AlphaProTech

ANNUAL REPORT 2019

30 YEARS OF NAVIGATING THE FUTURE

CORPORATE PROFILE

AlphaProTech, Ltd. is in the business of protecting people, products and environments. The Company accomplishes this by being a leading designer, developer, manufacturer and marketer of high-value disposable protective apparel, building supply, infection control and other products for the medical, dental, cleanroom, pharmaceutical, industrial safety, construction supply and consumer markets.

30 YEARS OF NAVIGATING THE FUTURE

The Company's growth strategy is to provide innovative solutions to its customers and create meaningful value for its shareholders. Alpha ProTech has a reputation of combining extensive research and development with the highest levels of responsiveness, quality, safety and reliability.

AlphaProTech's manufacturing facilities and offices are located in Arizona, Georgia and Utah in the United States, as well as in Canada and India.

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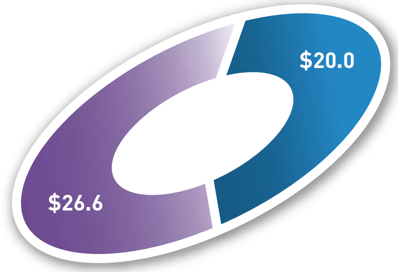
FINANCIAL HIGHLIGHTS

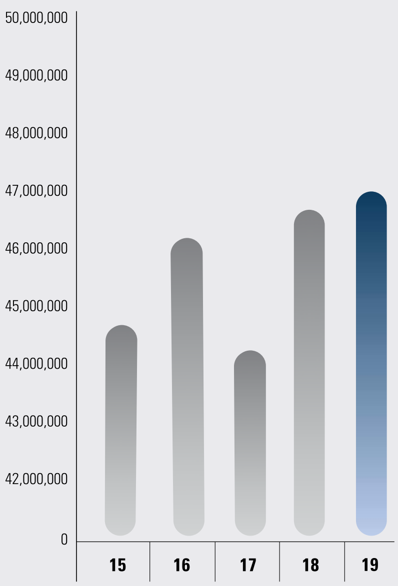


2019 BUSINESS SEGMENT SALES IN $ MILLIONS

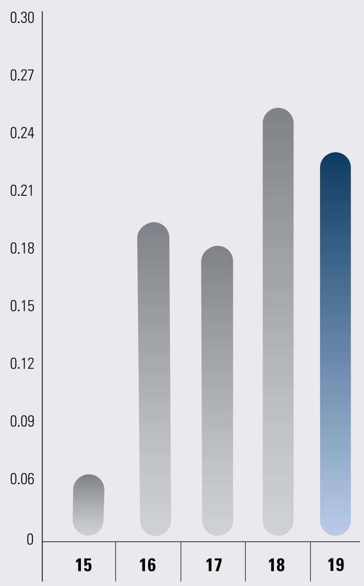
2018 BUSINESS SEGMENT SALES IN $ MILLIONS

Disposable Protective Apparel

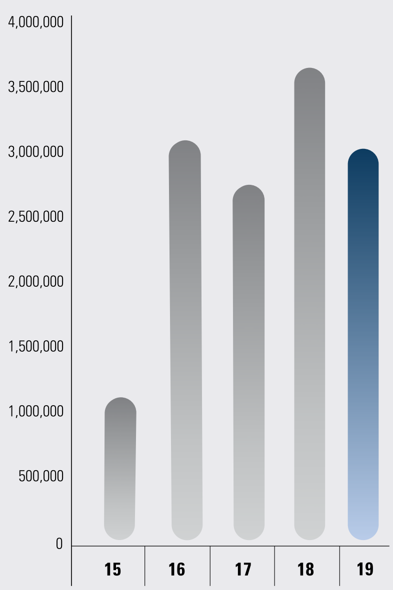
Building Supply



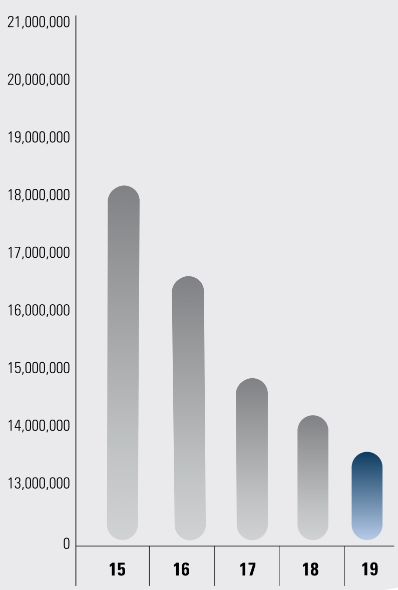
Total Sales



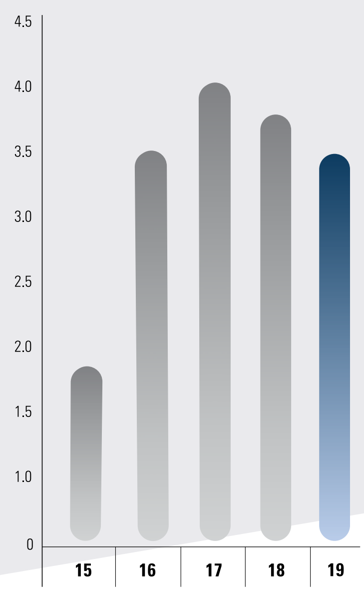
EPS (Diluted)



Net Income



Shares Outsanding at Year End (Diluted)



APT Stock Price at Year End

TO OUR SHAREHOLDERS

Lloyd Hoffman
President and
Chief Executive Officer

30 YEARS OF NAVIGATING THE FUTURE

The last year marked the 30th anniversary of Alpha Pro Tech and our continued efforts to protect people, products and environments with a diverse portfolio of high-value disposable protective apparel and construction weatherization building products. We are incredibly proud of our employees and their ability to adjust and respond to evolving circumstances and to successfully navigate industry changes and macro-economic cycles. Throughout our company's history, we have continued to manage our business effectively, remaining stable and strong for our customers, our employees and our shareholders, while maintaining a solid balance sheet and constantly working to improve long-term financial results.

Our Company's Performance in 2019

Our consolidated sales increased slightly during 2019, led by a 6.2% increase in sales of core building products. The core building products increase in sales was driven by an 11.5% increase in sales of synthetic roof underlayment and a 2.2% increase in sales of housewrap. Building Supply segment sales, which comprised 57% of consolidated sales, were driven by sales of our TECHNO family of spunbond based (SB) synthetic roof underlayment products and improved U.S. housing starts in the second half of 2019. Sales of our TECHNO family of products, which product line was expanded in 2019 following the successful launch of our TECHNO SB® 25 product, grew by 36.3% in 2019 and were a significant driver of our 11.5% overall growth in sales of synthetic roof underlayment for the year. Building Supply segment sales were negatively affected by lower sales of non-core other woven material in 2019 compared to 2018. Disposable Protective Apparel segment sales declined by 2.4% during 2019 compared to 2018, with sales of disposable protective garments down slightly, face mask sales adversely affected by a less severe flu season during 2019 and face shield sales adversely affected by a one-time sale in 2018 that did not recur in 2019.

Net income of $3.0 million for 2019 was negatively impacted compared to 2018 by lower gross profit margin, as certain products that were previously tariff free under the U.S. Customs and Borders Protection Generalized System of Preferences ("GSP") stopped being tariff free when the GSP program was terminated during 2019. Change in product mix and increased rebates also decreased our gross profit margin. Management expects gross profit margin to be in the mid-to-high thirty percent range for 2020, excluding any improvement that may result from sales in connection with the coronavirus ("COVID-19") pandemic.

In our history, excluding the 2009 global H1N1 Influenza A pandemic, earnings per diluted share have only been above twenty cents in the two most recent years. Earnings per diluted share were $0.23 in 2019 and $0.26 in 2018.

Confronting the Coronavirus Pandemic

As I write this letter, our company is playing a critical role in the response to the COVID-19 pandemic through the production and sale of our personal protective equipment ("PPE") products, particularly our NIOSH-approved N-95 Particulate Respirator face masks and our face shields. As a result of the COVID-19 pandemic, demand for our PPE, including our N-95 face masks and face shields and our disposable protective garments, is exceptionally strong. Our initial response to the tremendous spike in demand for our N-95 face masks, which are 100% sourced and manufactured in the United States, was quick and demonstrates our continued commitment to navigating an ever-changing landscape. We have already increased production capacity and are currently in the process of ramping up additional production capacity for our N-95 face masks and face shields to support the demand of critical PPE products.

While the performance of our Building Supply segment will likely be dampened in 2020 by the halt to the global economy due to COVID-19, we are encouraged by the long-term revenue growth prospects for our Disposable Protective Apparel segment. We predict that sales of our N-95 face masks and face shields and our disposable protective garments will be a strong driver of our top-line growth in the coming year and into the future.

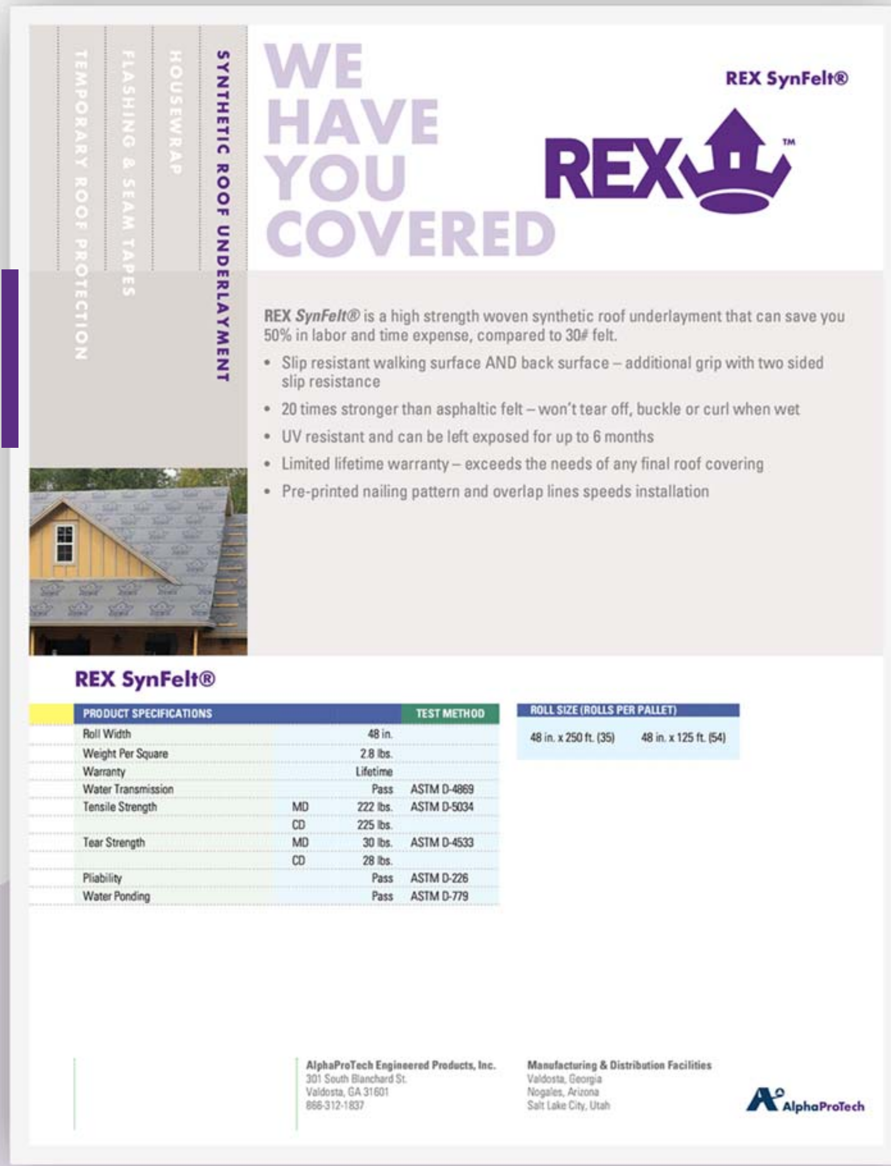
Looking Ahead – Investing in our Future

We maintained our solid balance sheet in 2019 with cash on hand at year-end of more than $6.5 million, a current ratio of 12:1, zero debt and an undrawn credit facility that provides us with additional liquidity and flexibility to weather macro-economic cycles, like the current COVID-19 pandemic that is significantly impacting many businesses. With positive cash from operations of more than $3.0 million for the year, we were able to invest nearly $1.3 million in property and equipment while also repurchasing more than 680,000 shares of our common stock at a cost of approximately $2.5 million. Throughout our 30-year history, we have proactively managed the allocation of capital in a manner that balances investment in operations for the continued development and growth of the company with returning capital to our shareholders in the form of share buybacks. As a result, our capital structure and financial health were key assets as we ramped up production of PPE in response to a significant increase in customer demand resulting from the outbreak of COVID-19 in early 2020, resulting in record shareholder liquidity and share price during the first quarter of 2020. We are highly optimistic and anticipate much success for our company in 2020 and beyond based on the dynamic environment in which we are operating. We believe that we are well positioned to continue to develop and produce innovative, high-value products for our customers, grow our revenues and provide favorable returns for our shareholders. On behalf of our management team and the Board of Directors, I want to thank you for your continued support.

Sincerely,

Lloyd Hoffman
President and Chief Executive Officer

REX SynFelt® is our flagship product that is still a market leader in the industry today.



SYNTHETIC ROOF UNDERLAYMENT
HOUSEWRAP
FLASHING & SEAM TAPES
TEMPORARY ROOF PROTECTION

WE HAVE YOU COVERED

REX SynFelt®

REX™

REX *SynFelt®* is a high strength woven synthetic roof underlayment that can save you 50% in labor and time expense, compared to 30# felt.

- Slip resistant walking surface AND back surface – additional grip with two sided slip resistance
- 20 times stronger than asphaltic felt – won't tear off, buckle or curl when wet
- UV resistant and can be left exposed for up to 6 months
- Limited lifetime warranty – exceeds the needs of any final roof covering
- Pre-printed nailing pattern and overlap lines speeds installation

REX SynFelt®

PRODUCT SPECIFICATIONS			TEST METHOD
Roll Width		48 in.	
Weight Per Square		2.8 lbs.	
Warranty		Lifetime	
Water Transmission		Pass	ASTM D-4869
Tensile Strength	MD	222 lbs.	ASTM D-5034
	CD	225 lbs.	
Tear Strength	MD	30 lbs.	ASTM D-4533
	CD	28 lbs.	
Pliability		Pass	ASTM D-226
Water Ponding		Pass	ASTM D-779

ROLL SIZE (ROLLS PER PALLET)	
48 in. x 250 ft. (35)	48 in. x 125 ft. (54)

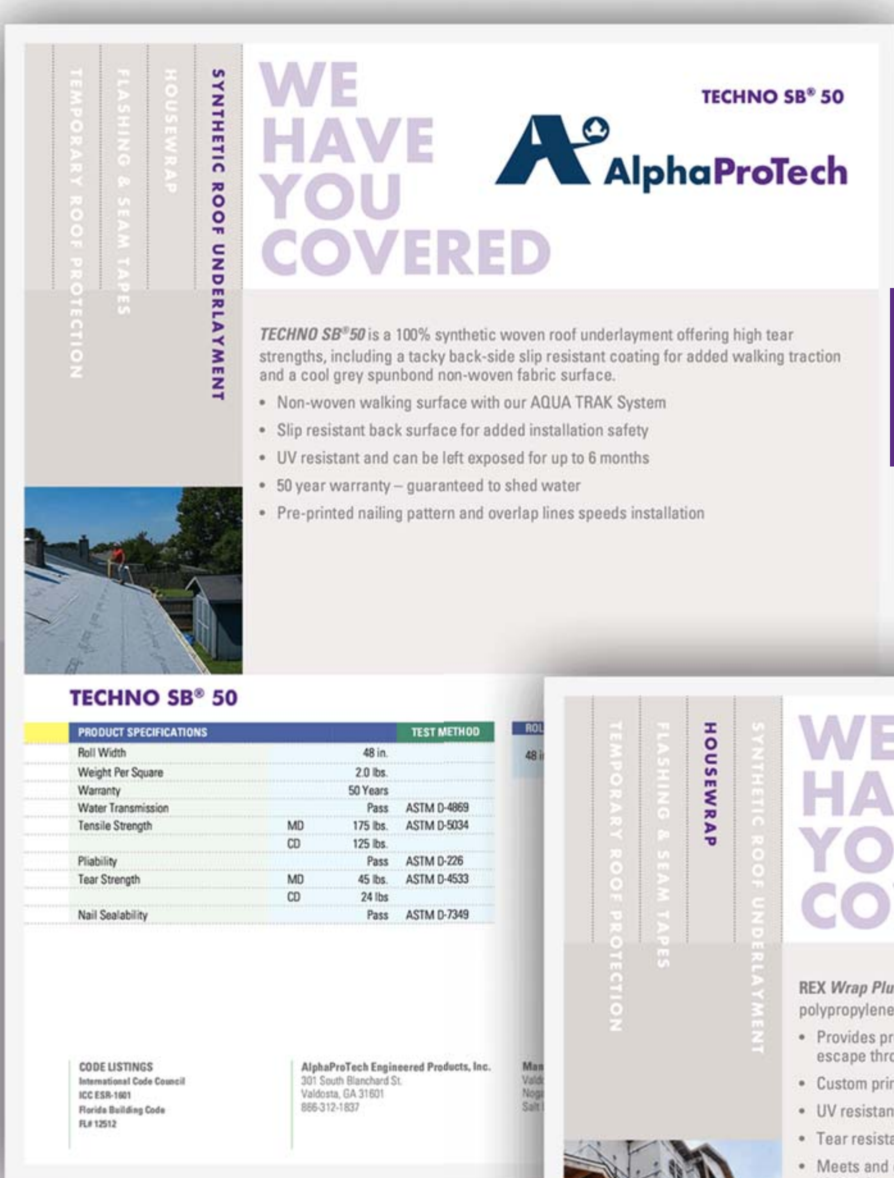
AlphaProTech Engineered Products, Inc.
301 South Blanchard St.
Valdosta, GA 31601
866-312-1837

Manufacturing & Distribution Facilities
Valdosta, Georgia
Nogales, Arizona
Salt Lake City, Utah

AlphaProTech

30 YEARS OF INNOVATION

AlphaProTech entered the synthetic roof underlayment with one product that was produced to our specification. Today we have 5 synthetic roof underlayment's for the steep slope roofing market and its own manufacturing assets. Our specialty is in the manufacturing process, having full control over every aspect of the production. As the market has evolved over the last 15 years, AlphaProTech has evolved with it becoming one of the market leaders in an extremely crowded space. But our strength lies in the fact that we have multiple products to fit any steep slope roof as well as any budget. Even this past year we were once again adjusting to the market quickly and launching a new synthetic underlayment that has been well received by our customers. Our products are used in new home construction as well as re-roof/remodel jobs. With our nationwide distribution outlets, we are able to touch every aspect of the entire roof build and/or replacement process. The product offerings have not been the only thing to change, the retail distribution of these specialty products has changed as well. Many of our customers have gone through consolidation and AlphaProTech has adjusted to this as well by becoming a bigger part of their product offerings. We have adjusted the product offerings into two distinct types of underlayment, coated walking surface and non-woven walking surface. Within these two categories we have the flagship product, REX SynFelt® and our TECHNOply® product in the coated walking surface products. In the non-woven walking surface, we now have 3 distinct products starting with the TECHNO SB® Ultra along with TECHNO SB® 50 and our newest product, TECHNO SB® 25. Regardless of the size of the roof or budget, AlphaProTech has a product to offer. But AlphaProTech has not only expanded its reach in the underlayment market, we have also expanded our reach in the housewrap market as well. Again, our ability to manufacture quality products as well as our ability to deliver finished products to the market have made us the leader in the side wall envelope market. By expanding our lineup of products, AlphaProTech now has a complete wall weatherization system. The new lineup consists not only of the wrap, we have now launched a window and door flashing, REXTREME, to the product mix. Our strength now lies in the warranty systems we offer by purchasing and installing our wrap, flashing and tape during the construction process. This now makes AlphaProTech even more valuable to the building trade as we give the assurance of protection should they ever need us during the life of the structure. With our industry leading "Lifetime Warranty" by installing our premium REX Wrap® Fortis along with the new flashing and our REX™ Premium Seam Tape we give piece of mind to the builder as well as the structure owner. Also, another one of our most sought after strengths in the distribution market is our ability to custom print all of our products to meet the demands of the dealer and the builder. We pride ourselves in our service levels as well as our quality of product and delivery. Today, AlphaProTech offers a solution for every type of build and budget along with piece of mind with our industry leading warranties on all of our product offerings. Anyone can import products, but it takes a great company and great people to manufacture quality products. AlphaProTech has you covered in every direction!



