



**MACE SECURITY INTERNATIONAL, INC.**  
**4<sup>TH</sup> QUARTER INVESTOR CALL**  
**MARCH 29<sup>TH</sup>, 2018**



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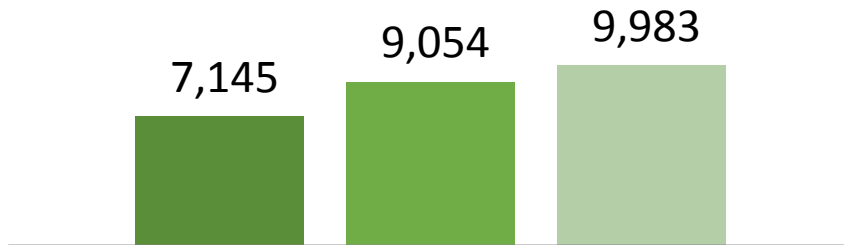
# MACE SECURITY INTERNATIONAL, INC. 4<sup>TH</sup> QUARTER INVESTOR CALL

## COMPANY INFORMATION AND ANALYSIS



## 3 Year Net Sales Analysis

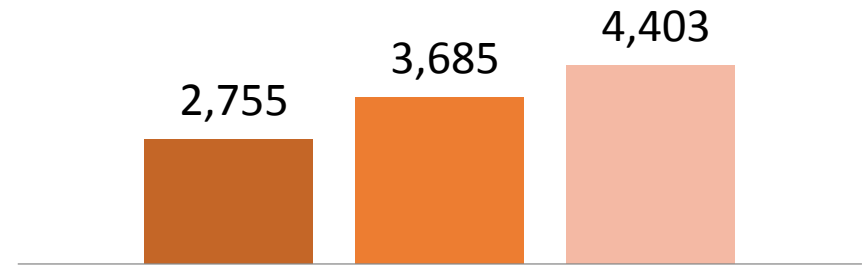
