

LAKELAND INDUSTRIES INC
Form 10-K
April 16, 2019

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, 2019

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.)

3555 Veterans Memorial Highway, Suite C, Ronkonkoma, NY 11779
(Address of Principal Executive Offices) (Zip Code)

(Registrant's telephone number, including area code) (631) 981-9700

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

Common Stock \$0.01 Par Value

(Title of Class)

Name of Exchange on which registered – NASDAQ Market

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

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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. (Check one):

Large accelerated filer
Accelerated filer
Nonaccelerated filer
Smaller reporting company
Emerging growth company

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

As of July 31, 2018, the aggregate market value of the registrant's common stock held by nonaffiliates of the registrant was \$102,475,563 based on the closing price of the common stock as reported on the National Association of Securities Dealers Automated Quotation System National Market System.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 10, 2019
Common Stock, \$0.01 par value per share	8,013,840 Shares

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 3555 Veterans Memorial Hwy, Suite C, Ronkonkoma, New York 11779, and our telephone number is (631) 981-9700. 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. 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, FY19 refers to the fiscal year ended January 31, 2019. In FY19 we had net sales of \$99.0 million and \$96.0 million in FY18.

For the first half of the year (FY 19), economic growth and investment globally was relatively strong as the global economy continued its recovery from the second half of FY 2018. In the second half of FY19 we encountered headwinds due to threatened changes to U.S. trade policies relative to several key markets in which we manufacture and sell, specifically China and Mexico. In Europe, uncertainty around Brexit saw customers less confident in economic growth. This was reflected in the purchases and business investment of many of our EEC end users. This in turn limited growth opportunities in these markets while leading to more aggressive pricing from the competition which had to be met. Unfortunately during the second half of the fiscal year, global talks between the US administration and China and the U.K and European Union became more contentious and less certain. In addition, in the second half of FY19, Lakeland initiated a significant global enterprise resource planning ("ERP") project in order to strengthen its foundation for future growth globally. The result of this investment was an increase in operating expenses and some loss of sales due to operational issues relating to the ERP implementation, adversely effecting operating results.

The Company recognizes the need to grow faster than what organic growth will contribute, so it has accelerated product development, is pressing ahead aggressively with the rollout of our new ERP system, investing in increasing our global manufacturing capacity by opening new manufacturing facilities, and investing in new manufacturing equipment and processes to reduce manufacturing costs and increase efficiencies.

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.

As always, the cornerstone of the Company's strategy is the belief that owning and operating its own factories is a strategic advantage for Lakeland. It provides the Company with advantages over its competition in terms of rapidly scaling up manufacturing to meet emergency demand, shift product between manufacturing locations to take advantage of ever changing trade agreements, and to maintain the highest level of product quality. In contrast, most of the Company's competitors utilize contractors. Contractor agreements significantly reduce their market responsiveness as the contractors typically require forecast leadtimes in excess of 30 days and service multiple customers; all of whom are vying for their capacity in times of emergency or unusually high demand. The end result is longer lead times and higher costs as contractors bid up prices.

Industry Overview

The industrial work clothing market includes our limited use/disposable protective or safety clothing, high-end chemical protective suits, high visibility clothing/vests, firefighting and heat protective apparel, gloves and reusable woven Flame Resistant (FR) and arc flash protective garments. The industrial protective safety clothing market in the United States has evolved over the past 49 years as a result of governmental regulations and requirements and commercial product development. In 1970, Congress enacted the Occupational Safety and Health Act, or OSHA, which requires employers to supply protective clothing in certain work environments. Certain states have also enacted worker safety laws that further supplement OSHA standards and requirements.

The advent of OSHA coincided with the development of light disposable fabrics, such as SMS (a three layered nonwoven) and Polypropylene which, for the first time, allowed for the economical production of lightweight, disposable protective clothing. The attraction of disposable garments grew in the late 1970s as a result of increases in labor and material costs of producing cloth garments and the promulgation of federal, state and local safety regulations. Also, in order to comply with World Trade Organization ("WTO") entry requirements, foreign countries are beginning to adopt and imitate OSHA regulations, American National Standards Institute ("ANSI") and Committee European de Normalization ("CE") standards. Thus, these developing international markets are growing much more rapidly than the US markets.