SYNTHETIC ROOF UNDERLAYMENT

HOUSEWRAP

FLASHING & SEAM TAPES

TEMPORARY ROOF PROTECTION

WE HAVE YOU COVERED

TECHNO SB® 50

AlphaProTech

TECHNO SB® 50 is a 100% synthetic woven roof underlayment offering high tear strengths, including a tacky back-side slip resistant coating for added walking traction and a cool grey spunbond non-woven fabric surface.

- Non-woven walking surface with our AQUA TRAK System
- Slip resistant back surface for added installation safety
- UV resistant and can be left exposed for up to 6 months
- 50 year warranty – guaranteed to shed water
- Pre-printed nailing pattern and overlap lines speeds installation

TECHNO SB® 50

PRODUCT SPECIFICATIONS			TEST METHOD
Roll Width		48 in.	
Weight Per Square		2.0 lbs.	
Warranty		50 Years	
Water Transmission		Pass	ASTM D-4869
Tensile Strength	MD	175 lbs.	ASTM D-5034
	CD	125 lbs.	
Pliability		Pass	ASTM D-226
Tear Strength	MD	45 lbs.	ASTM D-4533
	CD	24 lbs	
Nail Sealability		Pass	ASTM D-7349

CODE LISTINGS
International Code Council
ICC ESR-1601
Florida Building Code
FL# 12512

AlphaProTech Engineered Products, Inc.
301 South Blanchard St.
Valdosta, GA 31601
866-312-1837

TECHNO SB® 50 is the mid level non-woven walking surface product of the 3 we offer.

SYNTHETIC ROOF UNDERLAYMENT

HOUSEWRAP

FLASHING & SEAM TAPES

TEMPORARY ROOF PROTECTION

WE HAVE YOU COVERED

REX Wrap Plus®

REX™

REX *Wrap Plus®* is manufactured from a polypropylene woven fabric with a polypropylene coating that contains UV inhibitors.

- Provides protection from water infiltration but breathes allowing water vapor to escape through micro perforations offering protection to the interior wall cavity
- Custom printing for as little as one pallet
- UV resistant and can be left exposed for up to 6 months
- Tear resistant reduces jobsite waste and blow-offs
- Meets and exceeds all current building codes for water resistive barrier as well as air barrier

REX Wrap Plus®

	PRODUCT SPECIFICATIONS		TEST METHOD
Composition	Woven Polypropylene		
Weight Per Roll	14.4 lbs./ MSF		
Thickness	6.5 mils.		
Tensile Strength	MD	60	ASTM D-828
	CD	44	
Tear Strength	MD	34	ASTM D-4533
	CD	30	
Water Resistance	Pass		ASTM D-779
MVTR/Perms	9 Perms		ASTM E-96
Fire Rating	Class A		ASTM E-84

ROLL SIZE (ROLLS PER PALLET)	
9 ft. x 100 ft. (50)	54 in. x 100 ft. (100)
9 ft. x 150 ft. (45)	54 in. x 150 ft. (90)
9 ft. x 195 ft. (40)	54 in. x 195 ft. (80)
10 ft. x 100 ft. (50)	36 in. x 100 ft. (150)
10 ft. x 150 ft. (45)	36 in. x 150 ft. (135)
10 ft. x 195 ft. (40)	

CODE LISTINGS
International Code Council
ICC ESR-1602

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301 South Blanchard St.
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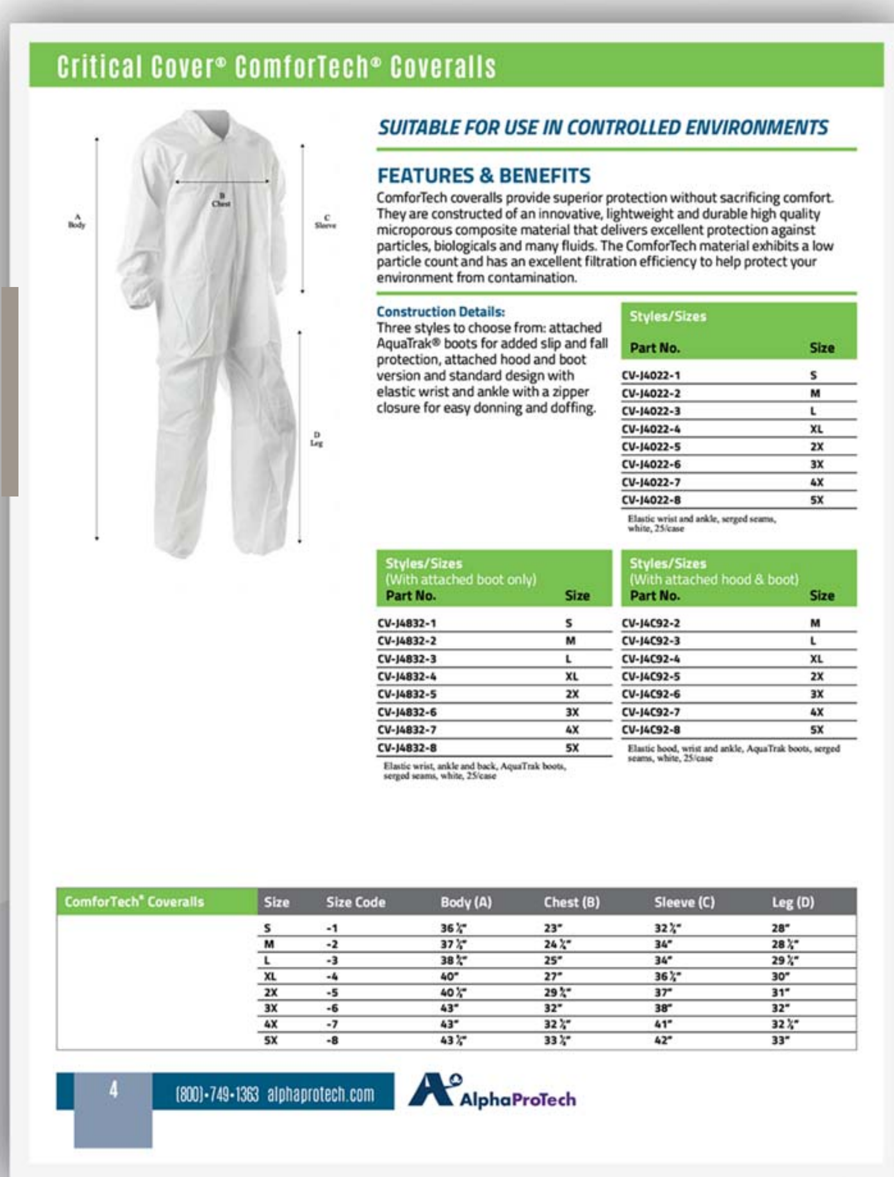
Manufacturing & Distribution Facilities
Valdosta, Georgia
Nogales, Arizona
Salt Lake City, Utah

AlphaProTech

REX Wrap Plus® is our mid-level housewrap used in both residential and multi-family construction.

Our core garment material, ComforTech®, is available in Coveralls, Lab Coats, Frocks and Sleeves. ComforTech® is suitable in both Cleanroom and General Industrial Environments.



Critical Cover® ComforTech® Coveralls

A Body

B Chest

C Sleeve

D Leg

SUITABLE FOR USE IN CONTROLLED ENVIRONMENTS

FEATURES & BENEFITS

ComforTech coveralls provide superior protection without sacrificing comfort. They are constructed of an innovative, lightweight and durable high quality microporous composite material that delivers excellent protection against particles, biologicals and many fluids. The ComforTech material exhibits a low particle count and has an excellent filtration efficiency to help protect your environment from contamination.

Construction Details:
Three styles to choose from: attached AquaTrak® boots for added slip and fall protection, attached hood and boot version and standard design with elastic wrist and ankle with a zipper closure for easy donning and doffing.

Styles/Sizes Part No.	Size
CV-J4022-1	S
CV-J4022-2	M
CV-J4022-3	L
CV-J4022-4	XL
CV-J4022-5	2X
CV-J4022-6	3X
CV-J4022-7	4X
CV-J4022-8	5X

Elastic wrist and ankle, serged seams, white, 25/case

Styles/Sizes (With attached boot only) Part No.	Size
CV-J4832-1	S
CV-J4832-2	M
CV-J4832-3	L
CV-J4832-4	XL
CV-J4832-5	2X
CV-J4832-6	3X
CV-J4832-7	4X
CV-J4832-8	5X

Elastic wrist, ankle and back, AquaTrak boots, serged seams, white, 25/case

Styles/Sizes (With attached hood & boot) Part No.	Size
CV-J4C92-2	M
CV-J4C92-3	L
CV-J4C92-4	XL
CV-J4C92-5	2X
CV-J4C92-6	3X
CV-J4C92-7	4X
CV-J4C92-8	5X

Elastic hood, wrist and ankle, AquaTrak boots, serged seams, white, 25/case

ComforTech® Coveralls	Size	Size Code	Body (A)	Chest (B)	Sleeve (C)	Leg (D)
	S	-1	36 ½"	23"	32 ½"	28"
	M	-2	37 ½"	24 ½"	34"	28 ½"
	L	-3	38 ¾"	25"	34"	29 ½"
	XL	-4	40"	27"	36 ½"	30"
	2X	-5	40 ½"	29 ¾"	37"	31"
	3X	-6	43"	32"	38"	32"
	4X	-7	43"	32 ½"	41"	32 ½"
	5X	-8	43 ½"	33 ½"	42"	33"

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30 YEARS OF ENSURING QUALITY CONTROL

The Disposable Protective Apparel Segment of AlphaProTech has two distinct and clear objectives: disposable protective apparel, or garments, and disposable face masks and shields – whereas the latter will be discussed later in this report. In the apparel, or garment segment, our objective is to provide end-customers with consistently high quality garments that protect both the wearer and the environment in which they work. In the pharmaceutical, life sciences manufacturing space, it is just as critical to protect the person from the product as well as protect the product from the person. It is a delicate balance of comfort vs. performance - so that the chain-of-custody in manufacturing is achieved and at the same time, our garments deliver a high level of safety for the worker. To meet this challenge, the AlphaProTech Critical Cover® portfolio of products includes a comprehensive selection of garment materials and designs to meet a wide range of applications and environments.

We endeavor the aforementioned objective by enabling a Channel Partner Strategy with select regional, national and global distributors. In an effort to protect the AlphaProTech Critical Cover® brand and deliver a high level of service and support, we are very selective in choosing our channel partners. Once vetted, we work together to build a lasting rapport and strong sales and marketing collaboration in an effort to achieve mutual goals. By working in concert, we are able to understand their business model and exceed all of their logistical requirements.

Similarly, AlphaProTech's field-based selling organization and marketing team engages directly at all points in the customer's supply-chain. Many of the products in the AlphaProTech Critical Cover® portfolio today are a result of interacting with end-customers and providing a garment solution for their specific manufacturing need. We take great pride in our manufacturing flexibility to meet a specific garment need and this competitive advantage is accretive to end-customer retention and loyalty.

Shoe & Boot Covers Material Selection

SUPERIOR QUALITY, PERFORMANCE, AND DURABILITY

SHOE & BOOT COVERS

Material Options

AquaTrak®	superior anti-skid properties for use in wet and/or dry environments
SureGrip®	durable material with outstanding inherent anti-skid properties for dry environments
SureGrip® Conductive	same high quality SureGrip material with Conductive Strip
GenPro®	economical polypropylene material for a variety of general purpose applications
CPE	CPE or 'Film' material shoe covers are ideal for boot-cover liners, contractors, and visitors

Seam Options

Serged	threads are interlocked around the material edges for a strong, stress-resistant seam
Sonic Welded	material is welded together creating a superior particle and fluid barrier
Heat-Sealed	strong and impervious, this seam is used when Ultrasonic welding is incompatible with the garment material

Sole Options

UltraGrip™ Anti-Skid	ultimate anti-skid sole material for use in high risk, slip and fall application
SafeStep® Anti-Skid	environmentally friendly sole shoe cover material with high anti-skid properties
MaxGrip® Anti-Skid	ideal sole material for use in many different environments on a variety of floor surfaces
Seamless, Butterfly Style	provides a smooth, seamless sole for better traction and fluid resistance

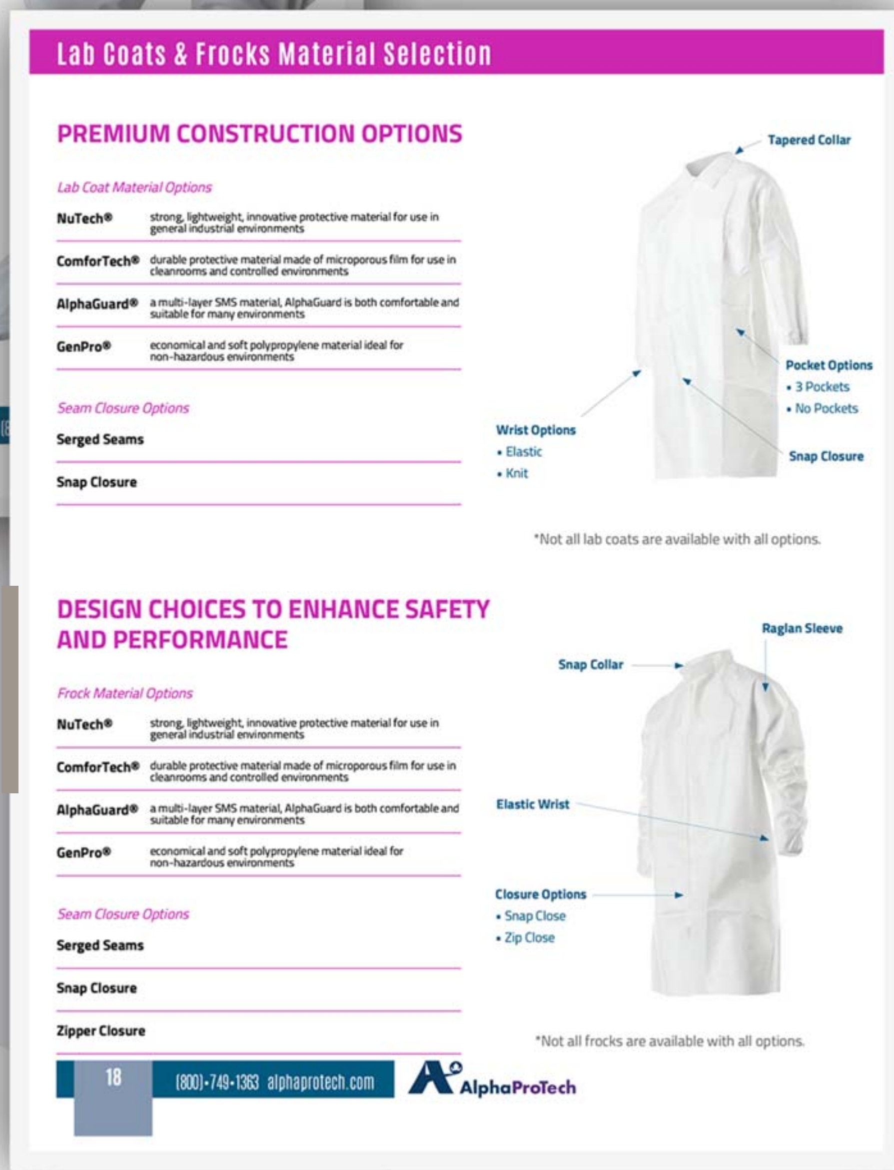
BOOT COVERS

Secure Options

Elastic Top, Ankle Ties	secure fit with elastic top, custom tie closure around ankle
Elastic Top, Elastic Ankle	secure fit with elastic top and around ankle for easier donning

*Not all options are available with all shoe and boot covers.

AlphaProTech Shoe & Boot Covers come in a variety of material, seam and sole options (as pictured) to meet our end-customer's diverse applications.



Lab Coats & Frocks Material Selection

PREMIUM CONSTRUCTION OPTIONS

Lab Coat Material Options

NuTech®	strong, lightweight, innovative protective material for use in general industrial environments
ComforTech®	durable protective material made of microporous film for use in cleanrooms and controlled environments
AlphaGuard®	a multi-layer SMS material, AlphaGuard is both comfortable and suitable for many environments
GenPro®	economical and soft polypropylene material ideal for non-hazardous environments

Seam Closure Options

Serged Seams

Snap Closure

*Not all lab coats are available with all options.

DESIGN CHOICES TO ENHANCE SAFETY AND PERFORMANCE

Frock Material Options

NuTech®	strong, lightweight, innovative protective material for use in general industrial environments
ComforTech®	durable protective material made of microporous film for use in cleanrooms and controlled environments
AlphaGuard®	a multi-layer SMS material, AlphaGuard is both comfortable and suitable for many environments
GenPro®	economical and soft polypropylene material ideal for non-hazardous environments

Seam Closure Options

Serged Seams

Snap Closure

Zipper Closure

*Not all frocks are available with all options.

