

October 9, 2020



# Byrna Technologies Inc. Reports Record Third Quarter Fiscal 2020 Results

## *Revenue Growth Driven by Strong Demand for the Byrna® HD*

ANDOVER, Mass., Oct. 9, 2020 /PRNewswire/ -- Byrna Technologies Inc. (OTCQB: BYRN) (CSE: BYRN) today announced results for its fiscal third quarter ended August 31, 2020.



### **Third Quarter 2020 Compared to Third Quarter 2019:**

- Revenues were \$4,198,157 compared to \$307,101.
- Gross margin was 51% compared to 19%.
- Loss from operations was \$566,358 compared to a loss from operations of \$706,153.

### **Nine Months 2020 Compared to Nine Months 2019:**

- Revenues were \$5,537,141 compared to \$423,977.
- Gross margin was 47% compared to 23%.
- Loss from operations was \$3,051,566 compared to a loss from operations of \$2,501,937.

"Byrna Technologies generated a significant increase in sales in our fiscal third quarter, both on a year-over-year and a sequential basis," stated Bryan Ganz, Byrna Technologies' Chief Executive Officer. "The current socio-political climate has created a heightened sense of the need for effective and reliable less-lethal self-defense in both civilians and law enforcement professionals. This, coupled with increased awareness of the unique aspects of our product resulting from favorable, high-profile media coverage, drove rapid order growth for our Byrna® HD less-lethal personal security device."

Mr. Ganz continued, "As we announced yesterday, we recently commenced production at our new Fort Wayne, IN manufacturing facility. I am very proud of our team's ability to get this new production capacity up and running nearly a year ahead of plan in order to fulfill our robust backlog and satisfy our customers' orders, as well as capitalize on the extraordinary demand for the Byrna® HD that we expect to continue for the foreseeable future. With Fort Wayne's 500 unit per day capacity adding to our 600 unit per day production in South Africa, the recent additions to our management team, and investments in corporate infrastructure,

we believe Byrna is now very well positioned as a formidable player in the growing less-lethal defense market."

### **Business Overview**

Revenues were \$4,198,157 in the third quarter of 2020, representing a year-over-year increase of \$3,891,056. This increase was driven by strong growth in orders for the Company's Byrna® HD resulting from enhanced market awareness of the product.

Gross profit was \$2,129,534 representing a gross margin of 51% compared to \$59,422, or a 19% gross margin in the prior year period. The increase in gross profit was the result of substantially higher revenues, with margin expansion reflecting greater absorption of fixed costs on higher production and sales volumes.

Operating expenses were \$2,695,892 in the third quarter of 2020, up from \$765,575 in the prior year period. The increase in operating expenses reflects increased investment in corporate infrastructure to build and support growth in revenues including employee-related expenses, marketing costs, and accounting, auditing, and bank fees.

### **Financial Position at August 31, 2020:**

- Cash of \$11,791,354, including \$7,136,946 of restricted cash.
- Total assets of \$21,909,431.
- Total debt of \$217,171.
- Stockholders' equity of \$8,778,918.

The Company's cash position at August 31, 2020 was an increase of \$10,709,454 from November 30, 2019, primarily due to early warrant exercises and free cash flow (defined as cash flow from operations less purchases of property and equipment) generation during the nine-month period. Cash flow from operations for the first nine months of fiscal 2020 was \$4,784,054 and free cash flow was \$3,761,084.

### **Outlook**

Mr. Ganz concluded, "Based on our current backlog of orders, the ramp of production at our recently commissioned manufacturing facility in Fort Wayne, and the sustained production rate at our facility in South Africa, we expect revenues for the full fiscal year 2020 to be in the range of \$16 – \$18 million. Additionally, we expect our fiscal fourth quarter of 2020 ending November 30<sup>th</sup> to be our first quarter of positive net income, as we benefit from increasing operating leverage on continued strong sales growth. Overall, we are optimistic about the Company's prospects for delivering improved profitability and increased cash flow heading into the end of 2020 and entering 2021, as we work to build greater value for our stockholders."

