incorporated by reference to Exhibit 14.1 of Lakeland Industries, Inc.'s Form 10-K filed April 10, 2019)
16.1	Letter of Friedman LLP to the Securities and Exchange Commission, dated July 13, 2020. (incorporated by reference to Exhibit 14.1 of Lakeland Industries, Inc.'s Form 8-K filed July 14, 2020)
21	Subsidiaries of Lakeland Industries, Inc. (wholly owned) and jurisdictions of incorporation: Lakeland Protective Wear, Inc. (Ontario, Canada) Weifang Meiyang Protective Products Co., Ltd. (China) Weifang Lakeland Safety Products Co., Ltd. (China) Lakeland (Beijing) Safety Products Co., Ltd. (Beijing & Shanghai China) Lakeland Industries Europe Ltd. (Cardiff, United Kingdom) Industrias Lakeland S.A. de C.V. (Zacatecas, Mexico) Lakeland Industries Chile Limitado (Santiago, Chile) Indian Pan-Pacific Sales Ltd. (Hong Kong, China) Lakeland (Hong Kong) Trading Co., Ltd. (Hong Kong, China) Lakeland Argentina, SRL (Buenos Aires, Argentina) Lakeland Glove and Safety Apparel Private, Ltd. (Noida, India) Lakeland India Private Limited, New Delhi, India) RussIndProtection, Ltd. (Moscow, Russia) Art Prom, LLC (Kazakhstan, Russia) SpecProtect LLC (St. Petersburg, Russia) Lakeland (Vietnam) Industries Co., Ltd. (Nam Dinh, Vietnam) Lakeland Industries Australia Pty Ltd. (Mornington, Australia)
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm (filed herewith)
23.2	Consent of Friedman LLP, independent registered public accounting firm (filed herewith)
31.1	Certification of the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LAKELAND INDUSTRIES, INC.

Dated: April 16, 2021

By: /s/ Charles D. Roberson
Charles D. Roberson,
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Christopher J. Ryan</u> Christopher J. Ryan	Executive Chairman of the Board	April 16, 2021
<u>/s/ Charles D. Roberson</u> Charles D. Roberson	Chief Executive Officer, President, Secretary and Director (Principal Executive Officer)	April 16, 2021
<u>/s/ Allen E. Dillard</u> Allen E. Dillard	Chief Financial Officer (Principal Financial and Accounting Officer)	April 16, 2021
<u>/s/ A. John Kreft</u> A. John Kreft	Director	April 16, 2021
<u>/s/ Jeffrey Schlarbaum</u> Jeffrey Schlarbaum	Director	April 16, 2021
<u>/s/ Thomas McAteer</u> Thomas McAteer	Director	April 16, 2021
<u>/s/ James Jenkins</u> James Jenkins	Director	April 16, 2021
<u>/s/ Nikki Hamblin</u> Nikki Hamblin	Director	April 16, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-216943 and 333-200422 on Form S-3 and Registration Statement Nos. 333-144870, 333-176733, 333-183882, 333-205836 and 333-219084 on Form S-8 of our reports dated April 16, 2021, relating to the financial statements of Lakeland Industries, Inc. and the effectiveness of Lakeland Industries, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended January 31, 2021.

/s/ Deloitte & Touche LLP

Memphis, Tennessee
April 16, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the following Registration Statements on Form S-8 (No. 333-144870, No. 333-176733, No. 333-183882, No. 333-205836 and No. 333-219084) and Form S-3 (No. 333-216943 and No. 333-200422) of Lakeland Industries, Inc. of our report dated April 15, 2020 with respect to the consolidated financial statements of Lakeland Industries, Inc. and Subsidiaries (the "Company"), included in this Annual Report on Form 10-K of Lakeland Industries, Inc. for the fiscal year ended January 31, 2020.

/s/ Friedman LLP

FRIEDMAN LLP
New York, New York
April 16, 2021

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles D. Roberson, certify that:

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

Date: April 16, 2021

By: /s/ Charles D. Roberson
Chief Executive Officer, President and Secretary

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Allen E. Dillard, certify that:

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

Date: April 16, 2021

By: /s/ Allen E. Dillard
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to 18 USC. § 1350, As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002**

In connection with the filing with the Securities and Exchange Commission of the Annual Report of Lakeland Industries, Inc. (the "Company") on Form 10-K for the year ended January 31, 2021 (the "Report"), I, Charles D. Roberson, Chief Executive Officer, President and Secretary of the Company, certify, pursuant to 18 USC. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Charles D. Roberson

Charles D. Roberson
Chief Executive Officer, President and Secretary

April 16, 2021

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to 18 USC. § 1350, As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002**

In connection with the filing with the Securities and Exchange Commission of the Annual Report of Lakeland Industries, Inc. (the "Company") on Form 10-K for the year ended January 31, 2021 (the "Report"), I, Allen E. Dillard, Chief Financial Officer of the Company, certify, pursuant to 18 USC. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Allen E. Dillard

Allen E. Dillard
Chief Financial Officer

April 16, 2021