■ 2015 ■ 2016 ■ 2017



Net Sales

## 3 Year Gross Profit Analysis

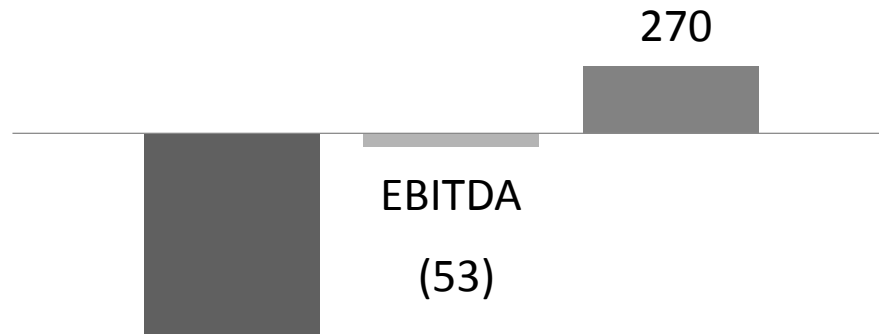
■ 2015 ■ 2016 ■ 2017



Gross Profit

## 3 Year EBITDA Analysis

■ 2015 ■ 2016 ■ 2017

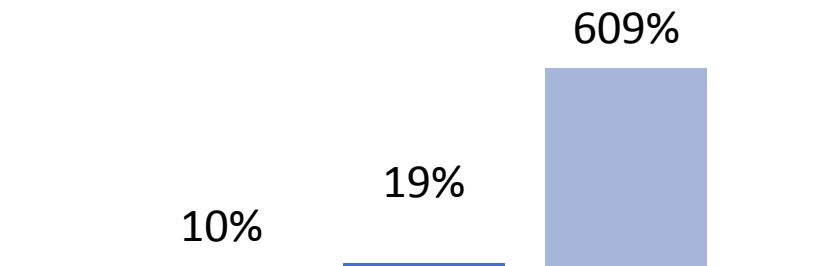


EBITDA

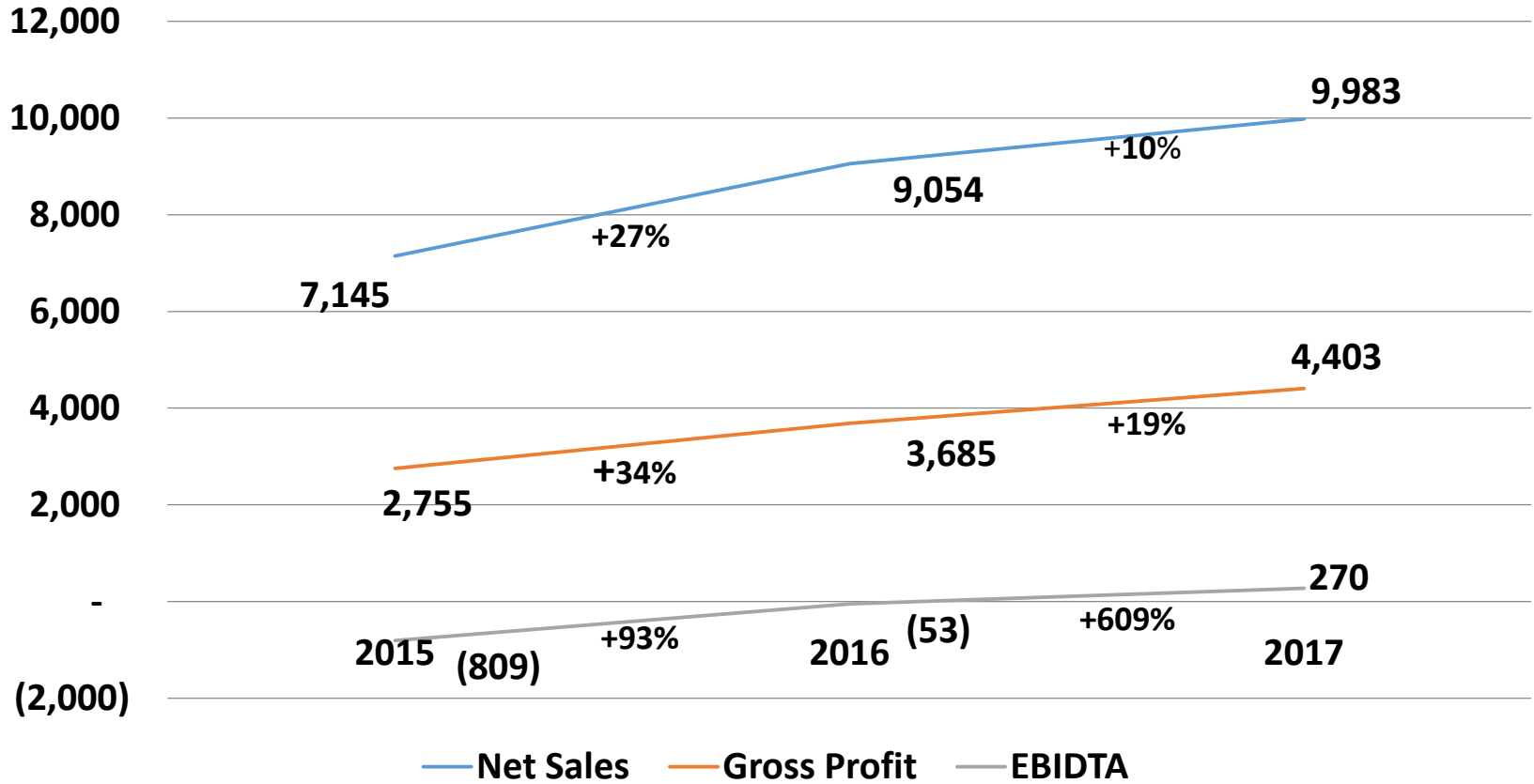
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## Growth 2017 / 2016

