

April 13, 2021



# Byrna Technologies Reports First Quarter Results

## Enhanced Market Awareness and Expanded Production Capacity Drive Strong Revenue Growth

ANDOVER, Mass., April 13, 2021 /PRNewswire/ -- Byrna Technologies Inc. (OTCQB: BYRN) (CSE: BYRN) ("Byrna" or "the Company") today announced results for its fiscal first quarter ended February 28, 2021.



### First Quarter 2021 Compared to First Quarter 2020:

- Revenues were \$8.9 million compared to \$149,000.
- Gross margin was 53.3% compared to (19.5)%.
- GAAP net loss was (\$272,000) compared to a GAAP net loss of (\$2.3) million.

"The quarter-over-quarter growth in revenues reflects the large increase in consumer demand for our Byrna<sup>®</sup> HD non-lethal personal security device that began during the second half of 2020," stated Bryan Ganz, CEO of Byrna. "It was gratifying to also see steady improvement in our bottom-line performance," Ganz added. "Excluding non-cash stock compensation expense, non-GAAP adjusted net income<sup>1</sup> was \$421,000 for this quarter compared to a non-GAAP adjusted net loss<sup>1</sup> of \$1.7 million in the prior period. This marks our second sequential quarter with a non-GAAP adjusted net income<sup>1</sup>."

### First Quarter 2021 Business Overview

Revenues were \$8.9 million in the first quarter of 2021 compared to \$149,000 in the prior year first quarter. This significant increase in sales was driven by both strong order growth for the Company's flagship Byrna HD personal security device and a reduction in the order backlog resulting from an increase in quarterly production volume. Total revenue growth for the quarter was in spite of the Company being negatively impacted by approximately \$2.0 million due to the effects of a technical service update announced in February, which diverted personnel from new production and backorder fulfillment during the last two weeks of the quarter. As a result, the Company carried an order backlog of approximately \$3.0 million into the second quarter. At this time, management believes that the \$195,000

reserve taken at the end of the fiscal fourth quarter will be adequate to cover the costs associated with the technical service update.

Gross margin in the quarter was 53.3% compared to a negative gross margin in the prior year period. The increase in gross margin was driven by substantially higher production volumes.

Operating expenses were \$5.2 million in the first quarter of 2021, up from \$1.6 million in the prior year period. The increase reflects greater investment in corporate infrastructure necessary to support the Company's growth in sales and production. This investment includes increases in employee-related expenses corresponding to the expansion of senior management and growth from under 20 employees globally as of February 29, 2020 to approximately 175 employees as of February 28, 2021, marketing costs, and public company costs.

### **Financial Position as of February 28, 2021:**

- Cash of \$4.1 million, including \$2.2 million of restricted cash (released as backorders are fulfilled).
- Available borrowing capacity of \$6.5 million, resulting in \$8.5 million total liquidity.
- Total assets of \$17.5 million.
- No debt.

### **Outlook**

For the full fiscal year 2021 ending November 30, 2021, the Company continues to project revenues of \$33 – 38 million, reflecting year-over-year growth of approximately 100% – 130%, based on our current order backlog, our current order flow and the growth we believe will result from (1) the expansion of advertising and promotional campaigns; (2) our plans to open a dedicated Amazon store; (3) increased leverage from our post-backlog resumption of dealer stocking; and (4) our planned new product launches. We expect that the benefit of these growth initiatives will be increasingly reflected in our sequential revenue growth during the second half of our fiscal year.

Operating expenses for the fiscal first quarter are representative of the recurring quarterly operating costs expected for the balance of fiscal year 2021. Similarly, the fiscal first quarter gross margin is anticipated to be a good indicator of where we expect our gross profit margins to come in for the balance of 2021, as the positive impact of an increase in sales of higher margin projectiles will be offset by an expected increase in modestly lower margin dealer sales. The bottom-line improvement also is expected to gain momentum in the third and fourth quarter as our top line continues to grow due to the initiatives outlined above. "Now that we have worked through our e-commerce order backlog, we can turn our attention to opening our Amazon store and enhancing our Dealer Program. Additionally, our 'Learn Safe' school safety program is just getting off the ground with our inaugural School Safety Training Program taking place in Texas today," Ganz elaborated.

