

July 9, 2024



Byrna Technologies Reports Fiscal Second Quarter 2024 Results

Q2 Revenue Grows to a Record \$20.3 Million, Up 76% Year Over Year

Gross Margin Improves to 62%, Net Income Rises to \$2.1 Million

ANDOVER, Mass., July 09, 2024 (GLOBE NEWSWIRE) -- [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 second quarter (“Q2 2024”) ended May 31, 2024.

Fiscal Second Quarter 2024 and Recent Operational Highlights

- Added Dan Bongino, Dana Loesch, and Mike Gallagher to its roster of 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 Q2 2024 results.
- Expanded launcher production capacity to 18,000 units per month on a single shift, allowing Byrna to successfully work through its backlog and build inventory ahead of the holiday season.
- Received an order for 2,500 Byrna SD launchers from the armed forces of a prominent Central American country, with 1,500 units delivered so far and the rest due in the third quarter.
- Named Lauri Kearnes as Byrna’s new Chief Financial Officer, effective July 15, 2024.

Fiscal Second Quarter 2024 Financial Results

Results compare the 2024 fiscal second quarter ended May 31, 2024 to the 2023 fiscal second quarter ended May 31, 2023 unless otherwise indicated.

Net revenue for Q2 2024 was \$20.3 million, compared to \$11.5 million in the fiscal second quarter of 2023 (“Q2 2023”). The 76% 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 Q2 2024 was \$12.6 million (62% of net revenue), up from \$6.2 million (54% of net revenue) in Q2 2023. The increase in gross profit was driven by the increase in the proportion of sales made through the high-margin direct-to-consumer (DTC) channels (Byrna.com and Amazon.com) as well as a reduction in component costs driven through an intensive cost reduction effort focused on “design for manufacturability” spearheaded by Byrna’s engineering team as well as the economies of scale resulting from increased production volumes.

Operating expenses for Q2 2024 were \$10.6 million, compared to \$7.2 million for Q2 2023. The increase in operating expenses was driven by an increase in variable selling costs (such as freight and third-party processing fees), an increase in marketing spend as part of the Company's celebrity endorsement advertising strategy, and an increase in payroll primarily in marketing and engineering as the Company improved its capabilities in these areas over the last year.

Net income for Q2 2024 was \$2.1 million compared to a loss of approximately \$(1.1) million for Q2 2023.

Adjusted EBITDA¹, a non-GAAP metric reconciled below, for Q2 2024 totaled \$2.9 million, compared to \$0.8 million in Q2 2023.

Cash and cash equivalents at May 31, 2024 totaled \$24.8 million compared to \$20.5 million at November 30, 2023. Inventory at May 31, 2024 totaled \$15.5 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: "We achieved revenue of \$20.3 million in the second quarter, a company record that highlights the success of our strategic initiatives and our exceptional operational execution. In response to increasing demand driven by our effective marketing strategies, we increased production to 48,600 units for the quarter, hitting our monthly goal of 18,000 units produced in the month of May. This expansion of our production capacity has allowed us to meet the surge in demand, as we work through the backlog and build inventory for the expected upswing in orders during the holiday season later this year. We also want to be prepared for any increase in demand that could result from potential civil unrest in the wake of the upcoming presidential election.

"With our current sales momentum, we expect to see robust year-over-year revenue growth throughout the remainder of 2024. The strong sales growth we have experienced this year, particularly in our DTC business, has the added benefit of driving up gross margins, which hit 60% for the first half of 2024. The improvements in both revenues and margins have produced substantial financial gains, with net cash provided by operations reaching \$5.9 million in the first half of the year – a remarkable \$8.3 million increase from the first half of 2023. Our successful turnaround underscores Byrna's status as a self-sustaining, profitable, and cash flowing enterprise. It is a testament to the hard work, ingenuity, and synchronized excellence of our entire team. As we continue to grow, our focus remains on further optimizing our marketing and production functions to enhance our financial performance and ensure sustained revenue growth and bottom-line profitability into 2025 and beyond.