■ Sales ■ GP ■ EBIDTA



## 3 Year Growth 2015 -2017



<b>EBITDA increase of \$323k or 609%</b>		
<b>Amounts in thousands</b>		
EBITDA 2016	\$ (52)	93%
Increased Consumer and Tactical sales drives gross profits	512	19%
Prior year write down of slow moving inventory	137	
Selling and administrative personnel to support acquisitions on \$929k increased revenues	(241)	
Acquisition related legal and professional	(96)	
Strategic redirection of spending:		
Public relations	106	
Marketing and advertising	(146)	
Efficient allocation of resources	50	
EBITDA 2017	\$ 270	609%

## Seamlessly Integrated 2 tuck in acquisitions throughout the year

- ✓ Washington Labs Acquisition:
  - ✓ 1<sup>st</sup> Quarter – integrated all operations from Canton to Cleveland
  - ✓ Shipped orders on Day 1
  - ✓ Expanded our capacity at 4400 Carnegie
  - ✓ Expanded our product offerings in multiple categories
  - ✓ Expanded our filling abilities – sizes and formulas
  
- ✓ Vigilant Acquisition:
  - ✓ 4<sup>th</sup> Quarter Integrated all operations from Tampa to Cleveland
  - ✓ Shipped orders on Day 1
  - ✓ Expanded our reach for production and product sourcing resources
  - ✓ Expanded our product offerings
  - ✓ Enhanced our e-commerce business

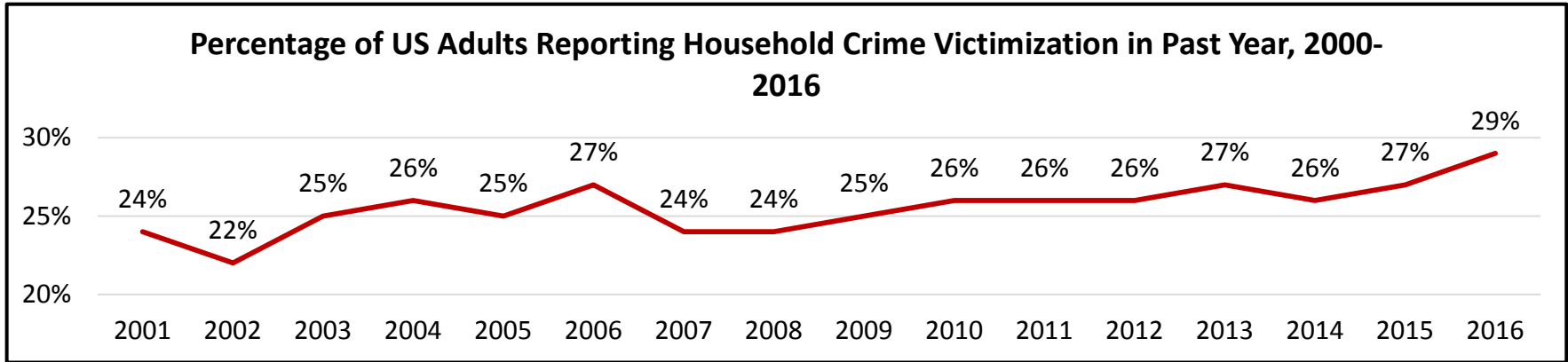
## 2017 Achievements and Highlights:

- ✓ Maintained Market Leadership Position with consumers
- ✓ Added New Products to assortment of less lethal product offerings
  - ✓ Personal Alarms
  - ✓ Enhanced Animal Defense Products
  - ✓ Other non OC products – Stun Guns, Batons and Knives
- ✓ Expanded on line and retail presence by adding **112** new accounts in 2017
- ✓ Expanded our strategy with regard to e-commerce in 2017
- ✓ Continued expansion to Canada, Europe, India, South America



## 1<sup>st</sup> Quarter 2018 Advice

- ✓ Mace anticipates a robust first quarter based on shipments and pipeline orders in house.
- ✓ Mace is continuing to invest in E-Commerce to fuel future growth and expansion.
- ✓ Anticipated growth is a combination of organic growth, new product introductions and recent acquisitions.

