



## **4Q 2020 Highlights**

**March 30th, 2021**

# Our Mission



***Providing community and family  
safety through individual  
empowerment***



# Revenue Drivers



- Fear/Uncertainty
  - COVID-related social behavior
  - Pending trials in MN, WI, GA, KY
  - Social unrest
  - Increasing crime rates (tied to unemployment)
- Consumer Spending
  - Consumer confidence
  - Working from home
  - Unemployment rate (tied to crime)
  - Wages/stimulus
- Seasonal/Weather
  - Outdoor activities (e.g. camping)
  - Health-related (e.g. running)
- Back-to-school
  - College attendance
  - Impact of virtual schooling



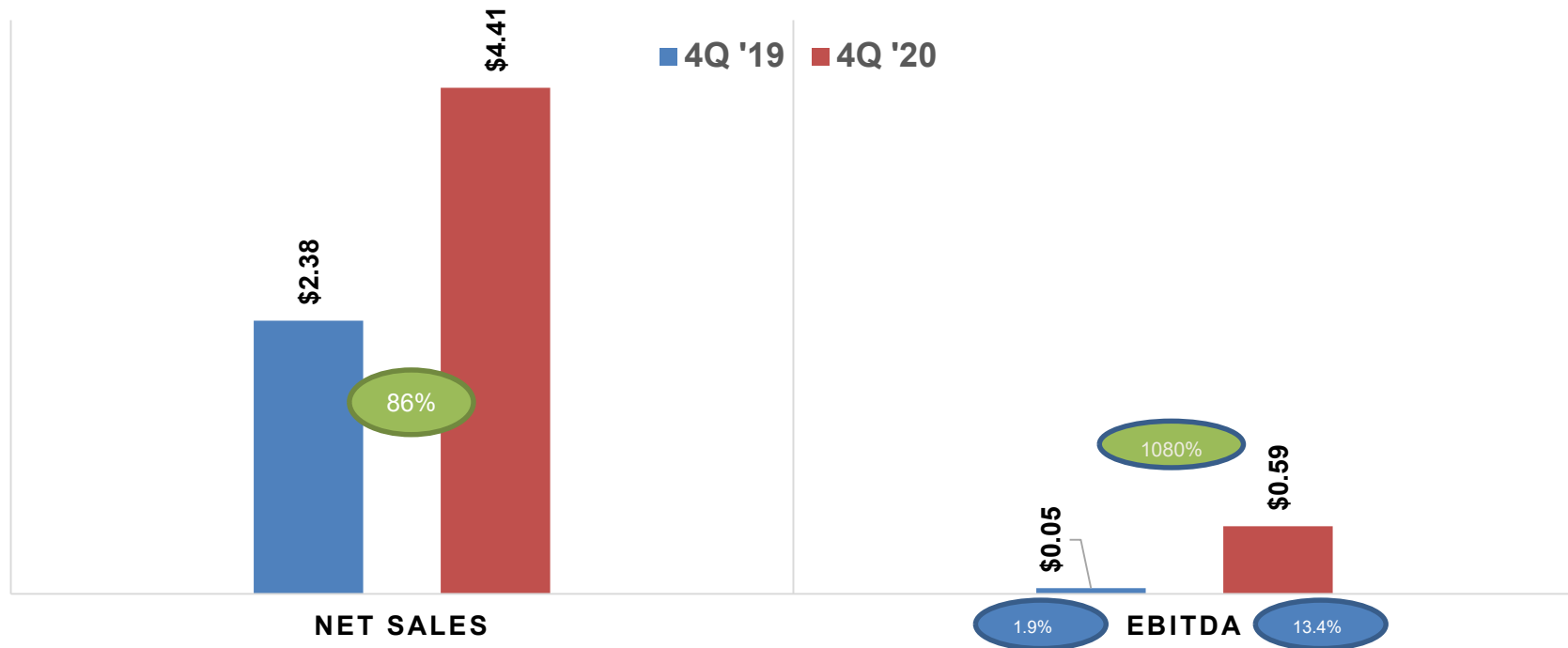
# Key Financial Highlights 4Q '20



- ✓ Net Sales of \$4,411K, up 86% or \$2,034K versus prior year driven by organic retail growth, new direct-to-consumer sales and new product line extensions
- ✓ Gross Profit was \$1,760K, up 96% versus prior year
- ✓ Net Income was \$446K an increase of \$523K versus prior year