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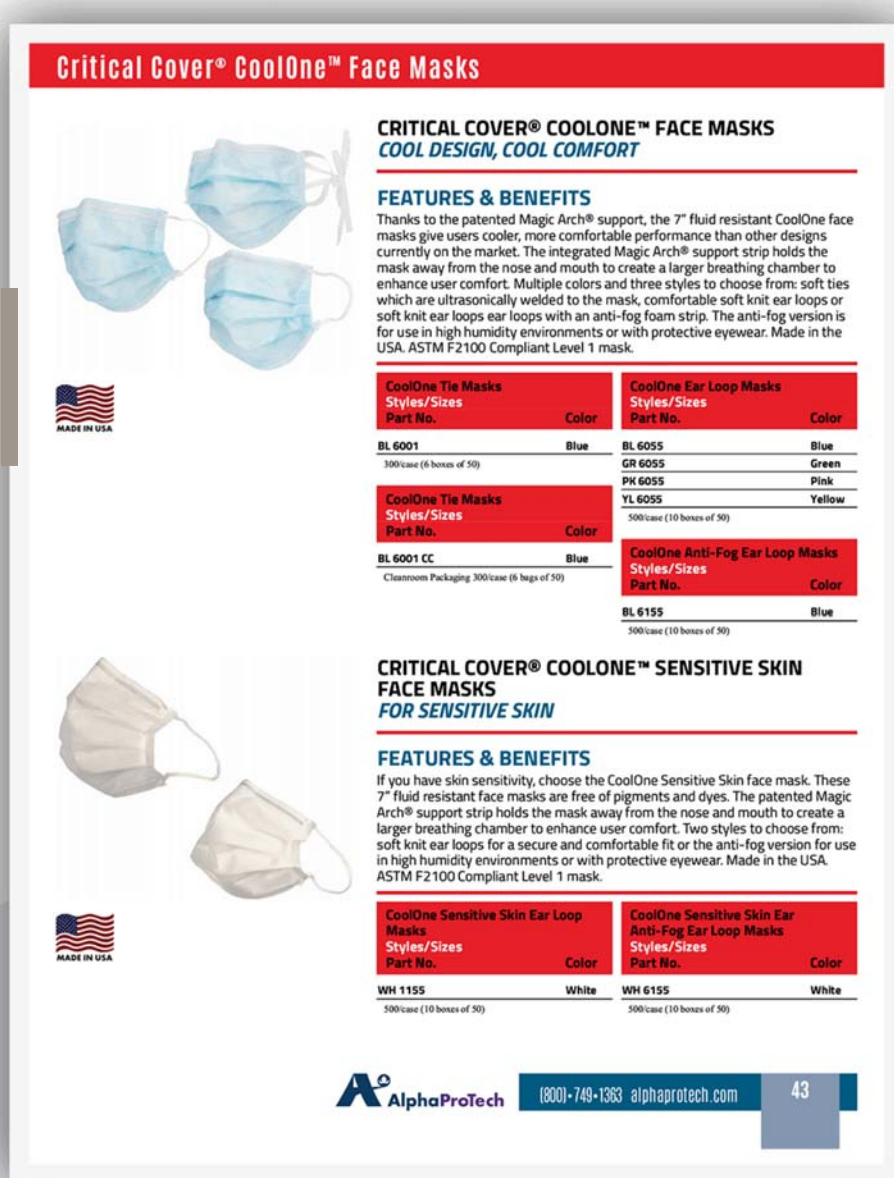
Lab Coats & Frocks are essential garments in the life sciences marketplace. AlphaProTech manufactures a wide selection of materials and configurations to protect the wearer as needed.



Critical Cover® CoolOne™ Face Masks

CRITICAL COVER® COOLONE™ FACE MASKS
COOL DESIGN, COOL COMFORT

FEATURES & BENEFITS

Thanks to the patented Magic Arch® support, the 7" fluid resistant CoolOne face masks give users cooler, more comfortable performance than other designs currently on the market. The integrated Magic Arch® support strip holds the mask away from the nose and mouth to create a larger breathing chamber to enhance user comfort. Multiple colors and three styles to choose from: soft ties which are ultrasonically welded to the mask, comfortable soft knit ear loops or soft knit ear loops ear loops with an anti-fog foam strip. The anti-fog version is for use in high humidity environments or with protective eyewear. Made in the USA. ASTM F2100 Compliant Level 1 mask.

MADE IN USA

CoolOne Tie Masks Styles/Sizes Part No.	Color
BL 6001	Blue

300/case (6 boxes of 50)

CoolOne Tie Masks Styles/Sizes Part No.	Color
BL 6001 CC	Blue

Cleanroom Packaging 300/case (6 bags of 50)

CoolOne Ear Loop Masks Styles/Sizes Part No.	Color
BL 6055	Blue
GR 6055	Green
PK 6055	Pink
YL 6055	Yellow

500/case (10 boxes of 50)

CoolOne Anti-Fog Ear Loop Masks Styles/Sizes Part No.	Color
BL 6155	Blue

500/case (10 boxes of 50)

CRITICAL COVER® COOLONE™ SENSITIVE SKIN FACE MASKS
FOR SENSITIVE SKIN

FEATURES & BENEFITS

If you have skin sensitivity, choose the CoolOne Sensitive Skin face mask. These 7" fluid resistant face masks are free of pigments and dyes. The patented Magic Arch® support strip holds the mask away from the nose and mouth to create a larger breathing chamber to enhance user comfort. Two styles to choose from: soft knit ear loops for a secure and comfortable fit or the anti-fog version for use in high humidity environments or with protective eyewear. Made in the USA. ASTM F2100 Compliant Level 1 mask.

MADE IN USA

CoolOne Sensitive Skin Ear Loop Masks Styles/Sizes Part No.	Color
WH 1155	White

500/case (10 boxes of 50)

CoolOne Sensitive Skin Ear Anti-Fog Ear Loop Masks Styles/Sizes Part No.	Color
WH 6155	White

500/case (10 boxes of 50)

AlphaProTech (800)-749-1363 alphaprotech.com 43

Our line of specialty CoolOne® Face Masks includes both design features for breathability and comfort as well as technology for wearers with sensitive skin.

30 YEARS OF PROTECTING HEALTH

The other sub-segment of AlphaProTech's Disposable Protective Apparel division, mentioned earlier, comprises a product portfolio of single-use protective Face Masks and Face Shields – and other ancillary, related products. These products are manufactured and used for the express purpose of protecting the Healthcare Worker and the people they treat and/or come in contact. We work closely with Medical & Dental Distributors worldwide, along with other Healthcare Consortiums, to demonstrate the unique protective properties of our products. To that end, many of our Face Masks made in the USA feature an innovative and patented design called the Positive Facial Lock or PFL®. The PFL® advantage utilizes our exclusive Twist-Seal technology that allows the wearer to create a custom fit to their own facial features. The seal that the PFL® technology creates to the individual's facial features can prevent many airborne contaminants from entering the wearers breathing zone and ultimately inflicting them with a contagious disease. Additionally, to facilitate comfort and breathability, many of our Face Masks also contain a second patented and integrated feature called the Magic Arch®. The Magic Arch® upholds the structure and design of the Face Mask and prevents the Face Mask from coming in contact with the wearer's nose and mouth.

The PFL® and Magic Arch® features work in concert to provide the Healthcare Worker with a comfortable and effective device and an intangible sense of confidence in their work.

Other products in this category that AlphaProTech manufactures and markets are protective Face Shields, Combination Face Mask & Shield (combo devices protect against both airborne and splash hazards), Isolation Gowns, and disposable apparel and shoe covers. These additional products are designed for use in a variety of Healthcare environments to add to the protection of the Healthcare Worker and the people they treat.

Critical Cover® PFL® Face Masks

CRITICAL COVER® PFL® LASER FACE MASKS
PFL® TECHNOLOGY AND LASER PLUME PROTECTION

FEATURES & BENEFITS

The PFL Laser mask effectively filters plumes during laser surgery. The mask utilizes Positive Facial Lock® technology with an integrated Twist-Seal® chin piece in the facemask to give the user a custom fit each time. The PFL® design helps eliminate the potential of inhaling airborne contaminants while maintaining a comfortable seal to the user's face. The patented and integrated Magic Arch® technology prevents the mask from coming in contact with the user's nose and mouth thereby making it easier to breathe while enhancing filtration efficiency. This 8" durable, fluid resistant mask has a smooth, soft interior for ultimate comfort. Made in the USA. ASTM F2100 Compliant Level 3 mask.

MADE IN USA

PFL Laser Headband Masks Styles/Sizes Part No.	Color
638	Silver Stripe

210/case (6 boxes of 35)

CRITICAL COVER® PFL® N-95 PARTICULATE RESPIRATOR
NIOSH APPROVED RESPIRATOR

FEATURES & BENEFITS

The Positive Facial Lock® (PFL®) N-95 Particulate Respirator meets the
World Health Organization (W
recommended protection lev
contaminants. NIOSH Approv
filtration efficiency and when
design features, also delivers
The integrated Magic Arch® t
the facemask by holding it aw
technology, incorporating an
wearer create a perfect fit ev
Respirator is Made in the USA

MADE IN USA

40 (800)-749-1363 alphaprotech.com AlphaProT

When you need the highest level of protection from particles and/or fluids, our NIOSH Approved N95 Particulate Respirator or our Laser Plume 638 Face Mask have you covered.

Critical Cover® Coverall® & Combo® Face Shields/Combo Masks & Shield

CRITICAL COVER® COVERALL® FULL & HALF FACE SHIELDS
LIGHT SPLASH PROTECTION

FEATURES & BENEFITS

When you need total facial splash protection, choose the Coverall® face shield. The face shield's wrap-around design provides the wearer with great peripheral vision while acting as a protective shield against non-hazardous liquid splash and light particles in a Lab or Controlled Environment. The Coverall® face shield is not ANSI Z87 rated for eye protection. You can wear the lightweight shield comfortably for long periods and it fits easily over prescription glasses or protective eyewear. A double-sided anti-fog coating reduces the possibility of fogging in high humidity environments. For safe working conditions, the face shield is low distorting and 100% optically clear while a soft polyurethane foam headband securely positions the device on the wearer.

Available in two styles: full face shield and half face shield. Also available with an adjustable Velcro® band or elastic Comfort headband. Individually packaged.

Coverall Full Face Shields Styles/Sizes Part No.	Description
2802	Full Face Shield w/Velcro Adjustable Band
2807	Full Face Shield w/Comfort Band

100/case (4 boxes of 25)

Coverall Half Face Shields Styles/Sizes Part No.	Description
2803	Half Face Shield w/Velcro Adjustable Band
2808	Half Face Shield w/Comfort Band

100/case (4 boxes of 25)

CRITICAL COVER® COMBO® MASK WITH SHIELD
OPTICALLY CLEAR, REMOVABLE SHIELD

FEATURES & BENEFITS

The Combo® face mask and face shield is fluid resistant with an optically clear shield. The face shield is attached to the mask with snaps so that it can be easily removed where applicable. The face shield is 7 millimeters thick with an anti-fog coating, low glare and is distortion free. ASTM F2100 Compliant Level 3 mask.

Combo Mask with Shield, Ties Styles/Sizes Part No.	Color
5194-T	Blue

100/case (4 boxes of 25)

Combo Mask with Shield, Ear Loop Styles/Sizes Part No.	Color
5194-E	Blue

100/case (4 boxes of 25)

44 (800)-749-1363 alphaprotech.com AlphaProTech

Complimenting AlphaProTech's line of Face Masks, is our line of combination (combo) Face Masks with attached Shields that provide both respiratory and eye protection.

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

FORM 10-K

{ X } Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 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: 001-15725

ALPHA PRO TECH, LTD.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**63-1009183**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

60 Centurian Drive, Suite 112, Markham, Ontario, L3R 9R2
(Address of Principal Executive Offices, including zip code)

Registrant's telephone number, including area code: 905-479-0654

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, $0.01 par value	APT	NYSE American

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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 X 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 such files). Yes X No __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or 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 ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
	Emerging growth company ☐

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 is a shell company (as defined in Rule 12b-2 of the Act). Yes __ No X

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2019, was $34,753,782.

As of February 26, 2020, the registrant had outstanding 12,983,564 shares of common stock.

DOCUMENTS INCOPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders to be held on June 9, 2020 are incorporated by reference into Part III of this Form 10-K.

ALPHA PRO TECH, LTD.
INDEX TO ANNUAL REPORT ON FORM 10-K

PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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 (as defined below) filed with the Securities and Exchange Commission ("SEC"). All statements, other than statements of historical facts that address the Company's expectations of sources of capital or that express the Company's expectations for the future with respect to financial performance or operating strategies or results 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 "expected," "anticipated," "estimated," "believed," "predicted," "intended," "planned," "potential," "may," "continue" or "should," or using variations of such words or similar expressions, 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 statements are based.

Any expectations based on these forward-looking statements are subject to risks and uncertainties. These and many other factors could affect the Company's future operating results and financial condition and could cause actual results to differ materially from expectations based on forward-looking statements made in this document or elsewhere by the Company or on its behalf.

SPECIAL NOTE REGARDING SMALLER REPORTING COMPANY STATUS

We are filing this Annual Report on Form 10-K as a "smaller reporting company" (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended) based on our public float (the aggregate market value of our common stock equity held by non-affiliates of the Company) as of the last business day of our second fiscal quarter of 2019. As a result of being a smaller reporting company, we are not required to provide certain disclosure in this Annual Report on Form 10-K. Where information is being omitted or reduced in this Annual Report on Form 10-K based on our smaller reporting company status, we have made a special notation herein.

Item 1. Business.

GENERAL

ALPHA PRO TECH, LTD. ("Alpha Pro Tech," the "Company," "we," "our" or "us") is the parent company of Alpha Pro Tech, Inc. and Alpha ProTech Engineered Products, Inc. The Company was incorporated in the State of Delaware on July 1, 1994 as a successor to a business that was organized in 1983. Our executive offices are located at 60 Centurian Drive, Suite 112, Markham, Ontario, Canada L3R 9R2, and our telephone number is (905) 479-0654. Our website is located at www.alphaprotech.com.

The Company continued to qualify as a smaller reporting company at the measurement date for determining such qualification during 2019. According to the disclosure requirements for smaller reporting companies, the Company has included consolidated balance sheets as of December 31, 2019 and 2018 and consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the two years in the period ended December 31, 2019.

BUSINESS

Alpha Pro Tech is in the business of protecting people, products and environments. We accomplish this by developing, manufacturing and marketing a line of high-value, disposable protective apparel and infection control products for the cleanroom, industrial, pharmaceutical, medical and dental markets through our wholly owned subsidiary, Alpha Pro Tech, Inc. We also manufacture a line of building supply construction weatherization products through our wholly owned subsidiary, Alpha ProTech Engineered Products, Inc. Our products are sold under the Alpha Pro Tech brand name, as well as under private label.

Our products are grouped into two business segments: (1) the Building Supply segment, consisting of construction weatherization products, such as housewrap and synthetic roof underlayment as well as other woven material; and (2) the Disposable Protective Apparel segment, consisting of disposable protective garments (including shoecovers, bouffant caps, coveralls, gowns, frocks and lab coats), face masks and face shields. All financial information presented in this report reflects the current segmentation.

Until the first quarter of 2019, face masks and face shields were included in a separate business segment called Infection Control.

Our principal strategy focuses on developing, producing and marketing differentiated, innovative high value products that protect people, products and environments. Our key sales growth strategies are based on communicating directly with end users and developing innovative products to suit individual end users' needs.

Our products are used primarily in cleanrooms, industrial safety manufacturing environments and health care facilities, such as hospitals, laboratories and dental offices, as well as building and re-roofing sites. Our products are distributed principally in the United States of America ("United States" or "U.S.") through a network consisting of purchasing groups, national distributors, local distributors, independent sales representatives, and our own sales and marketing force.

PRODUCTS

Our principal products are grouped into two business segments:

Building Supply:
- Housewrap
- Synthetic roof underlayment
- Other woven material

Disposable Protective Apparel:
- Shoecovers
- Bouffant caps
- Gowns
- Coveralls
- Lab coats
- Frocks
- Face masks
- Eye shields

Building Supply

The Building Supply segment consists of a line of construction supply weatherization products, namely housewrap and synthetic roof underlayment, as well as other woven material. This line of products is a natural extension of our core capabilities: creating proprietary products designed to protect people and environments.

The usage of these construction supply weatherization products offers great advantages in decreasing the time that it takes to construct a home, as well as reducing costs. The housewrap, under the trademark REX™, offers a weather resistant barrier and, to the homeowner, years of lower energy consumption. REX™ Wrap and REX™ Wrap Plus are woven and coated polypropylene micro perforated weather resistant barriers, and REX™ Wrap Fortis with JX ALTA 360° Drainage Technology™ is a one-of-a-kind breathable product that uniquely enables the drainage of water in every direction to protect buildings from the elements exponentially better, we believe, than a traditional housewrap, while decreasing job site material waste, simplifying installation to reduce labor and allowing fewer products to be carried onto the job site.

The proprietary synthetic roof underlayment, REX™ SynFelt, has the ability to resist the environment, as opposed to conventional organic roofing underlayment that is prone to rapid degradation and mold growth. We also manufacture and distribute TECHNOply™ and TECHNO™ SB, economy versions of our synthetic roof underlayment, to capture market share in the lower end of the market.

These products are manufactured in our manufacturing facility in Valdosta, Georgia and through our joint venture in India, as described in more detail below under "Manufacturing."

Disposable Protective Apparel

The Disposable Protective Apparel segment consists of a complete line of disposable protective garments (shoecovers, bouffant caps, coveralls, gowns, frocks and lab coats), as well as face masks and face shields.

Our goal in the design and manufacture of all our disposable protective garments is to keep the wearer cool, clean, comfortable and to provide the right level of protection for the wearer and the wearer's environment. To achieve this, we offer a comprehensive selection of materials and garment designs to meet a wide range of applications requirements. Our materials are clean, durable and offer the wearer a great comfort level. Our products are offered under proprietary materials such as ChemTech®, BarrierTech®, ComforTech®, AlphaGuard® and GenPro®, UltraGrip™, SafeStep® , MaxGrip® , AquaTrak® , SureGrip™ and NaviTrak®.

The vast majority of the disposable protective garments are manufactured through our joint venture in India, and, to a much lesser extent, by other contract manufacturers in Asia and Mexico, as described in more detail below under "Manufacturing." Certain proprietary products are made using materials supplied by us.

Our face masks come in a wide variety of filtration efficiencies and styles. Our patented Positive Facial Lock® feature provides a custom fit to the face to prevent blow-by for better protection. The term "blow-by" is used to describe the potential for infectious material to enter or escape a facemask without going through the filter as a result of gaps or openings in the face mask. Our Magic Arch® feature holds the mask away from the nose and mouth, creating a comfortable breathing chamber.

Our N-95 Particulate Respirator National Institute for Occupational Safety and Health ("NIOSH") approved face mask, which incorporates both the Positive Facial Lock® feature and the Magic Arch® feature, could experience increased demand during outbreaks of infectious disease, such as SARS in 2003, Bird Flu in 2006, H1N1 in 2009, Ebola 2014 and Wuhan Coronavirus in 2020 to combat the spread of these diseases.

All eye shields are made from an optical-grade polyester film and have a permanent anti-fog feature. This provides the wearer with extremely lightweight, distortion-free protection that can be worn for hours, and the eye shields will not fog up from humidity and/or perspiration. An important feature of all face masks and eye and face shields is that they are disposable, which eliminates the possibility of cross infection between patients and saves users, such as hospitals, the expense of sterilization after every use.

As described in more detail below under "Manufacturing," our face masks are primarily manufactured in our facility in Salt Lake City, Utah. Our eye shields are produced in our facility in Nogales, Arizona and assembled by a subcontractor in Mexico.

All of our disposable protective apparel products, including face masks and face shields, are sold through similar distribution channels, are single-use and disposable, have the purpose of protecting people, products and environments, and have to be produced in Food and Drug Administration ("FDA") approved facilities, regardless of the market served. Based on these similarities, the Infection Control segment was combined with the Disposable Protective Apparel segment beginning with the first quarter of 2019. The disclosures herein reflect this current segmentation.