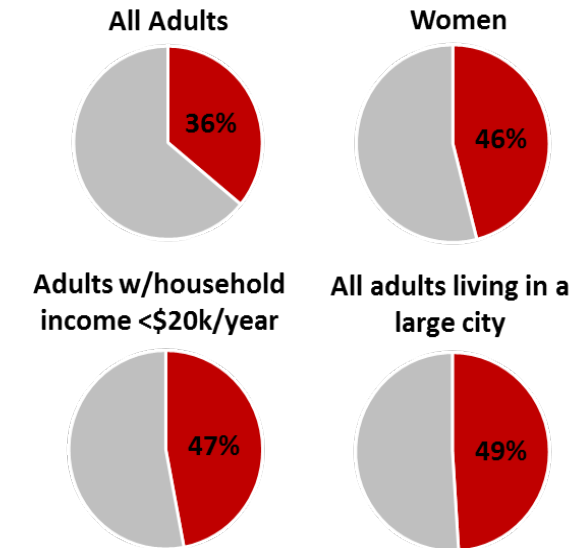


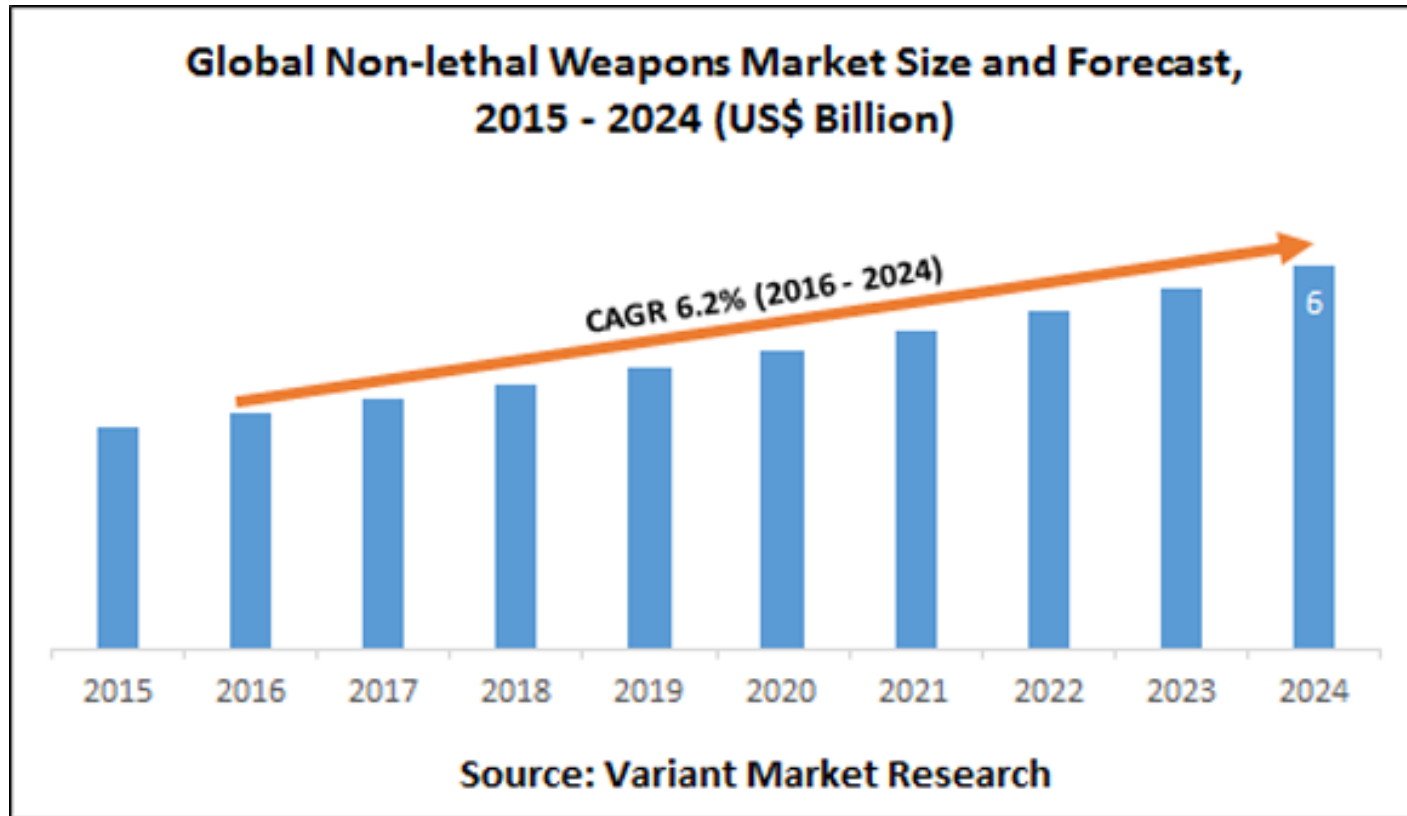
**According to Gallup, “Americans’ direct experience with crime is at a 16-year high, consistent with a gradual increase -- from 22% in 2001 to 29% today...”**