# 4Q '20 OVERVIEW



- ❑ Net sales grew by \$2,034K driven by organic retail growth, new direct-to-consumer sales and new product line extensions
- ❑ EBITDA increased by \$547K vs fourth quarter 2019
- ❑ Volume impact to gross margin was \$769K
- ❑ Sales mix, efficiencies and higher fixed cost leverage were \$93K
- ❑ SG&A was higher by \$346K due to higher variable sales commissions and performance-related incentives

**Targeting a minimum EBITDA rate of 15%**

# Select Financial Stats through 4Q20



## Income Statement (\$MM)

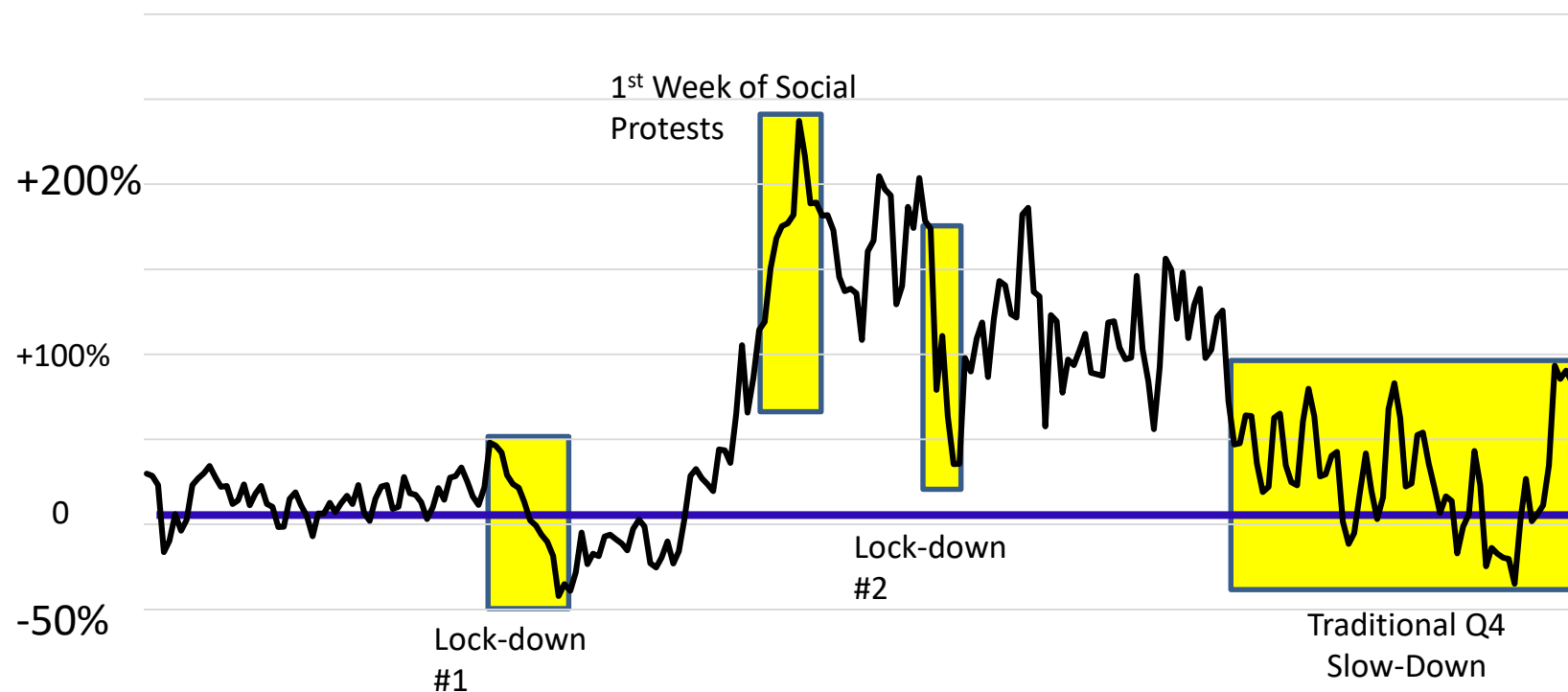
	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>	<u>4Q20</u>
Sales	\$10.0	\$11.5	\$10.5	\$15.4	\$2.8	\$3.5	\$4.8	\$4.4
<b>Sales Change YOY</b>		<b>15.1%</b>	<b>(8.6%)</b>	<b>47%</b>	<b>3.0%</b>	<b>16.0%</b>	<b>94.0%</b>	<b>86.0%</b>
Gross Margins	42.8%	36.7%	36.2%	40.3%	38.7%	40.8%	41.1%	39.9%
SG&A	\$4.1	\$4.8	\$5.1	\$4.1	\$0.9	0.8	1.2	1.2
<b>EBITDA</b>	<b>\$0.27</b>	<b>(\$1.5)</b>	<b>(\$1.2)</b>	<b>\$2.3</b>	<b>\$0.2</b>	<b>\$0.6</b>	<b>\$0.8</b>	<b>\$0.6</b>
Rate	2.7%	(13.3%)	(11.5%)	14.6%	8.6%	17.2%	17.3%	13.4%

