

15. Leases

The Company has operating leases for office and warehouse space and equipment under various arrangements which provide the right to use the underlying asset and require lease payments for the lease term. The Company's lease portfolio consists of operating leases which expire at various dates through 2026.

Certain of the Company's lease arrangements contain renewal provisions, exercisable at the Company's option. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating lease cost was \$1.3 million and \$1.2 million for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, \$0.4 million was included in cost of goods sold and \$0.7 million and \$0.8 million, respectively, was included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Information related to leases (dollars in 000's):

	Year ended December 31, 2023	Year ended December 31, 2022
Operating cash flow information:		
Operating lease cost	\$ 1,344	\$ 1,239
Operating lease - cash flow	\$ 1,406	\$ 1,281

Non-cash activity:

ROU assets obtained in exchange for lease liabilities	\$ 581	\$ 545
---	--------	--------

	December 31, 2023	December 31, 2022
Weighted-average remaining lease term	2.0 years	3.0 years
Weighted-average discount rate	5%	5%

Future minimum lease payments under non-cancellable leases as of December 31, 2023:

(dollars in 000's):

2024	\$	1,177
2025		887
2026		165
Total future minimum lease payments	\$	2,229
Less: imputed interest		(104)
		1,099
Present value of lease liabilities - current		
Present value of lease liabilities - non-current	\$	1,026

16. Business Combinations and Divestitures

On June 1, 2022, the Company purchased certain assets of Live Safely Products, LLC (d/b/a "Safety Made") for approximately \$11 million, including \$1.5 million of which is contingent upon meeting certain annual financial targets during a two-year period. Based in Keene, NH, Safety Made is a leading manufacturer of first aid kits for the promotional products industry.