### Most Popular Outdoor Activities by Participation Rate

1. Running, Jogging and Trail Running - 18% of Americans Ages 6+ / 51.5 million participants
2. Freshwater, Saltwater and Fly Fishing - 16% of Americans Ages 6+ / 45.7 million participants
3. Road Biking, Mountain Biking and BMX - 15% of Americans Ages 6+ / 43.1 million participants
4. Car, Backyard, Backpacking and RV Camping - 14% of Americans Ages 6+ / 40.0 million participants
5. Hiking - 13% of Americans Ages 6+ / 37.2 million participants

### Respondents who fear walking where they live:

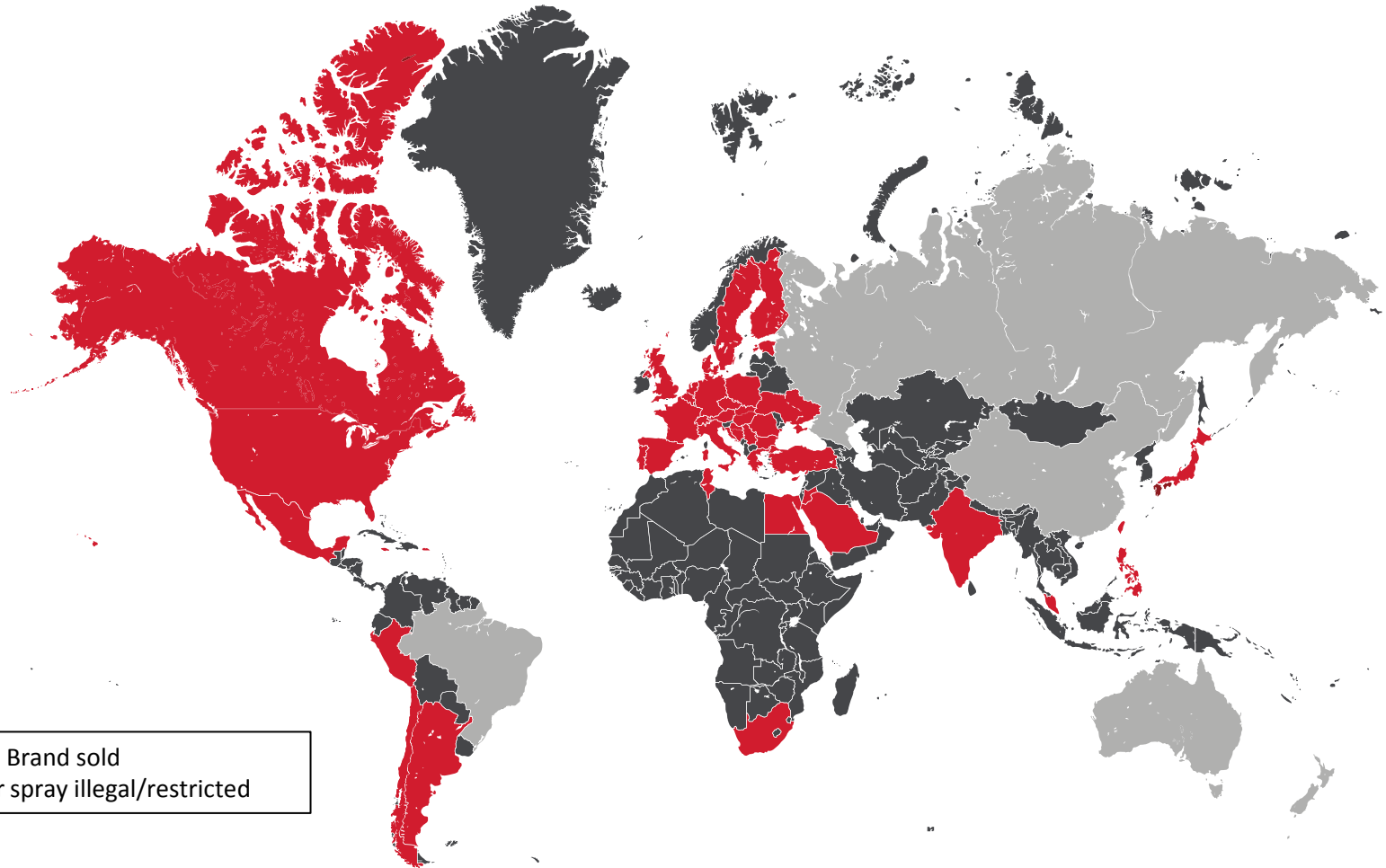




Increased demand for crowd control weapons, adoption of technologically enhanced product developments, and increasing military expenditure by countries are the major factors driving the global non-lethal weapons market. Moreover, deployment of military in non-combat zones has also expected to fuel market growth.