The Company's products are sold under the "Alpha Pro Tech" brand name and under private label, and they are predominantly sold in the U.S.

Financial information related to the two segments can be found in Activity of Business Segments (Note 14) of the Notes to Consolidated Financial Statements.

MARKETS

Our products are sold to the following markets: (i) construction weatherization products (building supply products) are sold to construction supply and roofing distributors, and (ii) disposable protective apparel products are sold to the industrial, cleanroom, medical and dental markets.

Our target customers are construction building supply and roofing distributors, pharmaceutical manufacturing, bio-pharmaceutical manufacturing, medical device manufacturing, lab animal research, high technology electronics manufacturing (which includes the semi-conductor market), and medical and dental distributors.

DISTRIBUTION

We rely primarily on a network of independent distributors for the sale of our products.

We do not generally have backlog orders, as orders are usually placed for shipment and shipped within 30 days. Appropriate levels of inventories are maintained to supply distributors on a timely basis. From time to time, we will stockpile inventory for periods of unusually high demand.

Standard payment terms are net 30 days from the date of shipment. All pricing and payment for our products are in U.S. dollars. Authorized returns must be unopened, in good condition and in the original carton and may be returned within 90 days of the original date of shipment. All authorized returns are subject to a restocking fee of 20% of the original invoice.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

The following table summarizes the Company's net sales by geographic region for the Company's last two years. All amounts have been rounded to the nearest thousand.

	Years Ended December 31,	
	2019	2018
Net sales by geographic region		
United States	$ 45,748,000	$ 45,595,000
International	917,000	1,029,000
Consolidated net sales	$ 46,665,000	$ 46,624,000

Net sales by geographic region are based on the countries in which our customers are located. For the years ended December 31, 2019 and 2018, the Company did not generate sales from any single country, other than the United States, that were significant to the Company's consolidated net sales.

The following table summarizes the locations of the Company's long-lived assets by geographic region as of December 31, 2019 and 2018.

	December 31,	
	2019	2018
Long-lived assets by geographic region		
United States	$ 2,450,000	$ 2,528,000
International	1,493,000	716,000
Consolidated total long-lived assets	$ 3,943,000	$ 3,244,000

MANUFACTURING

Our wholly owned subsidiary, Alpha ProTech Engineered Products, Inc., which manufactures and distributes a line of construction weatherization products for the Building Supply segment, comprised primarily of housewrap and synthetic roof underlayment, operates in a 165,400 square foot facility located at 301 South Blanchard Street, Valdosta, Georgia.

Alpha ProTech Engineered Products, Inc. has a 41.66% ownership interest in a joint venture with Maple Industries and associates, a manufacturer in India, for the production of Building Supply segment products, such as housewrap and synthetic roof underlayment products, in a semi-finished state, and the production of Disposable Protective Apparel segment products. The name of the joint venture is Harmony Plastics Private Limited ("Harmony"). Harmony has four facilities in India, three owned and one rented. One facility is a 113,000 square foot building for use in the manufacturing of building products. There is a 73,000 square foot facility for use in the manufacturing of coated material and the sewing of proprietary disposable protective apparel. There is also a 16,000 square foot facility for use in the sewing of proprietary disposable protective apparel. The rented building is a 93,000 square foot facility for use in the manufacturing of Building Supply segment products.

We cut, warehouse and ship disposable protective apparel products in a 60,000 square foot facility located at 1287 West Fairway Drive, Nogales, Arizona. The majority of these products are manufactured by contract manufacturers in Asia and, to a much lesser extent, by a contract manufacturer in Mexico. These goods are manufactured pursuant to our specifications and quality assurance guidelines. Certain proprietary products are being made in Asia using materials supplied by us.

Our mask production facility is located in a 34,500 square foot building located at 236 North 2200 West, Salt Lake City, Utah.

Certain proprietary products are made using materials supplied by us. We do not anticipate any problems with respect to the sources and availability of these proprietary materials needed to produce our products. Our business is not subject to significant seasonal considerations, although it is necessary for us to have adequate raw materials and finished inventory in stock.

COMPETITION

We face substantial competition from numerous companies, including many companies with greater marketing and financial resources. Our major competitors in the construction supply weatherization market are DuPont for housewrap and Interwrap Inc. for synthetic roof underlayment. Our major competitor in the medical and dental markets is Kimberly-Clark Corporation of Fort Worth, Texas. Other large competitors include 3M Company, Johnson & Johnson, White Knight Engineered Products (Precept Medical Products, Inc.), Cardinal Health, Inc. and Medline Industries Inc. Our major competitors in the industrial and cleanroom market are our former largest distributor, VWR International, LLC, Kimberly-Clark Corporation, 3M Company, Kappler, Inc., DuPont and Allegiance Healthcare Corporation. VWR International, LLC, Cardinal Health, Inc. and Medline Industries Inc. are also distributors of our products.

REGULATORY REQUIREMENTS

We are not required to obtain regulatory approval from the U.S. FDA with respect to the sale of our products. Our products are, however, subject to prescribed good manufacturing practices as defined by the FDA, and our manufacturing facilities are inspected by the FDA every two years to ensure compliance with such good manufacturing practices. We are marketing a N-95 Particulate Respirator face mask that meets the Occupational Safety and Health Administration (OSHA) respirator guidelines and has been approved by the National Institute for Occupational Safety and Health (NIOSH). This product is designed to help prevent the inhalation of the tuberculosis bacteria.

Our operations are subject to federal, state and local laws, regulations and ordinances relating to various environmental, health and safety matters. We believe that our operations are in compliance with, or we are taking actions designed to ensure compliance with, these laws, regulations and ordinances. However, the nature of our operations exposes us to the risk of claims concerning non-compliance with environmental, health and safety laws or standards, and there can be no assurance that material costs or liabilities will not be incurred in connection with those claims. We are not currently named as a party in any judicial or administrative proceeding relating to environmental, health and safety matters, and we currently have no anticipated capital expenditures for environmental projects that are expected to have a material effect on our financial condition, results of operations or liquidity.

PATENTS AND TRADEMARKS

Patents

Our policy is to protect our intellectual property rights, products, designs and processes through the filing of patents in the United States and, where appropriate, in Canada and other countries. At present, we have 15 United States patents relating to several of our products. In addition, we have a United States patent on a method to fold and put on sterile garments. We believe that our patents may offer a competitive advantage, but there can be no assurance that any patents, issued or in process, will not be circumvented or invalidated. We also rely on trade secrets and proprietary know-how to maintain and develop our commercial position.

The various United States patents issued have remaining durations of approximately 1 to 6 years before expiration.

Trademarks

Many of our products are sold under various trademarks and trade names, including Alpha Pro Tech. We believe that many of our trademarks and trade names have significant recognition in our principal markets, and we take customary steps to register or otherwise protect our rights in our trademarks and trade names.

EMPLOYEES

As of February 26, 2020, we had 115 full-time employees, including 15 employees at our principal executive office in Markham, Ontario, Canada; 19 employees at our face mask production facility in Salt Lake City, Utah; 27 employees at our Disposable Protective Apparel segment cutting, warehouse and shipping facility in Nogales, Arizona; 35 employees at our Building Supply segment facility in Valdosta, Georgia; 18 employees on our sales and marketing team, located in various areas throughout the United States; and 1 employee in China.

None of our employees are subject to collective bargaining agreements. We have had no labor-related work stoppages, and we believe that our relations with our employees are good.

AVAILABLE INFORMATION

We make available free of charge on our Internet website (http://www.alphaprotech.com) our most recent Annual Report on Form 10-K, our most recent Quarterly Report on Form 10-Q, any current reports on Form 8-K furnished or filed since our most recent Annual Report on Form 10-K and any amendments to such reports, as well as our most recent proxy statement, as soon as reasonably practicable following the electronic filing of such reports with the SEC. These reports are also available on the SEC's website (http://www.sec.gov).

The Company is not including the information contained on or available through its website as a part of, or incorporating such information into, this Annual Report on Form 10-K.

Item 1A. Risk Factors.

Making or continuing an investment in common stock issued by the Company involves certain risks that you should carefully consider. The risks and uncertainties described below are not the only risks that may have a material adverse effect on the Company. Additional risks and uncertainties also could adversely affect our business and our results. If any of the following risks actually occur, our business, financial condition and results of operations could be negatively affected, the market price of our common stock could decline and you could lose all or a part of your investment. Further, to the extent that any of the information contained in this Annual Report on Form 10-

K constitutes forward-looking statements, the risk factors set forth below also are cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by or on behalf of the Company.

Global economic conditions could adversely affect the Company's business and financial results.

Unfavorable economic conditions, including the impact of recessions and general economic downturns in the United States and throughout the world, may negatively affect the Company's business and financial results. These economic conditions could negatively impact (i) demand for our products, (ii) the number and types of products sold, (iii) our ability to collect accounts receivable on a timely basis from certain customers and (iv) the ability of certain suppliers to fill our orders for raw materials or other goods and services. A prolonged recession could result in decreased revenue, margins and earnings.

The loss of any large customer or a reduction in orders from any large customer could reduce our net sales and harm our operating results.

Our operating results could be negatively affected by the loss of revenue from one or more large customers. Our customers are not contractually obligated to purchase any fixed quantities of products, and they may stop placing orders with us at any time. We are subject to the risk of losing large customers or incurring significant reductions in sales to these customers.

We rely on suppliers and contractors, and our business could be seriously harmed if these suppliers and contractors are not able to meet our requirements.

We rely on a limited number of suppliers and contractors for the manufacture of our products. If we lose the services of these key suppliers and contractors, or if they are not willing or able to satisfy our requirements, finding substitute suppliers or contractors may be time-consuming and would affect our results of operations in the near term.

There are risks associated with international manufacturing that could have a significant effect on our business.

We subcontract the manufacturing of some of our goods to Asia and Mexico. These goods are manufactured pursuant to our specifications and quality assurance guidelines. Certain proprietary products are being made in Asia using materials supplied by us.

We expect that a significant portion of our product sales will be derived from the sale of products for which we subcontract the manufacturing to Asia, but we cannot be certain that we will be able to maintain such subcontracting at current levels. If our ability to subcontract some of our manufacturing to Asia were to decline significantly, our business, results of operations and financial condition could be materially adversely affected. International manufacturing is subject to a number of risks, including the following:

- changes in foreign government regulations and technical standards;
- difficulty of protecting intellectual property;
- requirements or preferences of foreign nations for the manufacture of domestic products;
- the imposition of duties, border adjustment taxes or tariffs and other barriers to trade;
- fluctuations in currency exchange rates relative to the U.S. dollar; and
- political and economic instability.

In particular, if the current novel coronavirus outbreak continues and results in a prolonged period of travel, commercial and other similar restrictions, we could experience global supply disruptions. These restrictions could disrupt our ability to receive manufactured products from China and may disrupt our suppliers located elsewhere who rely on products from China. If we experience supply disruptions, we may not be able to develop alternate sourcing quickly. Any disruption of our production schedule caused by an unexpected shortage of supplies even for a relatively short period of time could cause us to alter production schedules or suspend production entirely, which could cause a loss of revenues, which would adversely affect our operations

Our joint venture may present risks that are only present when third parties are involved.

We currently participate in a joint venture in India and may in the future enter into joint ventures with other companies or enterprises in international markets, including joint ventures in which we may have a lesser degree of control over the business operations, which may expose us to additional operational, financial, legal or compliance risks. We may be dependent on a joint venture counterparty for product distribution, local market knowledge or other resources. If we are unable to effectively cooperate with joint venture partners, or any joint venture partner fails to meets its obligations under the joint venture arrangement, encounters financial difficulty, or elects to alter, modify or terminate the relationship, we may be unable to achieve our objectives and our results of operations may be negatively impacted thereby.

Our success depends in part on protection of our intellectual property, and our failure to protect our intellectual propery could adversely affect our competitive advantage, our brand recognition and our business.

The success and competitiveness of our products depend in part upon our ability to protect our current and future technology, manufacturing processes and brand names, including Alpha Pro Tech, through a combination of patent, trademark, trade secret and unfair competition laws.

We enter into confidentiality and non-disclosure of intellectual property agreements with certain of our employees, consultants and vendors and generally control access to and distribution of our proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our proprietary information without authorization or to develop similar information independently.

Policing unauthorized use of intellectual property is difficult. The laws of other countries may afford little or no effective protection of our technology. We cannot assure you that the steps taken by us will prevent misappropriation of our technology or that agreements entered into for that purpose will be enforceable. In addition, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets and to determine the validity and scope of the proprietary rights of others. Litigation may result in substantial costs and diversion of resources, which could have a material adverse effect on our business, results of operations and financial condition.

Our industry is highly competitive, which may negatively affect our ability to grow our customer base and generate sales.

The markets for our products are intensely competitive. We currently experience competition from numerous companies in each of the markets in which we participate.

Many of our competitors are more established, benefit from greater market recognition and have substantially greater financial, development, manufacturing and marketing resources than we have.

If we do not compete successfully with respect to these or other companies, it could materially adversely affect our business, results of operations and financial condition.

The Company’s results are affected by competitive conditions and customer preferences.

Demand for the Company’s products, which impacts revenue and profit margins, is affected by (i) the development and timing of the introduction of competitive products; (ii) the Company’s response to downward pricing to stay competitive; (iii) changes in customer order patterns, such as changes in the levels of inventory maintained by customers and the timing of customer purchases; and (iv) changes in customers’ preferences for our products, including the success of products offered by our competitors and changes in customer designs for our competitors’ products that can affect the demand for the Company’s products.

The Company’s growth objectives are largely dependent on the timing and market acceptance of our new product offerings, including our ability to continually renew our pipeline of new products and to bring those products to market.

This ability may be adversely affected by difficulties or delays in product development, such as the inability to identify viable new products, obtain adequate intellectual property protection or gain market acceptance of new products. There are no guarantees that new products will prove to be commercially successful.

Security breaches and other disruptions to the Company’s information technology infrastructure could interfere with the Company’s operations, compromise information belonging to the Company and our customers and suppliers and expose the Company to liability, which could adversely impact the Company’s business and reputation.

In the ordinary course of business, the Company relies on information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities. Additionally, the Company collects and stores sensitive data, including proprietary business information. Despite security measures and business continuity plans, the Company’s information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attack by hackers, breaches, employee error or malfeasance, power outages, computer viruses, telecommunication or utility failures, systems failures, natural disasters or other catastrophic events. While we have not experienced any material losses related to cyber-attacks or information security breaches to date, any such event could result in legal claims or proceedings, liability or penalties under privacy laws, disruption in operations and damage to the Company’s reputation, which could adversely affect the Company’s business.

The Company's future results may be affected by various legal and regulatory proceedings and legal compliance risks.

From time to time, the Company is subject to certain legal and regulatory proceedings in the ordinary course of business and otherwise. The outcome of these legal proceedings may differ from the Company's expectations because the outcomes of litigation, including regulatory matters, are often difficult to reliably predict. Various factors or developments could lead the Company to change current estimates of liabilities and related insurance receivables where applicable, or make such estimates for matters previously not susceptible to reasonable estimates, such as a significant judicial ruling or judgment, settlement, regulatory development or change in applicable law. A future adverse ruling, settlement or unfavorable development could result in charges that could have a material adverse effect on the Company's results of operations or cash flows in any particular period.

Our common stock price is volatile, which could result in substantial losses for individual shareholders.

The market price of our common stock has been volatile, and we expect that it will continue to be volatile. In particular, our common stock may be subject to significant fluctuations in response to a variety of factors, including:

- general economic and business conditions;
- changing market conditions in the industries that we serve;
- monetary and fiscal policies, laws and regulations and other activities of government agencies and similar organizations;
- conditions in U.S. and global securities markets and other capital markets;
- actual or anticipated variations in quarterly operating results;
- failure to meet analyst predictions and projections;
- costs and other effects of legal and administrative proceedings, claims, settlements and judgments;
- additions or departures of key personnel;
- announcements of innovations or new services by us or our competitors;
- domestic and international health crises and pandemics;
- our sales of common stock or other securities in the future; and
- other events or factors, many of which are beyond our control.

In addition, our common stock price has recently experienced significant fluctuations due to speculation surrounding the effects of the novel coronavirus outbreak on our operations. Such fluctuations may create conditions in which the market price of our common stock does not reflect an accurate measure of the long-term value of our common stock.

Due to these factors, you may not be able to sell your stock at or above the price you paid for it, which could result in substantial losses.

We invest in a publicly traded entity with a common stock price that is volatile, which could result in substantial losses for the Company.

The market price of the entity's common stock has been volatile, and we expect that it will continue to be volatile as it is a publicly traded stock. In particular, the entity's common stock may be subject to significant fluctuations in response to a variety of factors, including:

- general economic and business conditions;
- changing market conditions in the industries that it serves;
- monetary and fiscal policies, laws and regulations and other activities of government agencies and similar organizations;
- conditions in U.S. and global securities markets and other capital markets;
- actual or anticipated variations in quarterly operating results;
- failure to meet analyst predictions and projections;
- costs and other effects of legal and administrative proceedings, claims, settlements and judgments;
- additions or departures of key personnel;
- announcements of innovations or new services by the entity or its competitors;
- domestic and international health crises and pandemics;
- its sales of common stock or other securities in the future; and
- other events or factors, many of which are beyond its control.

Due to these factors, we may not be able to sell the investment in the publicly traded entity at or above the price we paid for it, which could result in substantial losses.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company's principal executive office is located at 60 Centurian Drive, Suite 112, Markham, Ontario, Canada, L3R 9R2. The approximate monthly rent is $2,800 for 4,200 square feet under a lease expiring February 28, 2021. Working out of the principal executive office are the President and Chief Executive Officer, Lloyd Hoffman, and the Chief Financial Officer, Colleen McDonald.

The Building Supply segment manufacturing facility is located at 301 South Blanchard Street, Valdosta, Georgia. The average monthly rent is $37,500 for 165,400 square feet. This lease expires on January 1, 2024.

The Disposable Protective Apparel segment has its cutting operation, warehousing and shipping facility at 1287 Fairway Drive, Nogales, Arizona. The approximate monthly rent is $28,000 for 60,000 square feet. This lease expires on December 31, 2020.

The Company manufactures its surgical face masks at 236 North 2200 West, Salt Lake City, Utah. The monthly rent is $16,500 for 34,500 square feet. This lease expires on July 31, 2024.

The Company believes that these arrangements are suitable and adequate for its present needs and that other premises, if required, are readily available.

Item 3. Legal Proceedings.

The Company is subject to various pending and threatened litigation actions in the ordinary course of business. Although it is not possible to determine with certainty at this point in time what liability, if any, the Company will have as a result of such litigation, based on consultation with legal counsel, management does not anticipate that the ultimate liability, if any, resulting from such litigation will have a material effect on the Company's financial condition and results of operations.

Item 4. Mine Safety Disclosures.

N/A

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

MARKET INFORMATION

The Company's common stock trades on the NYSE American (formerly the NYSE MKT, the NYSE Amex and the American Stock Exchange) (the "NYSE American") under the symbol "APT."

As of February 26, 2020, the Company's common stock was held by 131 shareholders of record and approximately 4,400 beneficial owners.