In addition to opening new sales channels, the Company is introducing new products including the Byrna<sup>®</sup> HD XL and the Byrna HD Boost. The Byrna HD XL and Byrna HD Boost both provide greater velocity than the original Byrna HD. More importantly, because they both use the more commonly available 12-gram CO<sub>2</sub> cartridge (as opposed to the 8-

gram CO<sub>2</sub> cartridge used in the standard Byrna HD), users will be able to fire more projectiles on a single CO<sub>2</sub> cartridge thereby bringing down the CO<sub>2</sub> cost per round by 40%. Additionally, the Byrna HD XL and the Byrna HD Boost will make it easier for users to travel with their Byrna, as the 12-gram CO<sub>2</sub> cartridges are more readily available nationwide than the 8-gram CO<sub>2</sub> cartridges. The Byrna HD Boost is available as both a new product and as an aftermarket retrofit, allowing the more than 50,000 owners of the Byrna HD to be able to upgrade their existing launcher to a Byrna HD Boost by ordering a 12-gram adapter that can easily be attached to the original Byrna HD.

Byrna also plans to introduce a new lower-cost, biodegradable projectile. This new round will be the centerpiece of an upcoming Byrna marketing campaign and will further the Company's environmental goals.

Over the summer, the Company plans to begin offering its Byrna<sup>®</sup> LE for Law Enforcement and firearm enthusiasts, which will have an even greater velocity than the Byrna HD XL, an improved sighting system, a seven-round magazine and extreme cold weather capabilities. Early in 2022 the Company plans to introduce the Byrna<sup>®</sup> CP, a compact launcher designed for those that would like to carry their Byrna in a more discrete manner and those with smaller hands.

"Sadly, our nation continues to be traumatized by tragic events and civil unrest that can cause people to be afraid to go about their daily lives. Our mission is to provide both civilians and law enforcement professionals with a safe and effective alternative to lethal firearms that enable our customers to safely and effectively protect themselves, their families and their communities and in so doing, gain the confidence and sense of security that can only come from being in control of one's environment, allowing anyone to live life unafraid, to live life to the fullest – to Live Safe!"

"The first quarter was a solid start to the year, and we are highly enthusiastic about the balance of the year and Byrna's longer-term prospects to achieve continued growth and value for our shareholders," concluded Ganz.

### **Security Grants**

The Board has granted, effective April 14, 2021, a total of 250,000 restricted stock units ("RSUs") and 50,000 incentive stock options ("ISOs") to the employees leading the Learn Safe initiative. The RSUs and options are governed by the Company's 2020 Incentive Equity Plan. The options will have an exercise price of no less than the higher of the closing price of the Company's stock on April 13 and April 14, a term of five years, and will vest over 3 years provided that the employee remains employed by the Company through each of the vesting dates. The RSUs will vest on December 1, 2023 subject to the employee's continued employment through that date and satisfaction of stock performance thresholds.

### **Conference Call**

Byrna Technologies will host a conference call later this morning at 9:00 am ET to review these results. To listen to the call live, dial (201) 493-6744 or (877) 445-9755 and ask for the Byrna Technologies Conference Call or go to [www.byrna.com](http://www.byrna.com) and click on the Investors section. Please go to the website 15 minutes early to download and install any necessary audio software. If you are unable to listen live, a replay of the call can be accessed for approximately 30 days after the call at Byrna Technologies' website.