## Treasury (\$MM)

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>2Q20</u>	<u>3Q20</u>	<u>4Q20</u>
CASH	\$0.7	0.2	0.3	0.8	\$1.6	0.5	0.8
DEBT	\$1.1	1.0	1.1	0.9	\$1.6	1.0	0.9
DSO	62	59	75	71	76	70	71
DSI	127	109	98	99	132	107	99
Ent. Value	\$24.34	18.4	16.6	25.2	\$17.3	29.3	25.2
OCF/ASSETS	(3%)	(5%)	(1%)	7%	12%	2%	2%



# 2020 Incoming Order Pattern – 12DMA



# Key Priorities for 1H21



- ❖ Employee health and safety
- ❖ Land (5) new retailers
- ❖ Introduce new products (2)/line extensions
- ❖ Increase EBITDA to cash conversion by minimum 30% to 4Q20
- ❖ Increase gross profit rate to 50% by end of 2Q21
- ❖ Eliminate waste in the order-to-ship process plant wide
- ❖ Increase direct-to-consumer sales by 50%
- ❖ Invest in branding, advertising campaigns, social engagement and direct-to-consumer acquisition initiatives
- ❖ Fill digital marketing manager position



# DTC/Awareness Project



**Phase I**  
Consumer  
Insight Survey

**Phase II**  
Brand  
Message  
(whys,  
because,  
what problem)

**Phase III**  
Marketing  
Campaign



**In-play, hired new  
DTC partner**



# REVENUE Growth Strategies



# Positioned for Growth



## Key Priorities

Driving  
Shareholder  
Returns

### Long-Term

### Mid-Term

### Short-Term

- ✓ Employee safety and health
- ✓ Land 4-5 new retailers
- ✓ Increase DTC by 50%
- ✓ Launch 2 new products
- ✓ Increase EBITDA to cash conversion by minimum 30%

- ✓ Employee safety and culture
- ✓ Reduce process steps by 30%
- ✓ Drive (minimum) 50% GP rate
- ✓ Launch additional 2 new products
- ✓ Licensing deals

- ✓ Employee Safety and Culture
- ✓ Evaluate acquisitions
- ✓ Automation of order-to-ship process
- ✓ International markets
- ✓ Target 20%+ EBITDA