"Our influencer marketing strategy, initiated last September, continues to return a highly accretive 5.0+ ROAS. With the recent addition of more celebrity influencers, Byrna's brand recognition continues to increase, driving strong sales growth. We are now working with more than ten celebrity influencers, including Sean Hannity, Glenn Beck, Bill O'Reilly, Judge Jeanine Pirro, Dan Bongino, Jesse Kelly, Dana Loesch, Michael Berry, Howie Carr and Mike

Gallagher. We are continuously monitoring the performance of each influencer by evaluating the impact of the frequency, the platform (radio, podcast, television, social media), and the tone, tenor, and content of the endorsement. Armed with this information, we are able to allocate additional resources to those influencers that are most impactful while strategically reducing spend where returns are not reaching our desired performance levels. While this model is not infinitely scalable, we believe we can continue to grow revenue for the foreseeable future through the judicious use of the celebrity endorsement model.

“An added benefit of the celebrity endorsement model is that it is having the effect of ‘normalizing’ our industry and our product. Initially, we were unable to advertise anywhere on cable TV. Now, because of the spadework done by our celebrity influencers, we are able to advertise on some of the smaller cable networks including Newsmax and TBN. We believe that as more people recognize that less-lethal weapons are part of the solution to the epidemic of gun violence and that the less-lethal industry represents a positive social force, more advertising channels will open up to us.

“In addition to the growth we see coming from our continued DTC advertising efforts, we remain convinced that there is a tangible opportunity to reach consumers through dedicated Byrna stores. As we have previously explained, we opened a dedicated company owned Byrna store in Las Vegas two years ago. This store, which is running at a \$1.0 million annual run rate with a 60%+ gross profit margin, has shown that a dedicated Byrna store is economically viable. Based on the success of this store, Byrna has opened more than 20 Byrna Premier Dealers. These are dedicated Byrna dealers that have a shooting range in the store where potential consumers can try the product before purchasing. Building on this successful model, we are now contemplating rolling out either a company-owned or franchise store model that will allow us to have greater control over the growth trajectory as well as the look and feel of these stores. As a first step, we intend to open several additional company-owned stores prior to the end of the year.

“Last quarter we discussed exploring whether we should expand the resources devoted to our law enforcement efforts. The conclusion we reached is that the high cost of marketing to the domestic law enforcement market, coupled with the low cost of our products (when compared to our competitors), results in a subpar return on investment when compared with other opportunities available to Byrna. For this reason, we will continue to concentrate our law enforcement and military efforts primarily on international markets. These markets typically have a higher concentration of larger agencies placing larger orders, which makes our marketing investments more viable in terms of returns. This can be seen with the several large international law enforcement and military orders that we have filled in recent quarters. Notably, we successfully delivered 1,500 launchers of a 2,500 launcher order to the armed forces of a prominent Central American country. This is the first of what we believe will be a string of similarly sized orders. This order underscores our expanding influence in the region and further enhances our reputation globally, adding valuable social proof that supports our sales initiatives. Additionally, our success in South America has further demonstrated the global demand for less-lethal solutions.

“In conclusion, our success in significantly increasing consumer demand through new advertising strategies, combined with the planned expansion of our retail store program and international law enforcement efforts, is expected to sustain top-line growth throughout 2024 and 2025. At the same time, the expansion of our production capacity and the resulting

manufacturing efficiencies we have been able to achieve should mean continued improvements in both gross and net margins. In short, Byrna is well positioned to build upon our recent successes, setting the stage for further top and bottom-line growth, ensuring that Byrna remains at the forefront of the less-lethal industry.”

Conference Call

The Company’s management will host a conference call today, July 9, 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: 13746883

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 replay [here](#) 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 site [here](#). 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 strategy for addressing the international law enforcement market, our ability to grow our global reputation, our ability to build inventory for the holiday season, our ability to implement a company-owned or franchise store model and the timing and number of any such stores, the potential for increased demand in connection with any increase in civil unrest, revenue growth and bottom-line profitability for the remainder of fiscal year 2024, fiscal year 2025 and beyond, and our ability to continue growth of our gross and net margins. 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.