## **About Byrna Technologies Inc.**

Byrna is a technology company, specializing in the development, manufacture, and sale of innovative non-lethal equipment and munitions. For more information on the Company, please visit the corporate website [here](#) or the Company's investor relations site [here](#). The Company is the manufacturer of the Byrna HD personal security device, a state of the art handheld CO2 powered launcher with the look and feel of a handgun, designed to provide a non-lethal alternative to a firearm for the consumer, private security, and law enforcement markets. The Byrna HD is engineered with patented designs and proprietary parts. Unlike non-lethal alternative such as pepper spray and stun guns, the Byrna HD has an effective range of up to 60 feet and comes with easily reloadable magazines that can hold multiple .68 caliber hard kinetic rounds or highly chemical irritant and pepper rounds designed to effectively stop an assailant without loss of life or permanent injury. To purchase Byrna products visit the Company's [e-commerce store](#).

## **Forward Looking Information**

*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 the Company's plans for introduction of new products and services, the utility of new product features, advertising expense and marketing plans, the launch and success of an Amazon store, and expectations related to new sales channels, resumption of dealer stocking, conversion rates, revenue growth, operating expenses, gross margin, reserve adequacy, and capital investments. 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 our current or future products or services or to related marketing campaigns, shortages of materials needed by our suppliers, including suppliers of plastic components, the potential disruption of production, distribution, or marketing due to the pandemic, civil unrest, supply chain shortages or interruptions, including material shortages, that could affect our extended supply chain, unavailability of parts, particularly parts sourced from limited or sole source providers, reduced air freight capacity, or otherwise; determinations by dealers, distributors or other third party controlled distribution channels, including Amazon, not to carry our products, potential cancellations of existing or future orders including as a result of any fulfillment delays, introduction of competing products, negative publicity, the recent safety alert, product recalls, litigation, enforcement proceedings or other regulatory or legal developments; changes in consumer or political sentiment or the law regulating the Company's products or other regulatory factors including the impact of commerce and trade*

laws and regulations including export related matters or sanctions or embargos that could affect the Company's supply chain or markets; larger than expected demand for the previously announced technical factory safety update, product design or manufacturing defects and related product recalls, future restrictions on the Company's cash resources impacting the availability of sufficient cash to meet operating expenses, other costs of goods or sales, and increased costs of production or sales 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 our most recent Form 10-K, 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 our 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.

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

|  | <b>For the Three Months Ended</b> |                              |
|--|-----------------------------------|------------------------------|
|  | <b>February 28,<br/>2021</b>      | <b>February 29,<br/>2020</b> |
| Net revenue  | \$ 8,893                          | \$ 149                       |
| Cost of goods sold   | 4,153                             | (178)                        |
| Gross profit (loss)  | 4,740                             | (29)                         |
| Operating expenses   | 5,151                             | 1,594                        |
| LOSS FROM OPERATIONS   | (411)                             | (1,623)                      |
| OTHER (EXPENSE) INCOME   |                                   |                              |
| Foreign currency transaction loss                                      | 22                                | 4                            |
| Accretion of debt discounts  | —                                 | 498                          |
| Interest expense   | 27                                | 159                          |
| Other income-gain on extinguishment of debt                            | (190)                             | —                            |
| Other financing costs  | 2                                 | —                            |
| LOSS BEFORE INCOME TAXES   | (272)                             | (2,284)                      |
| Income tax provision   | —                                 | —                            |
| NET LOSS   | (272)                             | (2,284)                      |
| Foreign exchange translation adjustment for the period                 | 58                                | (37)                         |
| COMPREHENSIVE LOSS   | \$ (214)                          | \$ (2,321)                   |
| Net loss per share – basic and diluted                                 | \$ (0.00)                         | \$ (0.02)                    |
| Weighted-average number of common shares outstanding during the period | 148,867,206                       | 104,659,194                  |