Dividends

The holders of the Company's common stock are entitled to receive such dividends as may be declared by the Board of Directors of the Company from time to time to the extent that funds are legally available for payment thereof. The Company has never declared or paid any dividends on any of its outstanding shares of common stock. The Board of Directors' current policy is not to pay dividends but rather to use available funds to repurchase common shares in accordance with the Company's repurchase program and to fund the continued development and growth of the Company. Consequently, the Company currently has no plans to pay cash dividends in the foreseeable future.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth purchases made by or on behalf of the Company or any "affiliated purchaser," as defined in Rule 10b-18 (a)(3) of the Securities Exchange Act of 1934, during the fourth quarter of 2019.

	Issuer Purchases of Equity Securities			
Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (1)
October 1 - 31, 2019	59,000	$3.66	59,000	$417,000
November 1 - 30, 2019	39,000	3.46	39,000	281,000
December 1 - 31, 2019	37,900	3.38	37,900	2,152,000
	135,900	$3.52	135,900	

(1) Pursuant to the Company's share repurchase program, on December 11, 2019, the Company announced that the Board of Directors had authorized a $2,000,000 expansion of the Company's existing share repurchase program. All of the shares included in this table were purchased pursuant to this program. Since the inception of the share repurchase program, the Company has authorized the repurchase of $37,520,000 of common stock, of which $2,152,000 was available to repurchase as of December 31, 2019.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We did not sell any unregistered equity securities during the periods covered by this Annual Report on Form 10-K.

Item 6. Selected Financial Data

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis together with our consolidated financial statements and the notes to our consolidated financial statements, which appear elsewhere in this report.

Special Note Regarding Forward-Looking Statements

Certain information set forth in this Annual Report on Form 10-K contains "forward-looking statements" within the meaning of federal securities laws. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to potential acquisitions and other information that is not historical information. When used in this report, the words "estimates," "expects," "anticipates," "forecasts," "plans," "intends," "believes" and variations of such words or similar expressions are intended to identify forward-looking statements. We may make additional forward-looking statements from time to time. 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 statements are based. All forward-looking statements, whether written or oral and whether made by us or on our behalf, are expressly qualified by this special note.

Any expectations based on these forward-looking statements are subject to risks and uncertainties. These and many other factors could affect the Company's future operating results and financial condition and could cause actual results to differ materially from expectations based on forward-looking statements made in this document or elsewhere by the Company or on its behalf.

Special Note Regarding Smaller Reporting Company Status

We are filing this Annual Report on Form 10-K as a "smaller reporting company" (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended) based on our public float (the aggregate market value of our common equity held by non-affiliates of the Company) as of the last business day of our second fiscal quarter of 2019. As a result of being a smaller reporting company, we are allowed and have elected to omit certain information from this Management's Discussion and Analysis of Financial Condition and Results of Operations; however, we have provided all information for the periods presented that we believe to be appropriate and necessary to aid in an understanding of the current consolidated financial position, changes in financial position and results of operations of the Company.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of net sales and expenses during the periods reported. We base estimates on past experience and on various other assumptions that are believed to be reasonable under the circumstances. The application of these accounting policies on a consistent basis enables us to provide timely and reliable financial information. Our significant accounting policies and estimates are more fully described in Note 2 – "Summary of Significant Accounting Policies" in the notes to our consolidated financial statements in Item 8. Our critical accounting policies and estimates include the following:

Accounts Receivable: Accounts receivable are recorded at the invoice amount and do not bear interest. The general terms for receivables is net 30 days. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable; however, changes in circumstances relating to accounts receivable may result in a requirement for additional allowances in the future. The Company determines the allowance based upon historical write-off experience and known conditions about customers' current ability to pay. Account balances are charged against the allowance when the potential for recovery is considered remote.

Inventories: Inventories include freight-in, materials, labor and overhead costs and are stated at the lower of cost 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.

Leases: We determine if an arrangement is a lease at inception. Operating leases are included as right-of-use ("ROU") assets and lease liabilities on our condensed consolidated balance sheet. ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Our leases do not provide an implicit rate, and, therefore, we estimate our incremental borrowing rate based on the information available at the commencement date in determining the present value of future minimum lease payments. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise such options. We do not record leases on our condensed consolidated balance sheet with a term of one year or less. We elected a package of transition practical expedients, which included not reassessing whether any expired or existing contracts are or contain leases, not reassessing the lease classification of expired or existing leases, and not reassessing initial direct costs for existing leases. We also elected a practical expedient to not separate lease and non-lease components. We did not elect the practical expedient to use hindsight in determining our lease terms or assessing impairment of our ROU assets.

Revenue Recognition: Net sales includes revenue from products and shipping and handling charges, net of estimates for product returns and any related sales incentives. Revenue is measured as the amount of consideration that we expect to receive in exchange for transferring products. All revenue is recognized when we satisfy our performance obligations under the applicable contract. We recognize revenue in connection with transferring the promised products to the customer, with revenue being recognized at the point in time at which the customer obtains control of the products. This generally occurs when title passes to the customer upon delivery, at which time a receivable is created for the invoice sent to the customer. We recognize revenue for shipping and handling charges at the time at which the products are delivered to or picked up by the customer. We estimate product returns based on historical return rates and estimate rebates based on contractual agreements. Using probability assessments, we estimate sales incentives expected to be paid over the term of the contract. Our contracts have a single performance obligation. Sales taxes and value added taxes in domestic and foreign jurisdictions that are collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from net sales. The Company manufactures certain private label goods for customers and has determined that control does not pass to the customer at the time of manufacture, based upon the nature of the private labelling. The Company has determined that it has no material contract assets, and has concluded that its contract liabilities (primarily rebates) have the right of offset against customer receivables.

Sales Returns, Rebates and Allowances: Sales are reduced for any anticipated sales returns, rebates and allowances based on historical experience. Since our return policy is only 90 days and our products are not generally susceptible to external factors such as technological obsolescence or significant changes in demand, we are able to make a reasonable estimate for returns. We offer end-user product specific and sales volume rebates to select distributors. Our rebates are based on actual sales and are accrued monthly.

Stock-Based Compensation: The Company accounts for stock-based awards using Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, Stock Compensation. ASC 718 requires companies to record compensation expense for the value of all outstanding and unvested share-based payments, including employee stock options and similar awards.

The fair values of stock option grants are determined using the Black-Scholes option-pricing model and are based on the following assumptions: expected stock price volatility based on historical data and management's expectations of future volatility, risk-free interest rates from published sources, expected term based on historical data and no dividend yield, as the Board of Directors currently has no plans to pay dividends in the foreseeable future. The Company accounts for option forfeitures as they occur. The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and that are fully transferable. In addition, the option-pricing model requires the input of highly subjective assumptions, including expected stock price volatility. Our stock options have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the fair value of such options.

OVERVIEW

Alpha Pro Tech is in the business of protecting people, products and environments. We accomplish this by developing, manufacturing and marketing a line of high-value, disposable protective apparel products for the cleanroom, industrial, pharmaceutical, medical and dental markets. We also manufacture a line of building supply construction weatherization products. Our products are sold under the "Alpha Pro Tech" brand name, as well as under private label.

Our products are grouped into two business segments: (i) the Building Supply segment, consisting of construction weatherization products, such as housewrap and synthetic roof underlayment as well as other woven material; and (ii) the Disposable Protective Apparel segment, consisting of disposable protective garments (including shoecovers, bouffant caps, coveralls, gowns, frocks and lab coats), face masks and face shields. All financial information presented in this report reflects the current segmentation.

Previously, face masks and face shields were included in a separate business segment called Infection Control. All of our disposable protective apparel, including face masks and face shields, are sold through similar distribution channels, are single-use and disposable, have the purpose of protecting people, products and environments, and have to be produced in FDA approved facilities, regardless of the market served. Based on these similarities, we determined that it would be best to consolidate the Infection Control segment into the Disposable Protective Apparel segment beginning with the first quarter of 2019.

Our target markets include pharmaceutical manufacturing, bio-pharmaceutical manufacturing and medical device manufacturing, lab animal research, high technology electronics manufacturing (which includes the semi-conductor market), medical and dental distributors, and construction, building supply and roofing distributors.

Our products are used primarily in cleanrooms, industrial safety manufacturing environments, health care facilities, such as hospitals, laboratories and dental offices, and building and re-roofing sites. Our products are distributed principally in the United States through a network consisting of purchasing groups, national distributors, local distributors, independent sales representatives and our own sales and marketing force.

RESULTS OF OPERATIONS

The following table sets forth certain operational data as a percentage of sales for the years indicated:

	2019	**2018**
Net sales	100.0%	100.0%
Gross profit	36.4%	38.0%
Selling, general and administrative expenses	28.6%	28.6%
Income from operations	6.5%	8.3%
Income before provision for income taxes	7.9%	9.5%
Net income	6.4%	7.8%

Fiscal Year 2019 Compared to Fiscal Year 2018

Sales. Consolidated sales for the year ended December 31, 2019 increased slightly to $46,665,000, from $46,624,000 for the year ended December 31, 2018, representing an increase of $41,000, or 0.1%. This increase consisted of increased sales in the Building Supply segment of $541,000, partially offset by decreased sales in the Disposable Protective Apparel segment of $500,000.

Building Supply segment sales for the year ended December 31, 2019 increased by $541,000, or 2.1%, to $26,576,000, compared to $26,035,000 for the year ended December 31, 2018. The Building Supply segment increase was primarily due to a 6.2% increase in our core building products, including an increase in sales of synthetic roof underlayment of 11.5% and an increase in sales of housewrap of 2.2%. Sales of other woven material decreased by 24.3% compared to the same period of 2018. The sales mix of the Building Supply segment for the year ended December 31, 2019 was 47% for synthetic roof underlayment, 44% for housewrap and 9% for other woven material. This compared to 44% for synthetic roof underlayment, 44% for housewrap and 12% for other woven material for the year ended December 31, 2018. Our synthetic roof underlayment product line includes REX™, TECHNOply™ and TECHNO SB®, and our housewrap line consists of REX™ Wrap, REX™ Wrap Plus and REX™ Wrap Fortis.

During 2019, we expanded our TECHNO family of spunbond based (SB) synthetic roof underlayment products, and we are encouraged by the success of our new TECHNO SB® 25 product, which was instrumental in our 36.3% growth of the TECHNO family and 11.5% overall growth in synthetic roof underlayment in 2019 compared to 2018. Management expects continued growth from the TECHNO family of products. Although housewrap sales in the first half of 2019 were negatively affected by softer U.S. housing starts due in part to unusually severe weather across many parts of the country, housewrap sales were up 10.4% in the latter half of 2019 as a result of improved U.S. housing starts and our increased efforts to grow market share. We expect continued growth as optimism continues in the market. Sales of other woven material were down significantly in 2019 as a result of our largest customer in this category having excess inventory and a slowdown in orders from its customers. We anticipate sales to this customer to return to previous levels in 2020.

Sales for the Disposable Protective Apparel segment for the year ended December 31, 2019 decreased by $500,000, or 2.4%, to $20,089,000, compared to $20,589,000 for 2018. This segment decrease was due to a slight decrease in sales of disposable protective garments and a decrease in sales of face masks and face shields. The slight decrease in sales of disposable protective garments was primarily due to decreased sales to our major international supply chain partner; however, this partner's sales for the year to its end users were up, demonstrating demand for our products. Mask sales were negatively affected by a less severe flu season in 2019, and face shield sales decreased primary due to a one-time sale in 2018 that did not recur in 2019. The sales mix of the Disposable Protective Apparel segment for the year ended December 31, 2019 was 77% for disposable protective garments, 15% for face masks and 8% for face shields. This compared to 76% for disposable protective garments, 16% for face masks and 8% for face shields for the year ended December 31, 2018.

Gross Profit. Gross profit decreased by $739,000, or 4.2%, to $16,972,000 for the year ended December 31, 2019, from $17,711,000 for 2018. The gross profit margin was 36.4% for the year ended December 31, 2019, compared to 38.0% for the year ended December 31, 2018. Gross profit margin was negatively affected as certain products that were tariff free until June 4, 2019 under the U.S. Customs and Borders Protection Generalized System of Preferences ("GSP") will no longer be duty free, as the government program was terminated. This termination of tariff free GSP products primarily affected gross profit of the Disposable Protective Apparel segment and, to a much lesser extent, the Building Supply segment. Gross profit margin was also affected by a change in product mix in the Building Supply segment, with significant growth in the TECHNO family economy line of synthetic roof underlayment, which has a lower gross margin. As stated above, in the second quarter of 2019, we expanded our TECHNO family of spunbond based (SB) products to include our new TECHNO SB® 25 product, which was marketed with a lower introductory price. Pricing of the TECHNO SB® family was increased during the latter part of the fourth quarter of 2019, which will improve gross profit margin going forward. In addition, gross margin was negatively impacted by increased rebates.

During the first quarter of 2020, the Company has experienced a significant surge in customer demand for its N-95 Particulate Respirator face mask resulting from the outbreak of the novel coronavirus. The Company expects an increase in revenue from this product in the first quarter and potentially for the rest of 2020.

Management expects gross profit margin to be in the mid-to-high thirty percent range for 2020, which excludes any gross margin improvement that may result from increased sale of the N-95 face mask in connection with the Covid-19 outbreak.

Selling, General and Administrative Expenses. Selling, general and administrative expenses slightly increased by $36,000, or 0.3%, to $13,348,000 for the year ended December 31, 2019, from $13,312,000 for the year ended December 31, 2018. As a percentage of net sales, selling, general and administrative expenses were flat at 28.6% for the year ended December 31, 2019 and 2018.

The change in expenses by segment was as follows: Building Supply was up $169,000, or 3.4%; Disposable Protective Apparel was down $119,000, or 2.7%; and corporate unallocated expenses were down $14,000, or 0.3%. The increase in the Building Supply segment expenses was primarily as a result of increased employee compensation for the sales team, increased commission and increased trade show and warehouse supply expenses. The decrease in the Disposable Protective Apparel segment expenses was related to lower commissions.

In accordance with the terms of his employment agreement, the Company's current President and Chief Executive Officer is entitled to an annual bonus equal to 5% of the pre-tax profits of the Company, excluding bonus expense. A bonus amount of $194,000 was accrued for the year ended December 31, 2019, compared to $233,000 for the year ended December 31, 2018.

Depreciation and Amortization. Depreciation and amortization expense increased by $77,000, or 14.7%, to $602,000 for the year ended December 31, 2019, from $525,000 for the year ended December 31, 2018. The increase was primarily attributable to increased depreciation for machinery and equipment in both the Building Supply and Disposable Protective Apparel segments.

Income from Operations. Income from operations decreased by $852,000, or 22.0%, to $3,022,000 for the year ended December 31, 2019, compared to $3,874,000 for 2018. The decreased income from operations was primarily due to a decrease in gross profit of $739,000, an increase in selling, general and administrative expenses of $36,000, and an increase in depreciation and amortization expense of $77,000. Income from operations as a percentage of net sales for the year ended December 31, 2019 was 6.5%, compared to 8.3% for the same period of 2018.

Other Income. Other income increased by $118,000, or 21.9%, to $658,000 for the year ended December 31, 2019, from $540,000 for 2018. The increase was primarily due to the gain on marketable securities for the year ended December 31, 2019 compared to a loss on marketable securities during the same period of 2018, for a net change of $281,000, and an increase in interest income of $65,000, partially offset by a decrease in equity in income of unconsolidated affiliate of $228,000.

Other income consisted of equity in income of unconsolidated affiliate of $359,000, a gain on marketable securities of $231,000 and interest income of $68,000 for the year ended December 31, 2019. Other income consisted primarily of equity in income of unconsolidated affiliate of $587,000, a loss on marketable securities of $50,000 and interest income of $3,000 for the year ended December 31, 2018. Equity in income of unconsolidated affiliate was lower in 2019 primarily due to lower gross margin.

Income before Provision for Income Taxes. Income before provision for income taxes for the year ended December 31, 2019 was $3,680,000, compared to income before provision for income taxes of $4,414,000 for 2018, representing a decrease of $734,000, or 16.6%. This decrease in income before provision for income taxes was primarily due to a decrease in income from operations of $852,000, partially offset by an increase in other income of $118,000.

Provision for Income Taxes. The provision for income taxes for the year ended December 31, 2019 was $680,000, compared to $789,000 for 2018. The estimated effective tax rate was 18.5% for the year ended December 31, 2019, compared to 17.9% for the year ended December 31, 2018. The Company does not record a tax provision on equity in income of unconsolidated affiliate, which reduces the effective tax rate.

Net Income. Net income for the year ended December 31, 2019 was $3,000,000, compared to net income of $3,625,000 for 2018, representing a decrease of $625,000, or 17.2%. The net income decrease was due to a decrease in income before provision for income taxes of $734,000, partially offset by a decrease in provision for income taxes of $109,000. Net income as a percentage of net sales for the year ended December 31, 2019 was 6.4%, and net income as a percentage of net sales for the year ended December 31, 2018 was 7.8%. Basic and diluted earnings per common share for the years ended December 31, 2019 and 2018 were $0.23 and $0.26, respectively.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2019, the Company had cash of $6,548,000 and working capital of $24,660,000, representing an increase in working capital of $120,000 from $24,540,000 as of December 31, 2018. As of December 31, 2019, the Company's current ratio (current assets/current liabilities) was 12:1, compared to a 14:1 current ratio as of December 31, 2018. Cash decreased by 6.6%, or $459,000, to $6,548,000 as of December 31, 2019, compared to $7,007,000 as of December 31, 2018. The decrease in cash from December 31, 2019 was due to cash provided by operating activities of $3,101,000, cash used in financing activities of $2,418,000 and cash used in investing activities of $1,142,000.

We have a $3,500,000 credit facility with Wells Fargo Bank, consisting of a line of credit with interest at prime plus 0.5%. As of December 31, 2019, the prime interest rate was 4.75%. This credit line will expire in May 2020. The available line of credit is based on a formula of eligible accounts receivable and inventories. Our borrowing capacity on the line of credit was $3,500,000 as of December 31, 2019. As of December 31, 2019, we did not have any borrowings under this credit facility and do not anticipate using it in the near future. The credit facility includes customary financial and non-financial debt covenants. As of December 31, 2019 we believe that we are in compliance with all such covenants.

Net cash provided by operating activities of $3,101,000 for the year ended December 31, 2019 was due to net income of $3,000,000, impacted primarily by the following: stock-based compensation expense of $451,000, depreciation and amortization expense of $602,000, gain on marketable securities of $231,000, equity in income of unconsolidated affiliate of $359,000, operating lease expense net of accretion of $704,000, a decrease in accounts receivable of $1,026,000, a decrease in prepaid expenses of $412,000, an increase in inventory of $1,425,000, a decrease in accounts payable and accrued liabilities of $500,000 and a decrease in lease liabilities of $662,000.

Accounts receivable decreased by $1,026,000, or 19.3%, to $4,292,000 as of December 31, 2019, from $5,318,000 as of December 31, 2018. The decrease in accounts receivable was primarily related to increased rebates and decreased sales in the latter half of the fourth quarter of 2019 compared to the fourth quarter of 2018 in relation to other woven material customer mentioned above. The number of days that sales remained outstanding as of December 31, 2019, calculated by using an average of accounts receivable outstanding and annual revenue, was 34 days, compared to 40 days as of December 31, 2018.