International and Domestic Standards

Standards development, within both the US and global markets, continues to challenge manufacturers as the pace of change and adoption of new standards increase. Complex and changing international standards play to Lakeland's strengths when compared to most multinationals or smaller manufacturers. Lakeland currently sits on boards 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"), the International Organization for Standardization ("ISO"), the China National Standards Board ("GB") in China, and the Standards Australia and Standards New Zealand ("ASNZ").

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. Lakeland, by virtue of its international manufacturing and sales operations, is in a unique position to capitalize on this complex dynamic.

Business Strategy

Key elements of our strategy include:

Increase International Sales Opportunities: In the past, we have aggressively sought to increase our penetration into international markets. We opened sales offices in Beijing, Shanghai, Chongqing, Guangzhou and Weifang, China; Santiago, Chile and Buenos Aires, Argentina; and in Russia, India and Kazakhstan. We continue to believe in this strategy of aggressively penetrating international markets. Aiding our focus is the fact that many countries have adopted legislation similar to the 1970 US OSHA in order to facilitate their entry into the WTO which has, as a requisite for entry, worker safety laws (like OSHA), social security, environmental and tax laws similar to that of the USA and Europe. These new worker safety laws have driven the demand for our products in these growing economies.

Improve Marketing in Existing Markets: We believe significant growth opportunities are available to us through better branding, and enhanced cross-selling of our reusable woven protective clothing, glove and arm guards, reflective clothing, high-end chemical suit product lines and our limited use/disposable lines as a bundled offering. This allows our customers one-stop shopping using combined freight shipments. As a manufacturer, Lakeland is uniquely positioned to offer one-stop shopping to multinational corporations via global contracts.

Continued Emphasis on Customer Service. We continue to offer a high level of customer service to distinguish our products and to create customer loyalty. 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. Last year 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 utility/energy product line targeting electrical and gas distribution. These product rollouts will continue into FY 20 as we continue to ramp up manufacturing and add products to 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.

Our investment in a stronger sales team in Mexico is beginning to pay off with sales growth in manufacturing, particularly noticeable in the number of new automobile factories located in that country. We believe that as this growth continues, and Mexico will become a very important region for the Company, building on our competitive advantage of local manufacturing, provided that immigration issues do not cause disruptions. 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 continue to pursue conversion of end users to our products, based on our overall performance and prices. Our marketing is being significantly upgraded in terms of resources, better sales collateral materials, and increasingly effective use of social media. An example of this is the recent completion of our new web site that meets our global marketing requirements. 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 a new manufacturing facility in Vietnam and a pilot manufacturing facility in 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 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 press our raw material and component suppliers for price reductions and better payment terms.

We are sourcing more raw materials and components from our China based operations as opposed to sourcing from Europe and North America.

We are re-engineering many products to reduce the amount of raw materials used and reduce the direct labor required.

Our Competitive Strengths

Our competitive strengths include:

Industry Reputation. We devote significant resources to creating customer loyalty and brand integrity by accommodating custom and rush orders and focusing on on-time delivery. Additionally, our ISO 9001 and 9002 certified facilities manufacture high-quality products. As a result of these factors, we believe that we have an excellent reputation in the industry.

Technical Expertise: The breadth of the Company's product lines, the raw materials used, the markets serviced and standards compliance globally, all contribute to a level of expertise and cross-functional knowledge that is unique in the industrial protective clothing market. Manufacturing our own products around the world for various global markets results in a body of knowledge that is not easily replicated. Lakeland's knowledge of product design, technical fabrics and films, combined with market specific knowledge of standards, and the ability to navigate manufacturing in a number of different countries around the world provides synergies that few competitors can match.

International Manufacturing Capabilities. We have operated our own manufacturing facilities in Mexico since 1995 and in China since 1996. In 2018, we commenced manufacturing operations in Vietnam and India. Our facilities in China in FY19 totaled 177,316 sq. ft. of manufacturing, warehousing and administrative space, in Mexico totaled 74,000 sq. ft. of manufacturing, warehousing and administrative space, in Vietnam totaled 141,588 sq. ft. of manufacturing, warehousing and administrative space and in India totaled 32,905 sq. ft. of manufacturing, warehousing and administrative space. Our facilities and capabilities in China, India, Mexico and Vietnam allow access to a less expensive labor pool than is available in the US and permits us to purchase certain raw materials at a lower cost than are available domestically.

