April 5, 2024

Byrna Technologies Reports Fiscal First Quarter 2024 Results

Revenue Increases by 98% Year-Over-Year to $16.7 Million

Company Achieves GAAP Profitability Following Continued Success of Celebrity Endorsement Strategy

ANDOVER, Mass., April 5, 2024 /PRNewswire/ -- **Byrna Technologies Inc. ("Byrna" or the "Company") (Nasdaq: BYRN)**, a personal defense technology company specializing in the development, manufacture, and sale of innovative less-lethal personal security solutions, today reported select financial results for its fiscal first quarter ("Q1 2024") ended February 29, 2024.

Fiscal First Quarter 2024 and Recent Operational Highlights

- Continued successful partnerships with Sean Hannity, Judge Jeanine Pirro, Bill O'Reilly, and Glenn Beck as Byrna's celebrity influencers. The celebrity endorsement program continues to deliver more than a 5X return on ad spend (ROAS), driving strong year-over-year growth and record Q1 results.
- Started advertising on cable, satellite, and over-the-top (OTT) television to reach new potential customers.
- As a result of the celebrity endorsement program and television advertising, Byrna increased daily average web sessions to 33,468 in Q1 2024, a year-over-year increase of 33.4% from 25,093 in Q1 2023.
- Secured a commitment from the Córdoba Provincial Police in Argentina to purchase 10,000 Byrna launchers through Byrna's Argentine distributor, expanding Byrna's presence in South America.
- Added 25% more production workers at Byrna's Fort Wayne manufacturing facility, increasing launcher production capacity from 10,000 to 12,500 units per month during a single shift, in response to rising demand resulting from the Company's celebrity endorsement marketing campaign.
- Introduced the Byrna Universal Kit (legal in all 50 states and Canada) for the Byrna LE and Byrna SD launchers, simplifying online checkout for new customers and cutting in half the number of SKUs that the Company must carry in inventory.

Fiscal First Quarter 2024 Financial Results

Results compare the 2024 fiscal first quarter ended February 29, 2024 to the 2023 fiscal first quarter ended February 28, 2023 unless otherwise indicated.

Net revenue for Q1 2024 was $16.7 million, compared to $8.4 million in the fiscal first quarter of 2023 ("Q1 2023"). The 98% year-over-year increase is primarily due to the transformational shift in Byrna's advertising strategy that the Company started to implement last September.

Gross profit for Q1 2024 was $9.6 million (58% of net revenue), up from $5.2 million (62% of net revenue) in Q1 2023. The increase in gross profit was driven by the increase in sales as previously mentioned.

Operating expenses for Q1 2024 were $9.8 million, compared to $7.2 million for Q1 2023. The increase in operating expenses was primarily driven by an increase in marketing spend as part of the Company's new celebrity endorsement and television advertising strategy.

Net income (loss) for Q1 2024 was $17,000 compared to a loss of approximately $(2.2) million for Q1 2023. The improvement in net income was primarily due to the increase in sales associated with new marketing campaigns.

Adjusted EBITDA[1], a non-GAAP metric reconciled below, for Q1 2024 totaled $1.2 million, compared to $(0.6) million for Q1 2023.

Cash and cash equivalents at February 29, 2024 totaled $24.2 million compared to $20.5 million at November 30, 2023. Inventory at February 29, 2024 totaled $12.1 million compared to $13.9 million at November 30, 2023. The Company has no current or long-term debt.

[1] See non-GAAP financial measures at the end of this press release for a reconciliation and a discussion of non-GAAP financial measures.

Management Commentary

Byrna CEO Bryan Ganz stated: "2024 has gotten off to an extremely strong start with the Company posting record sales of $16.7 million in Q1, traditionally our slowest quarter. The momentum of our influencer marketing strategy continues unabated, and the addition of Glenn Beck to our roster in January further improved our results. Coupled with the kickoff of our television advertising strategy, our reimagined advertising strategy is driving robust demand across all DTC channels. This growing brand recognition is also driving growth across the non-ecommerce segments of our business. This includes both dealer sales and the international public safety sector, where our products are benefitting from both increased Byrna brand awareness and the growing public support for less-lethal weapons generally.