Inventory increased by $1,425,000, or 14.4%, to $11,303,000 as of December 31, 2019, from $9,878,000 as of December 31, 2018. The increase was primarily due to an increase in inventory for the Building Supply segment of $1,393,000, or 32.4%, to $5,695,000 and an increase in inventory for the Disposable Protective Apparel segment of $32,000, or 0.6%, to $5,608,000,

Prepaid expenses decreased by $412,000, or 10.3%, to $3,587,000 as of December 31, 2019, from $3,999,000 as of December 31, 2018. The decrease was primarily due to a decrease in deposits for the purchase of inventory.

Right-of-use assets as of December 31, 2019 decreased by $277,000 to $3,178,000 from $3,455,000 as of January 1, 2019 when ASC 842 Leases was adopted.

Lease liabilities as of December 31, 2019 decreased by $236,000 to $3,219,000 from $3,455,000 as of January 1, 2019. The recording of the lease liabilities was the result of adopting ASC 842, Leases. The decrease in the lease liabilities was the result of amortizing the balance over the life of the lease.

Accounts payable and accrued liabilities as of December 31, 2019 decreased by $500,000, or 26.0%, to $1,421,000, from $1,920,000 as of December 31, 2018. The change was primarily due to a decrease in accrued liabilities as a result of payments of 2018 year-end commissions and bonuses.

Net cash used in investing activities was $1,142,000 for the year ended December 31, 2019, compared to net cash used in investing activities of $570,000 for the same period of 2018. Investing activities for the year ended December 31, 2019 consisted of the purchase of property and equipment of $1,296,000 for both the Building Supply segment and the Disposable Apparel Products segment and proceeds from the sale of marketable securities of $154,000. Investing activities for the year ended December 31, 2018 consisted of the purchase of property and equipment of $606,000 and proceeds from the sale of marketable securities of $36,000.

Net cash used in financing activities was $2,418,000 for the year ended December 31, 2019, compared to net cash used in financing activities of $3,186,000 for the same period of 2018. Net cash used in financing activities for the year ended December 31, 2019 resulted from the payment of $2,548,000 for the repurchase of common stock, partially offset by proceeds of $130,000 from the exercise of stock options. Net cash used in financing activities for the year ended December 31, 2018 resulted from the payment of $3,580,000 for the repurchase of common stock, partially offset by proceeds of $394,000 from the exercise of stock options.

As of December 31, 2019, we had $2,152,000 available for additional stock purchases under our stock repurchase program. For the year ended December 31, 2019, we repurchased 683,910 shares of common stock at a cost of $2,548,000. As of December 31, 2019, we had repurchased a total of 17,887,817 shares of common stock at a cost of $35,368,000 through our repurchase program. We retire all stock upon repurchase. Future repurchases are expected to be funded from cash on hand and cash flows from operating activities.

We believe that our current cash balance and the funds available under our credit facility will be sufficient to satisfy our projected working capital and planned capital expenditures for the foreseeable future.

Related Parties

During 2019, the Company had no related party transactions, other than the Company's transactions with its non-consolidated affiliate, Harmony. See Note 7 – "Equity Investments in Unconsolidated Affiliate" in the notes to our consolidated financial statements in Item 8 for more information on our relationship with our non-consolidated affiliated Harmony Plastics Private Limited.

New Accounting Standards

Effective January 1, 2018, we adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), and ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date, which deferred the effective date of ASU 2014-09 by one year. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605, Revenue Recognition, and is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires additional disclosure about the nature, amount, timing and uncertainty of revenue, cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. The adoption of ASU 2014-09, using a full retrospective approach, had no significant impact on our results of operations, cash flows or financial position. Revenue continues to be recognized at a point in time for our product sales when products are delivered to or picked up by the customer, and revenue for shipping and handling charges continues to be recognized when products are delivered to or picked up by the customer. We continue to reduce revenue for estimates of sales incentives based on probability estimates and for product returns based on historical return rates.

In February 2016, the FASB issued ASU 2016-02, Leases, which introduces the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The update is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those reporting periods, with early adoption permitted. The original guidance required application on a modified retrospective basis with the earliest period presented. In August 2018, the FASB issued ASU 2018-11, Targeted Improvements to ASC 842, which includes an option to not restate comparative periods in transition and elect to use the effective date of ASC 842, Leases, as the date of initial application of transition. Based on the effective date, we adopted this ASU beginning on January 1, 2019 and elected the transition option provided under ASU 2018-11. This standard had a material effect on our consolidated balance sheet with the recognition of new right-of-use assets and lease liabilities for all operating leases, as these leases typically have a non-cancelable lease term of greater than one year. Upon adoption, both assets and liabilities on our consolidated balance sheet increased by approximately $3,455,000. We have elected a package of transition practical expedients which include not reassessing whether any expired or existing contracts are or contain leases, not reassessing the lease classification of expired or existing leases, and not reassessing initial direct costs for existing leases. We have also elected a practical expedient to not separate lease and non-lease components. We did not elect the practical expedient to use hindsight in determining the lease terms or assessing impairment of the ROU assets. See also Note 12 to the Consolidated Financial Statements, which appear elsewhere in this report.

In June 2016, the FASB issued ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on

Financial Instruments. ASU 2016-13 requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. ASU 2016-13 is effective for public entities for the annual periods, including interim periods within those annual periods, beginning after December 15, 2019. This guidance is applicable to the Company's fiscal year beginning January 1, 2020. Management is currently evaluating the requirements of this guidance and has not yet determined the impact on the adoption of the Company's financial position or results from operations.

In June 2018, the FASB issued ASU 2018-07, Compensation - Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting. This ASU is intended to simplify aspects of share-based compensation issued to non-employees by making the guidance consistent with accounting for employee share-based compensation. ASU 2018-07 is effective for annual periods beginning after December 15, 2018 and interim periods within those annual periods, with early adoptions permitted but no earlier than an entity's adoption date of ASC Topic 606. The new guidance is required to be applied retrospectively with the cumulative effect recognized at the date of initial application. We adopted the provisions of this ASU in the first quarter of 2019. Adoption of the new standard did not have a material impact on our consolidated financial statements.

Management periodically reviews new accounting standards that are issued. Management has not identified any other new standards that it believes merit further discussion at this time.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We subcontract the manufacturing of products in China and, to a lesser extent, in Mexico, and have a joint venture in India. In addition, our principal executive office, with 15 employees, is located in Canada. We do not believe that we have a material foreign currency exposure due to the fact that our purchase agreements with companies in China, India and Mexico are settled in U.S. dollars. In addition, all sales transactions are in U.S. dollars. In Canada, our foreign currency exposure is not material due to the fact that we do not conduct manufacturing operations in Canada. Our exposure is limited to payroll expenses in the Canadian branch office.

We do not expect any significant effect on our consolidated results of operations from inflation, interest or currency rate fluctuations. We do not hedge interest rates or foreign exchange risks.

Alpha Pro Tech, Ltd.

Item 8. Financial Statements and Supplementary Data.

Page

All schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Alpha Pro Tech, Ltd.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, our principal executive and principal financial officers, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

• pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets;

• provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors; and

• provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our 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.

Under the supervision and with the participation of our management, including our principal executive and principal financial officers, we assessed, as of December 31, 2019, the effectiveness of our internal control over financial reporting. This assessment was based on criteria established in accordance with the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Alpha Pro Tech, Ltd.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Alpha Pro Tech, Ltd. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for each of the years in the two year period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for each of the years in the two year period ended December 31, 2019 in conformity with U.S. generally accepted accounting principles.

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 Public Company Accounting Oversight Board (United States) ("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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk 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.

/s/Tanner LLC

We have served as the Company's auditor since 2011.

Salt Lake City, Utah
March 10, 2020

Alpha Pro Tech, Ltd.

Consolidated Balance Sheets

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 6,548,000	$ 7,007,000
Investments	335,000	258,000
Accounts receivable, net of allowance for doubtful accounts of $53,000 and $64,000 as of December 31, 2019 and 2018, respectively	3,568,000	4,935,000
Accounts receivable, related party	724,000	383,000
Inventories	11,303,000	9,878,000
Right-of-use assets	898,000	-
Prepaid expenses	3,587,000	3,999,000
Total current assets	26,963,000	26,460,000
Property and equipment, net	3,943,000	3,244,000
Goodwill	55,000	55,000
Definite-lived intangible assets, net	11,000	16,000
Right-of-use assets, net of current portion	2,280,000	-
Equity investments in unconsolidated affiliate	4,839,000	4,480,000
Total assets	$ 38,091,000	$ 34,255,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 501,000	$ 578,000
Accrued liabilities	920,000	1,342,000
Lease liabilities	882,000	-
Total current liabilities	2,303,000	1,920,000
Lease liabilities, net of current portion	2,337,000	-
Deferred income tax liabilities, net	224,000	141,000
Total liabilities	4,864,000	2,061,000
Commitments		
Shareholders' equity:		
Common stock, $.01 par value: 50,000,000 shares authorized; 12,885,273 and 13,502,684 shares outstanding as of December 31, 2019 and 2018, respectively	129,000	135,000
Additional paid-in capital	708,000	2,669,000
Retained earnings	32,390,000	29,390,000
Total shareholders' equity	33,227,000	32,194,000
Total liabilities and shareholders' equity	$ 38,091,000	$ 34,255,000

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

Alpha Pro Tech, Ltd.

Consolidated Statements of Comprehensive Income

	Years Ended December 31,	
	2019	2018
Net sales	$ 46,665,000	$ 46,624,000
Cost of goods sold, excluding depreciation and amortization	29,693,000	28,913,000
Gross profit	16,972,000	17,711,000
Operating expenses:		
Selling, general and administrative	13,348,000	13,312,000
Depreciation and amortization	602,000	525,000
Total operating expenses	13,950,000	13,837,000
Income from operations	3,022,000	3,874,000
Other income (expense):		
Equity in income of unconsolidated affiliate	359,000	587,000
Gain/(loss) from marketable securities	231,000	(50,000)
Interest income, net	68,000	3,000
Total other income, net	658,000	540,000
Income before provision for income taxes	3,680,000	4,414,000
Provision for income taxes	680,000	789,000
Net income	$ 3,000,000	$ 3,625,000
Basic earnings per common share	$ 0.23	$ 0.26
Diluted earnings per common share	$ 0.23	$ 0.26
Basic weighted average common shares outstanding	13,142,872	13,909,688
Diluted weighted average common shares outstanding	13,168,725	13,962,819

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

Alpha Pro Tech, Ltd.

Consolidated Statements of Shareholders' Equity

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance as of December 31, 2017	14,290,749	$ 143,000	$ 5,415,000	$ (458,000)	$ 26,223,000	$ 31,323,000
Common stock repurchased and retired	(999,900)	(10,000)	(3,570,000)	-	-	(3,580,000)
Share-based compensation expense	-	-	432,000	-	-	432,000
Options exercised	211,835	2,000	392,000	-	-	394,000
Net income	-	-	-	-	3,625,000	3,625,000
Cumulative-effect adjustment of change in accounting for unrealized loss on marketable securities	-	-	-	458,000	(458,000)	-
Balance as of December 31, 2018	13,502,684	135,000	2,669,000	-	29,390,000	32,194,000
Common stock repurchased and retired	(683,910)	(6,000)	(2,542,000)	-	-	(2,548,000)
Share-based compensation expense	-	-	451,000	-	-	451,000
Options exercised	66,499	-	130,000	-	-	130,000
Net income	-	-	-	-	3,000,000	3,000,000
Balance as of December 31, 2019	12,885,273	$ 129,000	$ 708,000	$ -	$ 32,390,000	$ 33,227,000

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

Alpha Pro Tech, Ltd.

Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
Cash Flows From Operating Activities:		
Net income	$ 3,000,000	$ 3,625,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation	451,000	432,000
Depreciation and amortization	602,000	525,000
Gain (loss) on marketable securities	(231,000)	50,000
Equity in income of unconsolidated affiliate	(359,000)	(587,000)
Operating lease expense, net of accretion	704,000	-
Deferred income taxes	83,000	159,000
Changes in assets and liabilities:		
Accounts receivable, net	1,367,000	(338,000)
Accounts receivable, related party	(341,000)	(22,000)
Inventories	(1,425,000)	371,000
Prepaid expenses	412,000	(1,334,000)
Accounts payable and accrued liabilities	(500,000)	(881,000)
Lease liabilities	(662,000)	-
Net cash provided by operating activities	3,101,000	2,000,000
Cash Flows From Investing Activities:		
Purchase of property and equipment	(1,296,000)	(606,000)
Proceeds from sales of marketable securities	154,000	36,000
Net cash used in investing activities	(1,142,000)	(570,000)
Cash Flows From Financing Activities:		
Proceeds from exercise of stock options	130,000	394,000
Repurchase of common stock	(2,548,000)	(3,580,000)
Net cash used in financing activities	(2,418,000)	(3,186,000)
Decrease in cash	(459,000)	(1,756,000)
Cash and cash equivalents, beginning of the year	7,007,000	8,763,000
Cash and cash equivalents, end of the year	$ 6,548,000	$ 7,007,000
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 633,000	$ 908,000

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

1. The Company

Alpha Pro Tech, Ltd. ("Alpha Pro Tech" or the "Company") is in the business of protecting people, products and environments. The Company accomplishes this by developing, manufacturing and marketing a line of building supply products for the new home and re-roofing markets; a line of disposable protective apparel for the cleanroom, the industrial markets and the pharmaceutical markets; and a line of infection control products for the medical and dental markets.

The Building Supply segment consists of construction weatherization products, such as housewrap and synthetic roof underlayment, as well as other woven material.

The Disposable Protective Apparel segment consists of a complete line of disposable protective garments (shoecovers, bouffant caps, coveralls, gowns, frocks and lab coats), face masks and face shields. Previously, face masks and face shields were included in a separate business segment called Infection Control. All of our disposable protective apparel products, including face masks and face shields, are sold through similar distribution channels, are single-use and disposable, have the purpose of protecting people, products and environments, and have to be produced in Food and Drug Administration ("FDA") approved facilities, regardless of the market served. Based on these similarities, the Infection Control segment was combined with the Disposable Protective Apparel segment during the first quarter of 2019. The disclosures herein reflect this current segmentation.

The Company's products are sold under the "Alpha Pro Tech" brand name, and under private label, and are predominantly sold in the United States of America ("U.S.").

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of the Company and its wholly-owned subsidiaries, Alpha Pro Tech, Inc. and Alpha ProTech Engineered Products, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

Events that occurred after December 31, 2019 through the date on which these financial statements were filed with the Securities and Exchange Commission ("SEC") were considered in the preparation of these financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

Periods Presented

All amounts have been rounded to the nearest thousand with the exception of the share data. The Company qualified as a smaller reporting company at the measurement date for determining such qualification during 2019. According to the disclosure requirements for smaller reporting companies, the Company has included balance sheets as of the end of the two most recent years and statements of income, comprehensive income, shareholders' equity and cash flows for each of the two most recent years.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The Company periodically invests a portion of its cash in excess of short-term operating needs in marketable equity securities. These investments are classified as available-for-sale in accordance with U.S. GAAP. The Company does not have any investments in securities that are classified as held-to-maturity or trading. Available-for-sale investments are carried at their fair values using quoted prices in active markets for identical securities, with realized and unrealized gains and losses reported in net income. Prior to January 1, 2018, unrealized gains and losses net of tax, were reported as a component of accumulated other comprehensive income (loss), and declines in value deemed to be other-than-temporary on available-for-sale investments, were recognized in net income. The cost of securities sold is based on the specific identification method. Investments that the Company intends to hold for more than one year are classified as long-term investments in the accompanying balance sheets.

Accounts Receivable

Accounts receivable are recorded at the invoice amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable; however, changes in circumstances relating to accounts receivable may result in a requirement for additional allowances in the future. The Company determines the allowance based upon historical write-off experience and known conditions about its customers' current ability to pay. Account balances are charged against the allowance when management determines that the probability for collection is remote.

Inventories

Inventories include freight-in, materials, labor and overhead costs and are stated at the lower of cost or net realizable value. Allowances are recorded for slow-moving, obsolete or unusable inventories. The Company assesses inventories for estimated obsolescence or unmarketable products and writes down the difference between the cost of the inventories and the estimated net realizable values based upon assumptions about future sales and supplies on-hand.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Costs to develop internal use software are charged to expense as incurred until the preliminary project stage has been completed and application development begins. The Company discontinues capitalization upon entering the post-implementation stage and expenses ongoing maintenance and support costs. Property and equipment are depreciated or amortized using the straight-line method over the shorter of the respective useful lives of the assets or the related lease terms as follows:

Buildings (in years)	25
Machinery and equipment (in years)	5-15
Office furniture and equipment (in years)	2-7
Leasehold improvements (in years)	4-5
Software (in years)	5

Expenditures for renewals and betterments are capitalized, whereas costs of maintenance and repairs are charged to operations in the period incurred.

Goodwill and Intangible Assets

The Company accounts for goodwill and definite-lived intangible assets in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other. Goodwill is not amortized, but rather is tested annually for impairment. Intangible assets with finite lives are amortized over their useful lives (see Note 6). The Company's patents and trademarks are recorded at cost and are amortized using the straight-line method over their estimated useful lives of 5-17 years.

Fair Value of Financial Instruments

The estimated fair values of financial instruments are determined based on relevant market information and cannot be determined with precision. The Company's financial instruments consist primarily of cash, cash equivalents and marketable securities.

The Company's marketable securities are classified as available-for-sale and are carried at fair market value based on quoted market prices.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in its business circumstances indicate that the carrying amounts of the assets may not be fully recoverable. If it is determined that the undiscounted future net cash flows are not sufficient to recover the carrying values of the assets, an impairment loss is recognized for the excess of the carrying values over the fair values of the assets. The Company believes that the future undiscounted net cash flows to be received from its long-lived assets exceed the assets' carrying values and, accordingly, the Company has not recognized any impairment losses for the years ended December 31, 2019 and 2018.

Revenue Recognition

As of January 1, 2018, the Company adopted the new accounting standard, ASC 606, Revenue from Contracts with Customers. This standard was retrospectively adopted for the 2017 year, and there was no cumulative effect adjustment upon adoption. Under ASC 606, net sales includes revenue from products and shipping and handling charges, net of estimates for product returns and any related sales incentives. Revenue is measured as the amount of consideration that we expect to receive in exchange for transferring products. All revenue is recognized when we satisfy our performance obligations under the applicable contract. We recognize revenue in connection with transferring the promised products to the customer, with revenue being recognized at the point in time when the customer obtains control of the products, which is generally when title passes to the customer upon delivery, at which time a receivable is created for the invoice sent to the customer. We recognize revenue for shipping and handling charges at the time the products are delivered to or picked up by the customer. We estimate product returns based on historical return rates and estimate rebates based on contractual agreements. Using probability assessments, we estimate sales incentives expected to be paid over the term of the contract. Our contracts have a single performance obligation. Sales taxes and value added taxes in foreign and domestic jurisdictions that are collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from net sales. The Company manufactures certain private label goods for customers and has determined that control does not pass to the customer at the time of manufacture, based upon the nature of the private labelling. In connection with the adoption of ASC 606, the Company determined that it had no material contract assets, and concluded that its contract liabilities (primarily rebates) had the right of offset against customer receivables. See Note 14 and Note 15 for information on revenue disaggregated by type and by geographic region

Shipping and Handling Costs

The costs of shipping products to distributors are recorded in cost of goods sold.