International Sales Offices. We have sales offices around the world to service various major markets, including offices in Toronto, Canada; Hull, UK; Beijing, Weifang, Chongqing and Shanghai, China; Melbourne, Australia; Southeast Asia: Noida, India; Santiago, Chile; Buenos Aires, Argentina; Jerez, Mexico; Moscow, Russia; and Ust-Kamenogorsk, Kazakhstan.

Comprehensive Inventory. We have a large product offering with numerous variants, such as size, hood design, elastic wrists and ankles, and pockets, and maintain a large inventory of each in order to satisfy customer orders in a timely manner. Many of our customers traditionally make purchases of industrial protective gear with expectation of immediate delivery. We believe our ability to provide timely service for these customers enhances our reputation in the industry and positions us strongly for repeat business, particularly in our limited use/disposable protective clothing lines.

Manufacturing Flexibility. By locating labor-intensive manufacturing processes, such as sewing, in Mexico, China, Vietnam, and India, and by utilizing sewing subcontractors, we have the ability to increase production without substantial additional capital expenditures. Our manufacturing systems allow us flexibility for unexpected production surges and alternative capacity in the event any of our independent contractors become unavailable.

Products

The following table summarizes our principal product lines, the raw materials used to manufacture them, their applications and end markets:

Product Line	Raw Material	Protection Against	End Market
Limited use/disposable protective clothing	Laminates of Polyethylene, Spunlaced Polyester, SMS, Polypropylene, and Company Micromax®, Micromax NS, Micromax and HBF, ChemMax® 1, ChemMax® 2, Pyrolon®, CleanMAX® and numerous other non-woven fabrics	Contaminants, irritants, metals, chemicals, fertilizers, pesticides, acids, asbestos, PCBs, lead, dioxin and many other hazardous chemicals Viruses and bacteria (AIDS, streptococcus, SARS, Bird flu and hepatitis)	Integrated oil Chemical industries Pharmaceuticals Cleanrooms Public utilities Automotive and pharmaceutical industries Government (terrorist response) Laboratories Janitorial
High-end chemical protective suits	ChemMax® 3 and 4 Interceptor® Pyrolon® CRFR Other Lakeland patented co-polymer laminates	Chemical spills Toxic chemicals used in many varied manufacturing processes Terrorist attacks, biological and chemical warfare (sarin, anthrax and ricin)	Integrated oil, chemical and nuclear industries Hazardous material teams Fire departments (hazmat) Government (first responders) Municipal, corporate and volunteer fire departments
Firefighting and heat protective apparel	Nomex® Aluminized Nomex® Aluminized PBI/ Kevlar® PBI Matrix and Gemini Millenia XT® Basofil® Advance Advance Ultra Fyrban	Fire, burns and excessive heat	Wildland fire fighting Hot equipment maintenance personnel and industrial fire departments Oil well fires Airport crash rescue General industrial applications
Reusable woven garments	Staticsorb carbon thread with polyester Cotton polyester blends Cotton Polyester Tencate® FR cottons Nomex®/FR Aramids Nylon Indura® Ultrasoft/FR cotton Stedfast BB	Protects manufactured products from human contamination or static electrical charge Bacteria, viruses and blood borne pathogens Protection from Flash fires Electric Arc Flash	Household uses Clean room environments Emergency medical ambulance services Chemical and oil refining Medical and laboratory facilities Electric and Gas Utilities

Products (con't)

Product Line	Raw Material	Protection Against	End Market
High Visibility Clothing	Polyester mesh	Lack of visibility Heat, flame, sparks Arc flash Static buildup, explosive atmospheres Fire, heat explosions	Highway
	Solid polyester		Construction
	FR polyester mesh		Maintenance
	FR solid polyester		Transportation
	Modacrylic		Airports
	Modacrylic antistatic		Police
	FR cotton		Fire, EMS
	Nomex		Electric, coal and gas utilities
Gloves and Sleeves	FR trim	Cuts, lacerations, heat, hazardous chemicals and dermatological irritants	Extrication
	Kevlar® yarns		Confined space rescue
	Kevlar® wrapped steel core yarns		Integrated oil Automotive, glass and metal fabrication industries Chemical plants Food processing Electronic industries
	Spectra® yarns		
	High Performance Polyethylene yarns ("HPPE")		
	Composite engineered yarns		
Nitrile, latex, natural rubber, neoprene, polyurethane compounds and mixtures thereof			