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-Financial Tables to Follow-

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

	For the Three Months Ended May 31,		For the Six Months Ended May 31,	
	2024	2023	2024	2023
Net revenue	\$ 20,269	\$ 11,508	\$ 36,923	\$ 19,919
Cost of goods sold	7,709	5,309	14,724	8,475
Gross profit	12,560	6,199	22,199	11,444
Operating expenses	10,647	7,191	20,450	14,431
INCOME (LOSS) FROM OPERATIONS	1,913	(992)	1,749	(2,987)
OTHER INCOME (EXPENSE)				
Foreign currency transaction loss	(220)	(46)	(279)	(184)
Interest income	323	143	604	286
Income (loss) from joint venture	62	(171)	20	(338)
Other income (expense)	2	(33)	3	(87)
INCOME (LOSS) BEFORE INCOME TAXES	2,080	(1,099)	2,097	(3,310)
Income tax benefit (expense)	(3)	(17)	(3)	41
NET INCOME (LOSS)	2,077	(1,116)	2,094	(3,269)
Foreign currency translation adjustment for the period	144	(641)	29	(1,226)
COMPREHENSIVE INCOME (LOSS)	\$ 2,221	\$ (1,757)	\$ 2,123	\$ (4,495)
Basic net income (loss) per share	\$ 0.09	\$ (0.05)	\$ 0.09	\$ (0.15)
Diluted net income (loss) per share	\$ 0.09	\$ (0.05)	\$ 0.09	\$ (0.15)
Weighted-average number of common shares outstanding - basic	22,728,500	21,866,260	22,383,769	21,863,263
Weighted-average number of common shares outstanding - diluted	23,731,076	21,866,260	22,942,530	21,863,263

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

	May 31, 2024	November 30, 2023
	Unaudited	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,788	\$ 20,498
Accounts receivable, net	1,635	2,945
Inventory, net	15,500	13,890
Prepaid expenses and other current assets	1,779	868
Total current assets	43,702	38,201
LONG TERM ASSETS		
	3,441	3,583
Intangible assets, net		
Deposits for equipment	1,706	1,163
Right-of-use asset, net	1,473	1,805
Property and equipment, net	3,408	3,803
Goodwill	2,265	2,258
Loan to joint venture	1,493	1,473
Other assets	35	28
TOTAL ASSETS	\$ 57,523	\$ 52,314
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 9,207	\$ 6,158
Operating lease liabilities, current	552	644
Deferred revenue, current	1,407	1,844
Total current liabilities	11,166	8,646
LONG TERM LIABILITIES		
Deferred revenue, non-current	45	91
Operating lease liabilities, non-current	999	1,258
Total liabilities	12,210	9,995
COMMITMENTS AND CONTINGENCIES (NOTE 19)		
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. 24,964,787 shares issued and 22,776,895 shares outstanding as of May 31, 2024, and 24,168,014 shares issued and 22,002,027 outstanding as of November 30, 2023	24	24
Additional paid-in capital	131,550	130,426
Treasury stock (2,187,892 and 2,165,987 shares purchased as of May 31, 2024 and November 30, 2023, respectively)	(17,753)	(17,500)
Accumulated deficit	(67,481)	(69,575)
Accumulated other comprehensive loss	(1,027)	(1,056)
Total Stockholders' Equity	45,313	42,319
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 57,523	\$ 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	
	May 31,	
	2024	2023
Net income (loss)	\$ 2,077	\$ (1,116)
Adjustments:		
Interest income	(323)	(143)
Income tax expense	3	17
Depreciation and amortization	337	300
Non-GAAP EBITDA	2,094	(942)
Stock-based compensation expense	858	1,487
Impairment loss	—	176
Severance/Separation	—	52
Non-GAAP adjusted EBITDA	\$ 2,952	\$ 773

For the Six Months Ended		
May 31,		
	2024	2023
Net income (loss)	\$ 2,094	\$ (3,269)
Adjustments:		
Interest income	(604)	(286)
Income tax provision (benefit)	3	(41)
Depreciation and amortization	675	582
Non-GAAP EBITDA	<u>2,168</u>	<u>(3,014)</u>
Stock-based compensation expense	1,796	2,951
Impairment loss	—	176
Severance/Separation	175	52
Non-GAAP adjusted EBITDA	<u>\$ 4,139</u>	<u>\$ 165</u>



Source: Byrna Technologies, Inc.