Stock-Based Compensation

The Company maintains a stock option plan under which the Company may grant incentive stock options and non-qualified stock options to employees and non-employee directors. Stock options have been granted with exercise prices at or above the fair market value of the underlying shares of common stock on the date of grant. Options vest and expire according to terms established at the grant date.

The Company accounts for share-based awards in accordance with ASC 718, Stock Compensation. ASC 718 requires companies to record compensation expense for the value of all outstanding and unvested share-based awards, including employee stock options.

For the years ended December 31, 2019 and 2018, there were 370,000 and 349,750 stock options granted, respectively, under the Company's option plan. The Company recognized $451,000 and $432,000 in share-based compensation expense for the years ended December 31, 2019 and 2018, respectively, related to outstanding options.

Income Taxes

The Company accounts for income taxes using the asset and liability method. A valuation allowance is recorded to reduce the carrying amounts of deferred income tax assets unless it is more likely than not that such assets will be realized. The Company's policy is to record any interest and penalties assessed by the Internal Revenue Service as a component of the provision for income taxes. The Company provides allowances for uncertain income tax positions when it is more likely than not that the position will not be sustained upon examination by the tax authority.

Alpha Pro Tech, Ltd. and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and in various state and foreign jurisdictions.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted in December 2017. The Tax Act significantly changed U.S. tax law by, among other things, lowering U.S. corporate income tax rates, implementing a territorial tax system and imposing a one-time transition tax on deemed repatriated earnings of foreign subsidiaries. The Tax Act reduced the U.S. corporate income tax rate from 35% to 21%, effective January 1, 2018.

Earnings Per Common Share

The following table provides a reconciliation of both net income and the number of shares used in the computation of "basic" earnings per common share ("EPS"), which utilizes the weighted average number of common shares outstanding without regard to potential common shares, and "diluted" EPS, which includes all potential common shares which are dilutive for the years ended December 31, 2019 and 2018.

	Years Ended December 31,	
	2019	2018
Net income (numerator)	$ 3,000,000	$ 3,625,000
Shares (denominator):		
Basic weighted average common shares outstanding	13,142,872	13,909,688
Add: Dilutive effect of common stock options	25,853	53,131
Diluted weighted average common shares outstanding	13,168,725	13,962,819
Earnings per common share:		
Basic	$ 0.23	$ 0.26
Diluted	$ 0.23	$ 0.26

Translation of Foreign Currencies

Transactions in foreign currencies are translated into U.S. dollars at the exchange rate prevailing at the transaction date. Monetary assets and liabilities in foreign currencies at each period end are translated at the exchange rate in effect at that date. Transaction gains or losses on foreign currencies are reflected in selling, general and administrative expenses and were not material for the years ended December 31, 2019 and 2018.

The Company does not have a material foreign currency exposure due to the fact that all purchase agreements with companies in Asia and Mexico are in U.S. dollars. In addition, all sales transactions are in U.S. dollars. The Company's only foreign currency exposure is with its Canadian branch office. The foreign currency exposure is not material due to the fact that the Company does not manufacture in Canada. The exposure primarily relates to payroll expenses in the Company's administrative branch office in Canada.

Research and Development Costs

Research and development costs are expensed as incurred and are included in selling, general and administrative expenses. Such costs were not material for the years ended December 31, 2019 and 2018.

Advertising Costs

The Company expenses advertising costs as incurred. These costs are included in selling, general and administrative expenses and were $16,000 and $32,000 for the years ended December 31, 2019 and 2018, respectively.

Loss Contingencies

The outcomes of legal proceedings and claims brought against the Company are subject to uncertainty. An estimated loss from a loss contingency such as a legal proceeding or claim is accrued if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued, we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss.

Fair Value Measurements

ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value in accordance with U.S. GAAP, clarifies the definition of fair value within that framework and expands disclosures about the use of fair value measurements. On a quarterly basis, the Company measures at fair value certain financial assets using a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's own assumptions. The following fair value hierarchy prioritizes the inputs into three broad levels.

This hierarchy requires the Company to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value. The fair values of the Company's financial assets as of December 31, 2019 and 20187 were determined using the following levels of inputs:

• Level 1—Quoted prices for identical instruments in active markets;
• Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
• Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

	Fair Value Measurements as of December 31,			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities 2019	$ 335,000	$ 335,000	$ -	$ -
Marketable securities 2018	258,000	258,000	-	-

The fair values for the marketable securities, classified as Level 1, were obtained from quoted market prices.

New Accounting Standards

Effective January 1, 2018, we adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), and ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date, which deferred the effective date of ASU 2014-09 by one year. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605, Revenue Recognition, and is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires additional disclosure about the nature, amount, timing and uncertainty of revenue, cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. The adoption of ASU 2014-09, using a full retrospective approach, had no significant impact on our results of operations, cash flows or financial position. Revenue continues to be recognized at a point in time for our product sales when products are delivered to or picked up by the customer, and revenue for shipping and handling charges continues to be recognized when products are delivered to or picked up by the customer. We continue to reduce revenue for estimates of sales incentives based on probability estimates and for product returns based on historical return rates.

In February 2016, the FASB issued ASU 2016-02, Leases, which introduces the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The update is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those reporting periods, with early adoption permitted. The original guidance required application on a modified retrospective basis with the earliest period presented. In August 2018, the FASB issued ASU 2018-11, Targeted Improvements to ASC 842, which includes an option to not restate comparative periods in transition and elect to use the effective date of ASC 842, Leases, as the date of initial application of transition. Based on the effective date, we adopted this ASU beginning on January 1, 2019 and elected the transition option provided under ASU 2018-11. This standard had a material effect on our consolidated balance sheet with the recognition of new right-of-use assets and lease liabilities for all operating leases, as these leases typically have a non-cancelable lease term of greater than one year. Upon adoption, both assets and liabilities on our consolidated balance sheet increased by approximately $3,455,000. We have elected a package of transition practical expedients which include not reassessing whether any expired or existing contracts are or contain leases, not reassessing the lease classification of expired or existing leases, and not reassessing initial direct costs for existing leases. We have also elected a practical expedient to not separate lease and non-lease components. We did not elect the practical expedient to use hindsight in determining the lease terms or assessing impairment of the ROU assets. See also Note 13.

In June 2016, the FASB issued ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. ASU 2016-13 is effective for public entities for the annual periods, including interim periods within those annual periods, beginning after December 15, 2019. This guidance is applicable to the Company's fiscal year beginning January 1, 2020. Management is currently evaluating the requirements of this guidance and has not yet determined the impact on the adoption of the Company's financial position or results from operations.

In June 2018, the FASB issued ASU 2018-07, Compensation - Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting. This ASU is intended to simplify aspects of share-based compensation issued to non-employees by making the guidance consistent with accounting for employee share-based compensation. ASU 2018-07 is effective for annual periods beginning after December 15, 2018 and interim periods within those annual periods, with early adoptions permitted but no earlier than an entity's adoption date of ASC Topic 606. The new guidance is required to be applied retrospectively with the cumulative effect recognized at the date of initial application. We adopted the provisions of this ASU in the first quarter of 2019. Adoption of the new standard did not have a material impact on our consolidated financial statements.

Management periodically reviews new accounting standards that are issued. Management has not identified any other new standards that it believes merit further discussion at this time.

3. Investments

As of December 31, 2019 and 2018, investments totaled $335,000 and $258,000, respectively, which consisted of marketable securities. Certain marketable securities were sold during the years ended December 31, 2019 and 2018. The total gain on marketable securities during the year ended December 31, 2019 was $231,000 and the total loss on marketable securities during the year ended December 31, 2018 was $50,000. The gain for the year ended December 31, 2019 was due to an unrealized gain of $170,000 and a realized gain of $61,000. The loss for the year ended December 31, 2018 was due to an unrealized loss of $57,000 partially offset by a realized gain of $7,000.

4. Inventories

Inventories consisted of the following:

	December 31,	
	2019	2018
Raw materials	$ 4,284,000	$ 4,732,000
Work in process	2,559,000	825,000
Finished goods	4,460,000	4,321,000
Total inventory	$ 11,303,000	$ 9,878,000

5. Property and Equipment

Property and equipment consisted of the following:

	December 31, 2019	December 31, 2018
Buildings	$ 493,000	$ 493,000
Machinery and equipment	12,227,000	11,231,000
Office furniture and equipment	1,390,000	1,260,000
Leasehold improvements	508,000	508,000
Software	438,000	373,000
	15,056,000	13,865,000
Less accumulated depreciation and amortization	(11,113,000)	(10,621,000)
Total net property and equipment	$ 3,943,000	$ 3,244,000

Depreciation and amortization expense for property and equipment was $602,000 and $525,000 for the years ended December 31, 2019 and 2018, respectively.

6. Goodwill and Intangible Assets

Management evaluates goodwill for impairment on an annual basis (fourth quarter), and no impairment charge was identified for the years presented.

Definite-lived intangible assets, consisting of patents and trademarks, are amortized over their useful lives. Intangible assets consisted of the following:

	December 31, 2019				December 31, 2018			
	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents and Trademarks	3.0	$474,000	($463,000)	$11,000	3.0	$474,000	($458,000)	$16,000

Amortization expense for intangible assets was $5,000 for the years ended December 31, 2019 and 2018, respectively.

Estimated future amortization expense related to definite-lived intangible assets is as follows:

Years ending December 31,		
2020		4,000
2021		3,000
2022		2,000
2023		1,000
Thereafter		1,000
Total	$	11,000

7. Equity Investments in Unconsolidated Affiliate

In 2005, Alpha ProTech Engineered Products, Inc. (a subsidiary of Alpha Pro Tech, Ltd.) entered into a joint venture with a manufacturer in India, Maple Industries and associates, for the production of building products. Under the terms of the joint venture agreement, a private company, Harmony Plastics Private Limited ("Harmony"), was created with ownership interests of 41.66% owned by Alpha ProTech Engineered Products, Inc. and 58.34% owned by Maple Industries and associates.

This joint venture positions Alpha ProTech Engineered Products, Inc. to respond to current and expected increased product demand for housewrap and synthetic roof underlayment and provides future capacity for sales of specialty roofing component products and custom products for industrial applications requiring high quality extrusion coated fabrics. In addition, the joint venture now supplies products for the Company's Disposable Protective Apparel segment.

The capital from the initial funding and a bank loan, which loan is guaranteed exclusively by the individual shareholders of Maple Industries and associates and collateralized by the assets of Harmony, were utilized to purchase the original manufacturing facility in India. Harmony currently has four facilities in India (three owned and one rented), consisting of: (1) a 113,000 square foot building for manufacturing building products; (2) a 73,000 square foot building for manufacturing coated material and sewing proprietary disposable protective apparel; (3) a 16,000 square foot facility for sewing proprietary disposable protective apparel; and (4) a 93,000 square foot facility (rented) for manufacturing Building Supply segment products. All additions have been financed by Harmony with no guarantees from the Company.

In accordance with ASC 810, Consolidation, the Company assesses whether or not related entities are variable interest entities ("VIEs"). For those related entities that qualify as VIEs, ASC 810 requires the Company to determine whether or not the Company is the primary beneficiary of the VIE, and, if so, to consolidate the VIE. The Company has determined that Harmony is not a VIE and is, therefore, considered to be an unconsolidated affiliate.

The Company records its investment in Harmony as "equity investment in unconsolidated affiliate" in the accompanying consolidated balance sheets. The Company records its equity interest in Harmony's results of operations as "equity in income of unconsolidated affiliate" in the accompanying consolidated statements of income. The Company periodically reviews its investment in Harmony for impairment. Management has determined that no impairment was required as of December 31, 2019 or December 31, 2018.

For the years ended December 31, 2019 and 2018, the Company purchased $19,312,000 and $16,517,000 of inventories, respectively, from Harmony. For the years ended December 31, 2019 and 2018, the Company recorded equity in income of unconsolidated affiliate of $359,000 and $587,000, respectively.

As of December 31, 2019, the Company's investment in Harmony was $4,839,000, which consisted of its original $1,450,000 investment and cumulative equity in income of unconsolidated affiliate of $4,408,000, less $942,000 in repayments of an advance and payments of $77,000 in dividends.

8. Accrued Liabilities

Accrued liabilities consisted of the following:

	December 31,	
	2019	2018
Payroll expenses and tax payable	$ 299,000	$ 269,000
Commission and bonuses payable and general accrued liabilities	621,000	1,073,000
Total accrued liabilities	$ 920,000	$ 1,342,000

Contract liabilities were $1,511,000 and $1,327,000 as of December 31, 2019 and 2018, respectively, which are netted against the related accounts receivable due to the legal right of offset.

9. Notes Payable

The Company maintains a credit facility with Wells Fargo Bank that expires in May 2020. Pursuant to the terms of the credit facility, the Company has a borrowing capacity up to $3,500,000 based on eligible accounts receivable and inventories. The credit facility bears interest at prime plus 0.5% (prime rate was 4.75% and 5.50% as of December 31, 2019 and 2018, respectively) and is collateralized by accounts receivable, inventories, trademarks, patents and property and equipment. Under the terms of the facility, the Company pays a 0.5% unused loan fee on a quarterly basis.

As of December 31, 2019, the Company had no outstanding borrowings on its line of credit and no other debt.

10. Shareholders' Equity

Repurchase Program

During the year ended December 31, 2019, the Company repurchased and retired 683,910 shares of its common stock for $2,548,000. During the year ended December 31, 2018, the Company repurchased and retired 999,900 shares of its common stock for $3,580,000. As of December 31, 2019, the Company had $2,152,000 available to repurchase common shares under the repurchase program.

Option Activity

The 2004 Stock Option Plan (the "2004 Plan") is an equity compensation plan that provides for grants of stock options to eligible individuals. The 2004 Plan is intended to recognize the contributions made to the Company by key employees of the Company, provide key employees with additional incentive to devote themselves to the future success of the Company and improve the ability of the Company to attract, retain and motivate individuals. The 2004 Plan also is intended as an incentive to certain members of the Board of Directors of the Company to continue to serve on the Board of Directors and to devote themselves to the future success of the Company.

The 2004 Plan provides for a total of 5,000,000 common shares eligible for issuance.

Under the 2004 Plan, approximately 5,009,750 options had been granted as of December 31, 2019. Under the 2004 Plan, option grants have a three-year vesting period and, since 2005, expire no later than the fifth anniversary from the date of grant. The exercise price of the options is determined based on the fair market value of the stock on the date of grant.

The following table summarizes option activity for the years ended December 31, 2019 and 2018:

	Shares	Weighted Average Exercise Price Per Option
Options outstanding, December 31, 2017	884,998	$2.26
Granted to employees and directors	349,750	3.27
Exercised	(211,835)	1.86
Canceled/expired/forfeited	-	-
Options outstanding, December 31, 2018	1,022,913	2.69
Granted to employees and directors	370,000	3.59
Exercised	(66,499)	1.96
Canceled/expired/forfeited	-	-
Options outstanding, December 31, 2019	1,326,414	2.97
Options exercisable, December 31, 2019	694,914	2.51

Stock options to purchase 1,326,414 and 1,022,913 shares of common stock were outstanding as of December 31, 2019 and 2018, respectively. All except 455,000 and 145,000 of the stock options, which were anti-dilutive, were included in the computation of the weighted-average number of dilutive common shares outstanding for the years ended December 31, 2019 and 2018.

The fair values of the share-based compensation awards granted were estimated using the Black-Scholes option-pricing model with the following assumptions and weighted average fair values:

	Stock Options For the Years Ended December 31, 2019	2018
Exercise price	$3.59	$3.27
Risk-free interest rate	2.23 %	2.73 %
Expected volatility	32.17 %	57.75 %
Expected life in years	4.25	4.25
Dividend rate	-	-
Black-Scholes fair value	$1.06	$1.57

The Company used the Black-Scholes option-pricing model to value the options. The Company uses historical data to estimate the expected term of the options. The risk-free interest rate for periods consistent with the expected term of the award is based on the U.S. Treasury rates in effect at the time of grant. The expected volatility is based on historical volatility. The Company uses an estimated dividend payout ratio of zero, as the Company has not paid dividends in the past and, at this time, does not expect to do so in the foreseeable future. The Company accounts for option forfeitures as they occur.

The following table summarizes information about stock options as of December 31, 2019:

	Options Outstanding				Options Exercisable			
Range of Exercise Prices	Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Life (in years)	Aggregate Intrinsic Value	Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Life (in years)	Aggregate Intrinsic Value
$1.58-$3.90	1,326,414	$2.97	2.84	$604,000	694,914	$2.51	2.16	$636,000

The intrinsic value is the amount by which the market value of the underlying common stock exceeds the exercise price of the respective stock options. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2019 and 2018 was $121,000 and $356,000, respectively.

As of December 31, 2019, $589,000 of total unrecognized compensation cost related to stock options was expected to be recognized over a weighted-average remaining period of 1.91 years. Cash received from 66,499 options exercised for the year ended December 31, 2019 was $130,000.

Dividends

The holders of the Company's common stock are entitled to receive such dividends as may be declared by the Board of Directors of the Company from time to time to the extent that funds are legally available for payment thereof. The Company has never declared or paid any dividends on any of its outstanding shares of common stock. The Board of Directors' current policy is not to pay dividends but rather to use available funds to repurchase common shares in accordance with the Company's repurchase program and to fund the continued development and growth of the Company. Consequently, the Company currently has no plans to pay cash dividends in the foreseeable future.

11. Income Taxes

The provision (benefit) for income taxes consisted of the following:

	For the Years Ended December 31,	
	2019	2018
Current	$ 596,000	$ 630,000
Deferred	84,000	159,000
Provision for income taxes	$ 680,000	$ 789,000

Deferred income tax assets (liabilities) consisted of the following:

	December 31,	
	2019	2018
Temporary differences:		
Property and equipment	$ (646,000)	$ (448,000)
Intangible assets	(8,000)	(6,000)
Marketable securities	-	122,000
Inventory reserve	16,000	45,000
Accrued expenses and inventory	443,000	336,000
Basis difference in investments	19,000	(80,000)
Foreign exchange	(13,000)	(14,000)
AMT/Foreign tax credits	50,000	25,000
Other	(30,000)	(65,000)
State income taxes	(55,000)	(56,000)
Net deferred income tax assets (liabilities)	$ (224,000)	$ (141,000)

The provision for income taxes differs from the amount that would be obtained by applying the U.S. statutory rate to income before income taxes as a result of the following:

	For the Years Ended December 31, 2019	2018
Income taxes based on U.S. statutory rate of 21% and 34%, respectively	$ 773,000	$ 928,000
Non-deductible meals and entertainment	8,000	5,000
FDII deduction	(6,000)	(56,000)
Foreign taxes	(75,000)	(123,000)
State taxes	85,000	89,000
Other	(105,000)	(54,000)
Provision for income taxes	$ 680,000	$ 789,000

12. Leases

Operating Lease Commitments: The Company leases its facilities under non-cancelable operating leases expiring on various dates through January 1, 2024.The Company has operating leases for the Company's corporate office and manufacturing facilities, which expire at various dates through 2024. The Company's primary operating lease commitments at December 31, 2019 related to the Company's manufacturing facilities in Valdosta, Georgia, Nogales, Arizona and Salt Lake City, Utah, as well as the Company's corporate headquarters in Markham, Ontario, Canada.