"Most importantly, we are seeing strong improvement in all our key performance metrics including sessions, average order value, and conversion rate. Specifically, average daily sessions for the quarter came in at 33,468, up 33% from the same period last year. Our conversion rate also climbed, reaching 1.04%, compared to 0.80% in the prior year period. Finally, our average order value (AOV) of $348.63 was up 10% compared to the same period last year. In combination, the solid improvement in all three of these critical areas resulted in order growth on Byrna.com of 108%, as orders on Byrna.com grew from $5.4

million in Q1 2023 to $11.2 million in Q1 2024. We saw the same thing on Amazon.com as a strong increase in conversion rate drove sales 90% from $1.4 million in Q1 2023 to $2.6 million in Q1 2024.

"Another important metric is our first-time customer percentage. Mirroring the trend from the fourth quarter of 2023, over 70% of daily orders are from first-time customers versus 56% in Q1 of 2023. These first-time customers, who tend to have a higher average order value (AOV) than returning ones, also give us the opportunity to market additional ammo and accessories to them as they begin their Byrna journey. Our targeted email marketing campaigns for first-time buyers, offering special deals on ammo and accessories, continue to yield significant benefits.

"In addition to our digital efforts and celebrity endorsement channels, we recently started advertising on TV, targeting both cable and satellite audiences through smaller, yet well-known networks with millions of viewers. This new initiative is part of our broader strategy to increase brand awareness and reach, and we expect to increase our expenditures on television advertising in the coming year as we continue to amplify the Byrna message.

"To meet the increased demand and maintain our growth trajectory, we started ramping up our launcher production at the beginning of February, from 10,000 units a month to 12,500 units a month. Since this last announcement, Byrna continued to ramp production to 15,000 units a month on a single shift. In fact, during the month of March Byrna produced over 14,000 launchers in its Fort Wayne manufacturing facility."

CFO Retirement

Byrna is announcing today that its Chief Financial Officer, David North, will be retiring later this year. Since joining Byrna in 2020, Mr. North has played a pivotal role in steering the financial course of the Company, leading Byrna to unprecedented growth and operational success.

Under Mr. North's financial stewardship, Byrna achieved remarkable milestones. He was instrumental in growing the Company's sales from under $1 million in 2019 to reaching the record levels witnessed today. His strategic foresight and leadership were key in Byrna's successful uplisting to the Nasdaq in 2020. In 2021, Mr. North spearheaded a $60 million capital raise, providing the essential resources needed for Byrna's expansion and the acquisition of multiple businesses, including Mission Less Lethal, Ballistipax, and Fox Labs. Furthermore, his efforts to restructure and enhance the Company's finance and accounting functions have set a solid foundation for sustained financial health and operational efficiency.

To ensure a seamless transition, the Company has engaged a leading executive search firm to identify top-tier talent and secure a successor who will uphold Mr. North's high standards. Mr. North has graciously agreed to continue his association with Byrna as CFO until his successor is fully integrated into the role. Subsequently, he will remain involved as an outside consultant, ensuring continuity and the preservation of his insights and guidance.

Byrna is committed to maintaining the financial stability and growth trajectory that Mr. North has helped establish. As the Company embarks on this transition, it expresses its thanks to David North for his invaluable contributions and wishes him a fulfilling retirement.

Conference Call

The Company's management will host a conference call today, April 5, 2024, at 9:00 a.m. Eastern time (6:00 a.m. Pacific time) to discuss these results, followed by a question-and-answer period.

Toll-Free Dial-In: 877-709-8150
International Dial-In: +1 201-689-8354
Confirmation: 13745007

Please call the conference telephone number 5-10 minutes prior to the start time of the conference call. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Gateway Group at 949-574-3860.

The conference call will be broadcast live and available for replayhere and via the Investor Relations section of Byrna's website.

About Byrna Technologies Inc.
Byrna is a technology company specializing in the development, manufacture, and sale of innovative less-lethal personal security solutions. For more information on the Company, please visit the corporate website here or the Company's investor relations sitehere. The Company is the manufacturer of the Byrna® SD personal security device, a state-of-the-art handheld CO2 powered launcher designed to provide a less-lethal alternative to a firearm for the consumer, private security, and law enforcement markets. To purchase Byrna products, visit the Company's e-commerce store.