Condensed Consolidated Balance Sheets  
(Amounts expressed in US Dollars in thousands except share and per share data)  
(Unaudited)

|   | <b>February 28,<br/>2021</b> | <b>November 30,<br/>2020</b> |
|---|------------------------------|------------------------------|
|   | <b>Unaudited</b>             |                              |
| <b>ASSETS</b>   |                              |                              |
| CURRENT ASSETS  |                              |                              |
| Cash  | \$ 1,975                     | \$ 3,175                     |
| Restricted cash   | 2,154                        | 6,389                        |
| Accounts receivable, net  | 321                          | 834                          |
| Inventory, net  | 7,585                        | 4,817                        |
| Net investment in sales-type lease, current   | 39                           | —                            |
| Prepaid expenses and other current assets   | 845                          | 1,391                        |
| Total current assets  | 12,919                       | 16,606                       |
| Patent rights, net  | 795                          | 811                          |
| Deposits for equipment  | 619                          | 619                          |
| Right-of-use asset, net   | 1,268                        | 1,200                        |
| Net investment in sales-type lease, non-current   | 67                           | —                            |
| Property and equipment, net   | 1,044                        | 1,220                        |
| Goodwill  | 651                          | 651                          |
| Restricted cash   | 92                           | 92                           |
| Other assets  | 70                           | 17                           |
| TOTAL ASSETS  | \$ 17,525                    | \$ 21,216                    |
| <b>LIABILITIES</b>  |                              |                              |
| CURRENT LIABILITIES   |                              |                              |
| Accounts payable and accrued liabilities  | \$ 5,989                     | \$ 6,629                     |
| Operating lease liabilities, current  | 212                          | 257                          |
| Deferred revenue  | 1,328                        | 4,902                        |
| Notes payable, current  | —                            | 76                           |
| Total current liabilities   | 7,529                        | 11,864                       |
| Notes payable, non-current  | —                            | 115                          |
| Operating lease liabilities, noncurrent   | 952                          | 828                          |
| Total Liabilities   | 8,481                        | 12,807                       |
| COMMITMENTS AND CONTINGENCIES (NOTE 15)   |                              |                              |
| <b>STOCKHOLDERS' EQUITY (DEFICIT)</b>   |                              |                              |
| Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued   | —                            | —                            |
| Series A Preferred Stock, 1,500 shares designated, 1,391 and 0 shares issued and outstanding, respectively                              | —                            | —                            |
| Common stock, \$0.001 par value, 300,000,000 shares authorized, 149,201,088 and 148,520,227 shares issued and outstanding, respectively | 149                          | 148                          |
| Additional paid-in capital  | 59,296                       | 58,448                       |
| Shares to be issued   | —                            | —                            |
| Treasury stock, at cost, 0 and 3,699,999 shares, respectively   | —                            | —                            |

|  |                  |                  |
|--|------------------|------------------|
| Accumulated deficit                                  | (50,487)         | (50,215)         |
| Accumulated other comprehensive income (loss)        | <u>86</u>        | <u>28</u>        |
| Total Stockholders' Equity (Deficit)                 | <u>9,044</u>     | <u>8,409</u>     |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | <u>\$ 17,525</u> | <u>\$ 21,216</u> |

This news release includes certain "non-GAAP financial measures" under the rules of the Securities and Exchange Commission, including Regulation G. These non-GAAP measures are calculated using GAAP amounts in our consolidated financial statements.

BYRNA TECHNOLOGIES INC.  
Non-GAAP Reconciliation  
(Amounts expressed in US Dollars in thousands)

|   | For the Three Months Ended |                      |
|---|----------------------------|----------------------|
|   | February 28,<br>2021       | February 29,<br>2020 |
| Net income/(loss)                         | \$ (272)                   | \$ (2,284)           |
| Non-cash stock-based compensation expense | <u>693</u>                 | <u>637</u>           |
| Non-GAAP adjusted net income/(loss)       | <u>\$ 421</u>              | <u>\$ (1,647)</u>    |

View original content to download multimedia <http://www.prnewswire.com/news-releases/byrna-technologies-reports-first-quarter-results-301267225.html>

SOURCE Byrna Technologies Inc.