### **About Byrna Technologies Inc.**

Byrna is a technology company, specializing in the development, manufacture, and sale of innovative less 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 CO<sub>2</sub> powered launcher with the look and feel of a handgun, designed to provide a less-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

pepper spray and stun guns, it has an effective range of up to 60 feet and comes with multiple 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 U.S. and Canadian 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 outlook, including production expectations and continuation of production, projected revenues for the quarter and fiscal year ended November 30, 2020, expectations of positive net income, continued sales growth, profitability, and future greater cash flow. 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: the potential disruption of production or distribution due to the pandemic, civil unrest or otherwise; cancellations of existing or future orders including as a result of fulfillment delay, introduction of competing products, negative publicity, product recalls, or legal developments; changes in the law or personnel turnover that could impact the production, sale of or market for the Company's products or prevent or threaten to prevent the Company's sales, timely financial reporting, or the listing of the Company's securities; extended restriction of the Company's cash resources impacting the availability of sufficient cash to meet operating expenses, other costs of goods or sales or fund future growth; increased costs of production or sales and other events that could potentially reduce demand for the Company's product 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)  
(unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	August 31,		August 31	
	2020	2019	2020	2019
Net revenue	\$ 4,198,157	\$ 307,101	\$ 5,537,141	-
Cost of goods sold	(2,068,623)	(247,679)	(2,925,580)	-
Gross profit	2,129,534	59,422	2,611,561	-
Operating expenses	2,695,892	765,575	5,663,127	-
LOSS FROM OPERATIONS	(566,358)	(706,153)	(3,051,566)	-
OTHER (EXPENSE) INCOME				
Accretion of debt discounts	—	(367,457)	(755,401)	-
Interest expense	—	(109,572)	(233,095)	-
Loss on extinguishment of debt	—	—	(6,026,654)	-
Warrant inducement expense	—	—	(845,415)	-
Change in fair value of derivative liabilities	—	96,339	—	-
LOSS BEFORE INCOME TAXES	(566,358)	(1,086,843)	(10,912,131)	-
Income tax provision	—	—	—	-
NET LOSS	(566,358)	(1,086,843)	(10,912,131)	-
Foreign exchange translation adjustment for the period	20,156	(52,089)	116,084	-
COMPREHENSIVE LOSS	\$ (546,202)	\$ (1,138,932)	\$ (10,796,047)	-
Net loss per share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.09)	-
Weighted-average number of common shares outstanding during the period	134,936,762	104,071,705	120,150,645	-

BYRNA TECHNOLOGIES INC.  
Condensed Consolidated Balance Sheets  
(Amounts expressed in US Dollars)  
(unaudited)

	August 31,	November 30,
	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,654,408	\$ 1,081,900
Restricted cash	7,136,946	—
Accounts receivable	617,586	438,255
Inventory, net	3,061,254	959,748
Prepaid expenses and other current assets	2,130,445	377,305
Total current assets	17,600,639	2,857,208
Patent rights, net	827,147	99,002

Deposits for equipment	—	196,921
Right-of-use asset	1,220,725	—
Property and equipment, net	1,797,683	321,288
Goodwill	354,519	—
Restricted cash	92,000	92,000
Other assets	16,718	—
<b>TOTAL ASSETS</b>	<b>\$ 21,909,431</b>	<b>\$ 3,566,419</b>

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 2,546,304	\$ 639,877
Operating lease liabilities, current	227,272	—
Deferred revenue	9,273,401	10,842
Convertible notes payable, net	—	2,758,578
Notes payable	132,593	—
Accrued interest	—	266,143
<b>Total current liabilities</b>	<b>12,179,570</b>	<b>3,675,440</b>

Convertible notes payable, noncurrent	—	1,874,972
Notes payable, non-current	84,578	—
Operating lease liabilities, noncurrent	866,365	—
<b>Total Liabilities</b>	<b>\$ 13,130,513</b>	<b>\$ 5,550,412</b>

**COMMITMENTS AND CONTINGENCIES (NOTE 12)**

**STOCKHOLDERS' EQUITY (DEFICIT)**

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	1	—
Common stock, \$0.001 par value, 300,000,000 shares authorized, 146,408,607 and 104,021,836 shares issued and outstanding, respectively	146,409	104,022
Additional paid-in capital	57,109,090	36,480,520
Shares to be issued	20,000	20,000
Treasury stock, at cost, 0 and 3,699,999 shares, respectively	—	(888,000)
Accumulated deficit	(48,574,254)	(37,662,123)
Accumulated other comprehensive income (loss)	77,672	(38,412)
<b>Total Stockholders' Equity (Deficit)</b>	<b>8,778,918</b>	<b>(1,983,993)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 21,909,431</b>	<b>\$ 3,566,419</b>

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