Forward-Looking Statements
This news release contains "forward-looking statements" within the meaning of the securities laws. All statements contained in this news release, other than statements of current and historical fact, are forward-looking. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "intends," "anticipates," and "believes" and statements that certain actions, events or results "may," "could," "would," "should," "might," "occur," or "be achieved," or "will be taken." Forward-looking statements include descriptions of currently occurring matters which may continue in the future. Forward-looking statements in this news release include but are not limited to our statements related to our ability to continue to grow web traffic and sales as a result of our celebrity endorser marketing strategy, our ability to continue to expand our presence in the law enforcement market, our ability to further expand production capacity, our ability to pursue our growth plan with existing cash resources, our ability to appoint a successor Chief Financial Officer and to engage Mr. North as a consultant, our ability to grow brand recognition, and the potential for increased television advertising expenditures. Forward-looking statements are not, and cannot be, a guarantee of future results or events. Forward-looking statements are based on, among other things, opinions, assumptions, estimates, and analyses that, while considered reasonable by the Company at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies, and other factors that may cause actual results and events to be materially different from those expressed or implied.

Any number of risk factors could affect our actual results and cause them to differ materially from those expressed or implied by the forward-looking statements in this news release, including, but not limited to, disappointing market responses to current or future products or *services; prolonged, new, or exacerbated disruption of our supply chain; the further or prolonged disruption of new product development; production or distribution disruption or delays in entry or penetration of sales channels due to inventory constraints, competitive factors, increased transportation costs or interruptions, including due to weather, flooding or fires; prototype, parts and material shortages, particularly of parts sourced from limited or sole source providers; determinations by third party controlled distribution channels, including Amazon, not to carry or reduce inventory of the Company's products; determinations by advertisers or social media platforms, or legislation that prevents or limits marketing of some or all Byrna products; the loss of marketing partners; increases in marketing expenditure may not yield expected revenue increases; potential cancellations of existing or future orders including as a result of any fulfillment delays, introduction of competing products, negative publicity, or other factors; product design or manufacturing defects or recalls; litigation, enforcement proceedings or other regulatory or legal developments; changes in consumer or political sentiment affecting product demand; regulatory factors including the impact of commerce and trade laws and regulations; and future restrictions on the Company's cash resources, increased costs and other events that could potentially reduce demand for the Company's products or result in order cancellations. The order in which these factors appear should not be construed to indicate their relative importance or priority. We caution that these factors may not be exhaustive; accordingly, any forward-looking statements contained herein should not be relied upon as a prediction of actual results. Investors should carefully consider these and other relevant factors, including those risk factors in Part I, Item 1A, ("Risk Factors") in the Company's most recent Form 10-K and Part II, Item 1A ("Risk Factors") in the Company's most recent Form 10-Q, should understand it is impossible to predict or identify all such factors or risks, should not consider the foregoing list, or the risks identified in the Company's SEC filings, to be a complete discussion of all potential risks or uncertainties, and should not place undue reliance on forward-looking information. The Company assumes no obligation to update or revise any forward-looking information, except as required by applicable law.*

-Financial Tables to Follow-

BYRNA TECHNOLOGIES INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Amounts in thousands except share and per share data)
(Unaudited)

	For the Three Months Ended	
	February 29, 2024	February 28, 2023
Net revenue	$ 16,654	$ 8,411
Cost of goods sold	7,015	3,165
Gross profit	9,639	5,246
Operating expenses	9,803	7,240
LOSS FROM OPERATIONS	(164)	(1,994)
OTHER INCOME (EXPENSE)		
Foreign currency transaction loss	(58)	(136)
Interest income	280	143
Loss from joint venture	(42)	(167)
Other income (expense)	1	(58)
INCOME (LOSS) BEFORE INCOME TAXES	17	(2,212)
Income tax benefit	—	59
NET INCOME (LOSS)	17	(2,153)
Foreign currency translation adjustment for the period	(115)	(585)
COMPREHENSIVE INCOME (LOSS)	$ (98)	$ (2,738)
Basic net income (loss) per share	$ 0.00	$ (0.10)
Diluted net income (loss) per share	$ 0.00	$ (0.10)
Weighted-average number of common shares outstanding - basic	22,035,249	21,860,200
Weighted-average number of common shares outstanding - diluted	22,838,827	21,860,200