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. We use these fabrics in combination with various film of varying composition, and/or topical chemical application to make our own trademarked fabrics, like Pyrolon® Plus 2, XT, CRFR, Micromax®, Micromax NS, Safeguard®, Zonegard®, and ChemMax® 1, 2, and 3 as well as our patented Interceptor fabric. We incorporate many seaming, 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 and related installations, 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 and hepatitis 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.

Our limited use/disposable protective clothing products range in unit price from \$0.19 for shoe covers to approximately \$6.00-\$14.40 for a light duty ChemMax® 1 serged or sealed seam hooded and booted coverall. Our largest selling item, a standard white Micromax NS ANSI standard or CE standard coverall, sells for approximately \$2.00 to \$3.85 per garment. By comparison, similar reusable cloth coveralls range in price from \$35.00 to \$93.00,

exclusive of laundering, maintenance and shrinkage expenses.

We warehouse and distribute our limited use/disposable garments primarily from our Alabama, China, Vietnam and India facilities and secondarily from warehouses in the United Kingdom, Poland, Canada, Argentina, Chile, Colombia, Mexico, Russia, Kazakhstan, India, Australia, Texas and Nevada. Fabrics are cut, sewn, assembled into finish garments and packaged at either our China, Mexico, Vietnam, or India facilities, then shipped to any of our regional warehouses or, in some cases, directly to our customers.

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 protection from infectious diseases such as Avian Flu and Ebola. Our line of chemical protective clothing ranges in price from about \$22 to \$1,340 per garment. The chemical suits can be used in conjunction with a fire protective shell that we manufacture to protect the user from both chemical and flash fire hazards. We have also introduced two patented garments approved by the National Fire Protection Agency (NFPA) for varying levels of protection:

Interceptor® is a patented fabric consisting of two multilayer films laminated on either side of durable nonwoven substrate. This garment provides a broad spectrum chemical barrier to gases, vapors and liquids. This garment is of an encapsulating design and is available in CE Type 1 certified configurations.

ChemMax® 4 is a multilayer barrier film laminated to a durable nonwoven substrate. This garment is a broad spectrum chemical barrier, but its greatest advantage is that the material is strong enough to hold an airtight zipper and light enough to provide better range of motion than heavier fabrics. As a result, it provides a low cost option for encapsulating garments and is durable enough for multiple uses provided the garment is not exposed to chemical hazards. It is available in CE type 4 and 3 certified garments.

The addition of Interceptor and ChemMax® 4 to our product line provides Lakeland with, what we believe to be, the most complete and cost-effective line of chemical protective garments available on the market today. Garments are certified to both NFPA and CE standards allowing us to offer products composed of these fabrics all over the world.

We manufacture higher end chemical protective clothing with taped seams at our facilities in Mexico, China and in Alabama. Using fabrics, such as ChemMax® 1, ChemMax® 2, ChemMax® 3, ChemMax® 4 and Interceptor, we design, cut, sew and seal these materials to meet customer specifications.

Firefighting and Heat Protective Apparel

We manufacture an extensive line of UL/NFPA-certified 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/NFPA-certified Proximity line for Aircraft Rescue Fire Fighting (“ARFF”) with aluminized shells.

We manufacture full lines of Fire service extrication suits in FR cotton, UL/NFPA-certified Wildland firefighting apparel in multiple fabrics and Aluminized Kiln entry/Approach suits to protect industrial workers from extreme heat.

We manufacture fire suits at our facilities in China, Mexico and Alabama. Our fire suits range in price from about \$800 for standard fire department turnout gear to \$2,000 for custom gear. 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.

Reusable Woven Garments

We manufacture and market a line of reusable, 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 reusable 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 safety and customer needs.

Our product lines include the following:

Electrostatic dissipative apparel used by electric and gas utilities.