As of December 31, 2019, the Company had operating lease right-of-use assets of $3,178,000 and operating lease liabilities of $3,219,000. As of December 31, 2019, we did not have any finance leases recorded on the Company's condensed consolidated balance sheet. Operating lease expense was approximately $201,000 and $603,000 for the year ended December 31, 2019.

The aggregate future minimum lease payments and reconciliation to lease liabilities as of December 31, 2019 were as follows:

	December 31, 2019
2020	$ 1,021,000
2021	1,000,000
2022	670,000
2023	676,000
2024	126,000
Total future minimum lease payments	3,493,000
Less imputed interest	(274,000)
Total lease liabilities	$ 3,219,000

As of December 31, 2019, the weighted average remaining lease term of the Company's operating leases was 4.78 years. During the year ended December 31, 2019, the weighted average discount rate with respect to these leases was 4.29%.

13. Legal

Legal Proceedings: The Company is subject to various pending and threatened litigation actions in the ordinary course of business. Although it is not possible to determine with certainty at this point in time what liability, if any, the Company will have as a result of such litigation, based on consultation with legal counsel, management does not anticipate that the ultimate liability, if any, resulting from such litigation will have a material effect on the Company's financial condition and results of operations.

14. Employee Benefit Plans

The Company has certain benefit plans. Under the plans, employees may contribute up to 12% of their gross earnings subject to certain limitations. The Company contributes an additional 0.5% of gross earnings for those employees contributing 1% of their gross earnings and contributes 1% of gross earnings for those employees contributing 2% to 12% of their gross earnings. The amounts contributed to the plans by the Company were $42,000 and $40,000 for the years ended December 31, 2019 and 2018, respectively.

The Company does not have any other significant pension, profit sharing or similar plans established for its employees. Pursuant to his employment agreement with the Company, Lloyd Hoffman, our President and Chief Executive Officer, is contractually entitled to receive from the Company at the conclusion of each fiscal year a cash bonus in an amount equal to 5% pre-tax profits of the Company, excluding bonus expense, as presented in the Company's audited consolidated statements of income for such fiscal year, subject to a maximum payment of $1,000,000. The Company accrued $194,000 for the year ended December 31, 2019, compared to $233,000 for 2018, in connection with the bonus.

15. Activity of Business Segments

The Company operates through two business segments:

(1) **Building Supply**: consisting of a line of construction supply weatherization products. The construction supply weatherization products consist of housewrap and synthetic roof underlayment, as well as other woven material. The majority of the Company's equity in income of unconsolidated affiliate (Harmony) is included in the total segment income for the Building Supply segment.

(2) **Disposable Protective Apparel**: consisting of a complete line of disposable protective garments, including shoecovers (including the Aqua Trak® and spunbond shoecovers), bouffant caps, coveralls, frocks, lab coats, gowns and hoods, as well as face masks and face shields for the pharmaceutical, cleanroom, industrial, medical and dental markets. A portion of the Company's equity in income of unconsolidated affiliate (Harmony) is included in the total segment income for the Disposable Protective Apparel segment.

Previously, face masks and face shields were included in a separate business segment called Infection Control. All of our disposable protective apparel, including face masks and face shields, are sold through similar distribution channels, are single-use and disposable, have the purpose of protecting people, products and environments, and have to be produced in FDA approved facilities, regardless of the market served. Based on these similarities, we determined that it would be best to consolidate the Infection Control segment into the Disposable Protective Apparel segment beginning with the first quarter of 2019.

Segment data excludes charges allocated to the principal executive office and other unallocated corporate overhead expenses and income tax. The Company evaluates the performance of its segments and allocates resources to them based primarily on net sales.

The accounting policies of the segments are the same as those described previously under Summary of Significant Accounting Policies (see Note 2). Segment data excludes charges allocated to the principal executive office and other corporate unallocated expenses and income taxes. The Company evaluates the performance of its segments and allocates resources to them based primarily on net sales.

The following table presents net sales for each segment:

	Years Ended December 31,	
	2019	**2018**
Building Supply	$ 26,576,000	$ 26,035,000
Disposable Protective Apparel	20,089,000	20,589,000
Consolidated net sales	$ 46,665,000	$ 46,624,000

The following table presents the reconciliation of total segment income to total consolidated net income:

	Years Ended December 31, 2019	Years Ended December 31, 2018
Building Supply	$ 3,491,000	$ 3,836,000
Disposable Protective Apparel	3,856,000	4,584,000
Total segment income	7,347,000	8,420,000
Unallocated corporate overhead expenses	3,667,000	4,006,000
Provision for income taxes	680,000	789,000
Consolidated net income	$ 3,000,000	$ 3,625,000

The following table presents net sales and long-lived asset information by geographic area:

	Years Ended December 31, 2019	Years Ended December 31, 2018
Net sales by geographic region		
United States	$ 45,748,000	$ 45,595,000
International	917,000	1,029,000
Consolidated net sales	$ 46,665,000	$ 46,624,000

	As of December 31, 2019	As of December 31, 2018
Long-lived assets by geographic region		
United States	$ 2,450,000	$ 2,528,000
International	1,493,000	716,000
Consolidated total long-lived assets	$ 3,943,000	$ 3,244,000

Net sales by geographic region are based on the countries in which the customers are located. For the years ended December 31, 2019 and 2018, the Company did not generate sales from any single country, except the United States, that were significant to the Company's consolidated net sales.

The following table presents the consolidated net property, equipment, goodwill and intangible assets by segment:

	As of December 31, 2019	As of December 31, 2018
Building Supply	$ 1,867,000	$ 1,908,000
Disposable Protective Apparel	1,087,000	400,000
Total segment assets	2,954,000	2,308,000
Unallocated corporate assets	1,055,000	1,007,000
Total consolidated assets	$ 4,009,000	$ 3,315,000

16. Concentration of Risk

The Company maintains its cash and cash equivalents in various bank accounts, the balances of which at times may exceed federally insured limits. The Company has not experienced any losses related to these accounts, and management does not believe that the Company is exposed to significant credit risk.

The Company's investments in marketable securities are in one publicly traded entity. The Company recognized a gain on investment in common stock warrants in a prior period and during 2019 recognized a realized gain of $61,000 and an unrealized loss of $170,000 in the consolidated statement of comprehensive income. During 2018, the Company recognized realized gain of $7,000 and an unrealized loss of $57,000 in the consolidated statement of comprehensive income. The Company is exposed to the fluctuation in the stock price of this investment.

Management believes that adequate provision has been made for risk of loss on all credit transactions.

The Company buys a significant amount of its disposable protective apparel products from a limited number of contract manufacturers located in Asia and, to a much lesser extent, a contract manufacturer in Mexico. Management believes that other suppliers could provide similar products at comparable terms. A change in suppliers, however, could cause a delay in shipment and a possible loss of sales, which would affect operating results adversely.

The Building Supply segment buys semi-finished housewrap and synthetic roof underlayment from its joint venture, Harmony, located in India. Although there are a limited number of manufacturers of the particular product, management believes that other suppliers could provide similar products at comparable terms. A change in suppliers, however, could cause a delay in shipment and a possible loss of sales, which would affect operating results adversely.

The Company provides products to customers located primarily in the United States. Customers accounting for 10% or more of accounts receivable as of December 31, 2019 and 2018, and 10% or more of net sales for the years ended December 31, 2019 and 2018, were as follows:

	December 31,	
	2019	**2018**
Accounts Receivable:		
Customer A	18%	24%
Customer B	*	14%
Customer C	10%	*
Net sales:		
Customer A	20%	20%
Customer B	12%	12%

***** Customer's balance was below the 10% threshold for accounts receivable and/or net sales as of and for the year ended December 31, 2019 and December 31, 2018.

17. Employment Agreements

The Company has entered into employment agreements with its current President and Chief Executive Officer and its former President and Chairman, which have terms of approximately five years and which renew in accordance with their terms. The agreements provide that, if the officers' employment is terminated without cause, as defined in the agreements, the officers are entitled to receive certain severance payments. If termination occurs due to retirement, the officers will enter into a four-year consulting arrangement with the Company at a specified percentage of the officers' then current salaries. Upon death or disability, the Company will also make certain payments to the executive or the executive's estate or beneficiary, as applicable.

During the fourth quarter of 2017, the Company's former President and Chairman passed away, which resulted in a death benefit expense of $619,000, in accordance with his employment agreement. There was no expense for the years ended

December 31, 2019 and 2018. The related accrued liability as of December 31, 2019 and 2018 was $207,000 and $430,000, respectively.

18. Related Party Transactions

During 2019, the Company's only material related party transactions were the Company's transactions with its non-consolidated affiliate, Harmony. See Note 7.

19. Subsequent Events

The Company has reviewed and evaluated whether any additional material subsequent events have occurred from December 31, 2019 through the filing date of the Company's Annual Report on Form 10-K. All appropriate subsequent event disclosures have been made in the consolidated financial statements.

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

Under the supervision and with the participation of our management, including our (i) President and Chief Executive Officer (principal executive officer) and (ii) Chief Financial Officer (principal financial officer), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of December 31, 2019 pursuant to the evaluation of these controls and procedures required by Rule 13a-15 of the Exchange Act. Disclosure controls and procedures are the controls and other procedures that we have designed to ensure that we record, process, summarize and report in a timely manner the information that we must disclose in reports that we file with or submit to the SEC under the Exchange Act.

In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and that we are required to apply our judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation, our principal executive and financial officers concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

This report is included in Item 8 and is incorporated herein by reference.

Attestation Report of the Independent Registered Public Accounting Firm

As a result of being a smaller reporting company, we are not required to provide an attestation report from our independent registered public accounting firm regarding our internal control over financial reporting. We have elected not to include such an attestation report in this Annual Report on Form 10-K, which election was approved by the Audit Committee of the Company's Board of Directors.

Changes in Internal Control Over Financial Reporting

During the fourth quarter of the year ended December 31, 2019, there was no change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a Code of Business Conduct and Ethics applicable to all of our directors, officers and employees. A copy of the Code of Business Conduct and Ethics is available on the Company's website at www.alphaprotech.com in the "Investors" section under "Corporate Governance."

Other information required by this Item is incorporated by reference pursuant to General Instruction G(3) of Form 10-K from the Company's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission ("SEC") pursuant to Regulation 14A. The registrant's definitive Proxy Statement for the Annual Meeting of Shareholders will be filed with the SEC on or before April 29, 2020.

Item 11. Executive Compensation.

The information required by this Item is incorporated by reference pursuant to General Instruction G(3) of Form 10-K from the Company's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the SEC pursuant to Regulation 14A. The registrant's definitive Proxy Statement for the Annual Meeting of Shareholders will be filed with the SEC on or before April 29, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item is incorporated by reference pursuant to General Instruction G(3) of Form 10-K from the Company's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the SEC pursuant to Regulation 14A. The registrant's definitive Proxy Statement for the Annual Meeting of Stockholders will be filed with the SEC on or before April 29, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item is incorporated by reference pursuant to General Instruction G(3) of Form 10-K from the Company's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the SEC pursuant to Regulation 14A. The registrant's definitive Proxy Statement for the Annual Meeting of Shareholders will be filed with the SEC on or before April 29, 2020.

Item 14. Principal Accountant Fees and Services.

The information required by this Item is incorporated by reference pursuant to General Instruction G(3) of Form 10-K from the Company's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the SEC pursuant to Regulation 14A. The registrant's definitive Proxy Statement for the Annual Meeting of Shareholders will be filed with the SEC on or before April 29, 2020.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements.

The consolidated financial statements of the Company and its subsidiaries, included herein in Item 8, are as follows:

Management's Report on Internal Control over Financial Reporting;
Report of Independent Registered Public Accounting Firm;

Consolidated Balance Sheets – December 31, 2019 and 2018;
Consolidated Statements of Income – Years Ended December 31, 2019 and 2018;
Consolidated Statements of Comprehensive Income – Years Ended December 31, 2019 and 2018;
Consolidated Statements of Shareholders' Equity – Years Ended December 31, 2019 and 2018;
Consolidated Statements of Cash Flows – Years Ended December 31, 2019 and 2018;
Notes to Consolidated Financial Statements.

(a)(2) Financial Statement Schedules.

The financial statement schedules pursuant to this Item are not included herein because they are not required for a smaller reporting company.

(a)(3) & (b) Exhibits.

The following exhibits are filed with this report or incorporated by reference:

Item 16. Form 10-K Summary.

The Company has elected not to provide a summary of the information contained in this report at this time.

EXHIBIT INDEX
ITEM 15(a)(3)

Exhibit No.	Description
3.1.1	Certificate of Incorporation of Alpha Pro Tech, Ltd., incorporated by reference to Exhibit 3(f) to Form 10-K for the year ended December 31, 1994, filed on March 31, 1995 (File No. 000-19893) (P).
3.1.2	Certificate of Amendment of Certificate of Incorporation of Alpha Pro Tech, Ltd., incorporated by reference to Exhibit 3(j) to Form 10-K for the year ended December 31, 1994, filed on March 31, 1995 (File No. 000-19893) (P).
3.1.3	Certificate of Ownership and Merger (BFD Industries, Inc. into Alpha Pro Tech, Ltd.), incorporated by reference to Exhibit 3(l) to Form 10-K for the year ended December 31, 1994, filed on March 31, 1995 (File No. 000-19893) (P).
3.2	Bylaws of Alpha Pro Tech, Ltd., incorporated by reference to Exhibit 3(g) to Form 10-K for the year ended December 31, 1994, filed on March 31, 1995 (File No. 000-19893) (P).
4.1	Description of securities registered pursuant to Section 12 of the Exchange Act.
10.1A	Alpha Pro Tech, Ltd. 2004 Stock Option Plan (As Amended on June 7, 2010), incorporated by reference to Exhibit 10.1 to Form 8-K, filed on June 11, 2010.*
10.2	Non-Qualified Stock Option Agreement of John Ritota, incorporated by reference to Exhibit 4.4 to Form S-8, filed on December 13, 2004 (File No. 333-121184).*
10.3	Non-Qualified Stock Option Agreement of Russell Manock, incorporated by reference to Exhibit 4.5 to Form S-8, filed on December 13, 2004 (File No. 333-121184).*
10.5	Incentive Stock Option Agreement of Lloyd Hoffman, incorporated by reference to Exhibit 4.8 to Form S-8, filed on December 13, 2004 (File No. 333-121184).*
10.6	Employment Agreement between the Company and Alexander Millar, dated May 15, 2015, incorporated by reference to Exhibit 10.2 to Form 10-Q/A for the quarter ended June 30, 2015, filed on November 5, 2015 (File No. 001-15725).*
10.7	Employment Agreement between the Company and Lloyd Hoffman, dated August 31, 2016, incorporated by reference to Exhibit 10.1 to Form 8-K, filed on September 2, 2016 (File No. 001-15725).*
10.7A	Amendment One to Employment Agreement between the Company and Lloyd Hoffman, dated October 24, 2017, incorporated by reference to Exhibit 10.1 to Form 8-K, filed on October 26, 2017 (File No. 001-15725).*
14	Alpha Pro Tech, Ltd. Code of Business Conduct and Ethics, incorporated by reference to Exhibit 10(r) to Form 10-K/A, filed on April 29, 2004 (File No. 001-15725).
21	Subsidiaries of Alpha Pro Tech, Ltd.
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of President and Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – President and Chief Executive Officer.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Chief Financial Officer.
101	Interactive Data Files.

* Indicates a management contract or compensatory plan or arrangement.
(P) Indicates a paper filing with the SEC.

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.

ALPHA PRO TECH, LTD.

/s/Lloyd Hoffman

DATE: March 10, 2020 BY:

Lloyd Hoffman
President and Chief Executive Officer

/s/Colleen McDonald

DATE: March 10, 2020 BY:

Colleen McDonald
Chief Financial Officer

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.

/s/Lloyd Hoffman

Lloyd Hoffman, President and Chief Executive Officer and Director
(Principal Executive Officer)

/s/Colleen McDonald

Colleen McDonald, Chief Financial Officer
(Principal Financial and Accounting Officer)

/s/Danny Montgomery

Danny Montgomery, Senior Vice President Manufacturing and Director

/s/Donna Millar

Donna Millar, Investor Relations and Director

/s/David Garcia

David Garcia, Director

/s/Russ Manock

Russ Manock, Director

/s/Dr. John Ritota

Dr. John Ritota, Director

/s/James Buchan

James Buchan, Director

CORPORATE INFORMATION

MARKET FOR SHARES
The Company's common shares are quoted on the NYSE American Exchange under the trading symbol "APT."

SHARE PRICE INFORMATION
Set forth below are the ranges of daily high and low prices for the Company's common shares on the NYSE American Exchange for the periods indicated.

Quarters Ended 2019	3/31	6/30	9/30	12/31
High	$4.44	$3.83	$4.07	$3.82
Low	$3.60	$3.32	$3.30	$3.20

Quarters Ended 2018	3/31	6/30	9/30	12/31
High	$4.10	$3.80	$3.75	$4.13
Low	$3.15	$3.15	$3.25	$3.25

As of April 13, 2020 there were 15,571,344 shares outstanding, 117 shareholders of record and approximately 25,000 beneficial owners.

DIVIDEND POLICY
The holders of the Company's common stock are entitled to receive such dividends as may be declared by the Board of Directors of the Company from time to time to the extent that funds are legally available for payment thereof. The Company has never declared or paid any dividends on any of its outstanding shares of common stock. It is the current policy of the Board of Directors to retain any earnings to provide for the development and growth of the Company. Consequently, the Company has no current intention to pay cash dividends in the foreseeable future.

TRANSFER AGENT AND REGISTRAR
Shareholders should refer specific questions concerning their stock certificates, in writing, directly to the Transfer Agent and Registrar at:
American Stock Transfer & Trust Company
6201 15 Avenue
Brooklyn, NY 11219

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Tanner LLC
Key Bank Tower at City Creek
36 South State Street, Suite 600
Salt Lake City, UT 84111-1400

LEGAL COUNSEL
Maynard Cooper & Gate
1901 - 6th Avenue N, Suite 2400
Birmingham, AL 35203

FORM 10-K
A copy of the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission for the fiscal year ended December 31, 2019 is available upon request without charge to persons who are beneficial shareholders as of the record date for the 2020 Annual Meeting. Such written requests should be directed to:
AlphaProTech, Ltd.
60 Centurian Drive, Suite 112
Markham, Ontario L3R 9R2 Canada

OFFICERS AND DIRECTORS
Lloyd Hoffman
President and Chief Executive Officer and Director

Colleen McDonald
Chief Financial Officer

Danny Montgomery
Sr. V.P. Manufacturing and Director

Donna Millar
Investor Relations and Director

David Garcia
Director
Retired Independent Businessman

Russ Manock
Director
Russ Manock Chartered Professional Accountant

Dr. John Ritota
Director
Dentist – Ritota & Ritota P.A.

James W.A. Buchan
Director
Management – Bell Canada

ANNUAL MEETING
The Annual Meeting of Shareholders will be held:
Tuesday June 9, 2020 at 9:30 am
Alpha Pro Tech - Corporate Head Office
60 Centurian Drive
Suite 112
Markham, Ontario L3R 9R2 Canada
800-847-9725

AlphaProTech

Corporate Head Office
60 Centurian Drive
Suite 112
Markham, Ontario
L3R 9R2
Phone: 800 847-9725
Fax: 905 479-9732
Email: ir@alphaprotech.com