BYRNA TECHNOLOGIES INC.
Condensed Consolidated Balance Sheets
(Amounts in thousands, except share and per share data)
(Unaudited)

	February 29, 2024	November 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 24,176	$ 20,498
Accounts receivable, net	1,536	2,945
Inventory, net	12,128	13,890
Prepaid expenses and other current assets	1,131	868
Total current assets	38,971	38,201
LONG TERM ASSETS		
Intangible assets, net	3,510	3,583
Deposits for equipment	1,269	1,163
Right-of-use asset, net	1,688	1,805
Property and equipment, net	3,591	3,803
Goodwill	2,258	2,258
Loan to joint venture	1,431	1,473
Other assets	24	28
TOTAL ASSETS	$ 52,742	$ 52,314
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 5,131	$ 6,158
Operating lease liabilities, current	641	644
Deferred revenue, current	2,595	1,844
Total current liabilities	8,367	8,646
LONG TERM LIABILITIES		
Deferred revenue, non-current	71	91
Operating lease liabilities, non-current	1,135	1,258
Total liabilities	9,573	9,995
STOCKHOLDERS' EQUITY		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, no shares issued	—	—
Common stock, $0.001 par value, 50,000,000 shares authorized. 24,375,754 shares issued and 22,209,767 shares outstanding as of February 29, 2024 and, 24,168,014 shares issued and 22,002,027 outstanding as of November 30, 2023	24	24
Additional paid-in capital	131,374	130,426
Treasury stock (2,165,987 shares purchased as of February 29, 2024 and November 30, 2023)	(17,500)	(17,500)
Accumulated deficit	(69,558)	(69,575)
Accumulated other comprehensive loss	(1,171)	(1,056)
Total Stockholders' Equity	43,169	42,319
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 52,742	$ 52,314

Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States (GAAP), we provide an additional financial metric that is not prepared in accordance with GAAP (non-GAAP) with presenting non-GAAP adjusted EBITDA. Management uses this non-GAAP financial measure, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for *financial and operational decision making, for planning and forecasting purposes and to evaluate our financial performance. We believe that this non-GAAP financial measure helps us to identify underlying trends in our business that could otherwise be masked by the effect of certain expenses that we exclude in the calculations of the non-GAAP financial measure.*

Accordingly, we believe that this non-GAAP financial measure reflects our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business and provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects.

This non-GAAP financial measure does not replace the presentation of our GAAP financial results and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP. There are limitations in the use of non-GAAP measures, because they do not include all the expenses that must be included under GAAP and because they involve the exercise of judgment concerning exclusions of items from the comparable non-GAAP financial measure. In addition, other companies may use other non-GAAP measures to evaluate their performance, or may calculate non-GAAP measures differently, all of which could reduce the usefulness of our non-GAAP financial measure as a tool for comparison.

Adjusted EBITDA

Adjusted EBITDA is defined as net (loss) income as reported in our condensed consolidated statements of operations and comprehensive (loss) income excluding the impact of (i) depreciation and amortization; (ii) income tax provision (benefit); (iii) interest income (expense); (iv) stock-based compensation expense, (v) impairment loss, and (vi) one time, non-recurring other expenses or income. Our Adjusted EBITDA measure eliminates potential differences in performance caused by variations in capital structures (affecting finance costs), tax positions, the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). We also exclude certain one-time and non-cash costs. Reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable GAAP measure, is as follows (in thousands):

	For the Three Months Ended	
	February 29, 2024	**February 28, 2023**
Net Income (Loss)	$ 17	$ (2,153)
Adjustments:		
Interest income	(280)	(143)
Income tax benefit	—	(59)
Depreciation and amortization	338	276
Non-GAAP EBITDA	75	(2,079)
Stock-based compensation expense	938	1,464
Severance/Separation	163	—
Non-GAAP adjusted EBITDA	$ 1,176	$ (615)

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