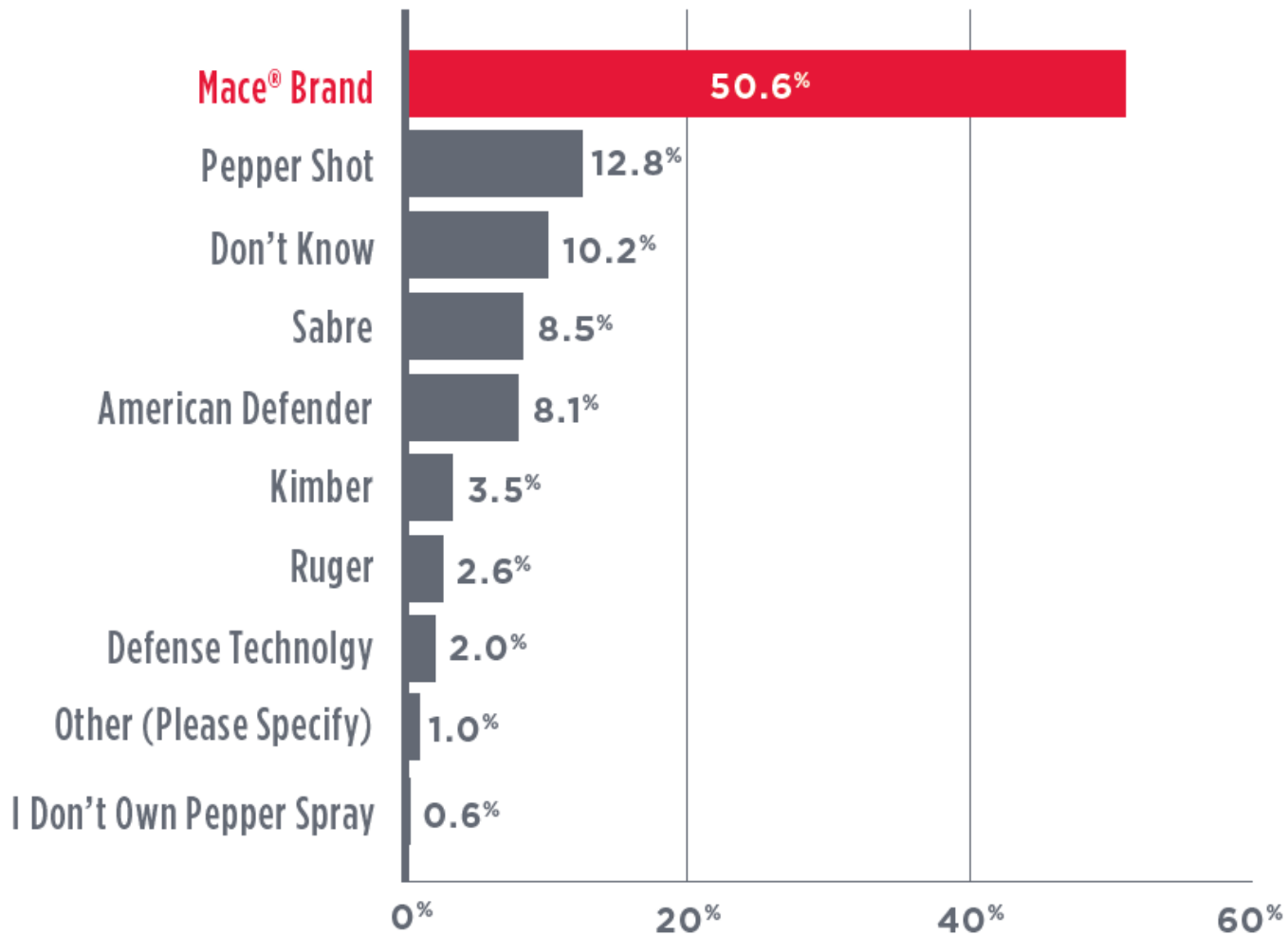
## ***Global Distribution and Brand Reach***



- Mace® Brand sold
- Pepper spray illegal/restricted



## *Consumer Study on Brands Owned – Mace is #1*





## ***Google Analytics – Consumers Search for Mace® Brand***

**Mace Brand is searched approx. 100,000 to  
1,000,000 per month**

Google analytics reports monthly search for  
other pepper spray companies in total:

Approx. 2,000-20,000 per month

**Mace® drives sales ~ Trust the Brand**





## *Award Winning Design – Succeeds at Retail*



- Mace® Brand defense spray won the A'Design packaging award
- Environmentally responsible (less plastic, cost effective in materials), superior graphic design layout
- Honored in the A'Packaging Design Award-Professional Entry Category

### **Other Notable Awards:**





## *Why Mace<sup>®</sup> Brand – The Original*



- Number one brand in personal safety and security
- Quality tested product
- The first and original manufacturer of self defense sprays
- Best range of models and price points
- No one does Good-Better-Best like Mace<sup>®</sup> Brand!
- Created to differentiate the Mace<sup>®</sup> Brand from imitators
  - If it does not have the seal, it is NOT a Mace<sup>®</sup> Brand product
- Look for the Mace<sup>®</sup> Brand Authentic Product seal everywhere



## *Why Mace<sup>®</sup> Brand - Testing*

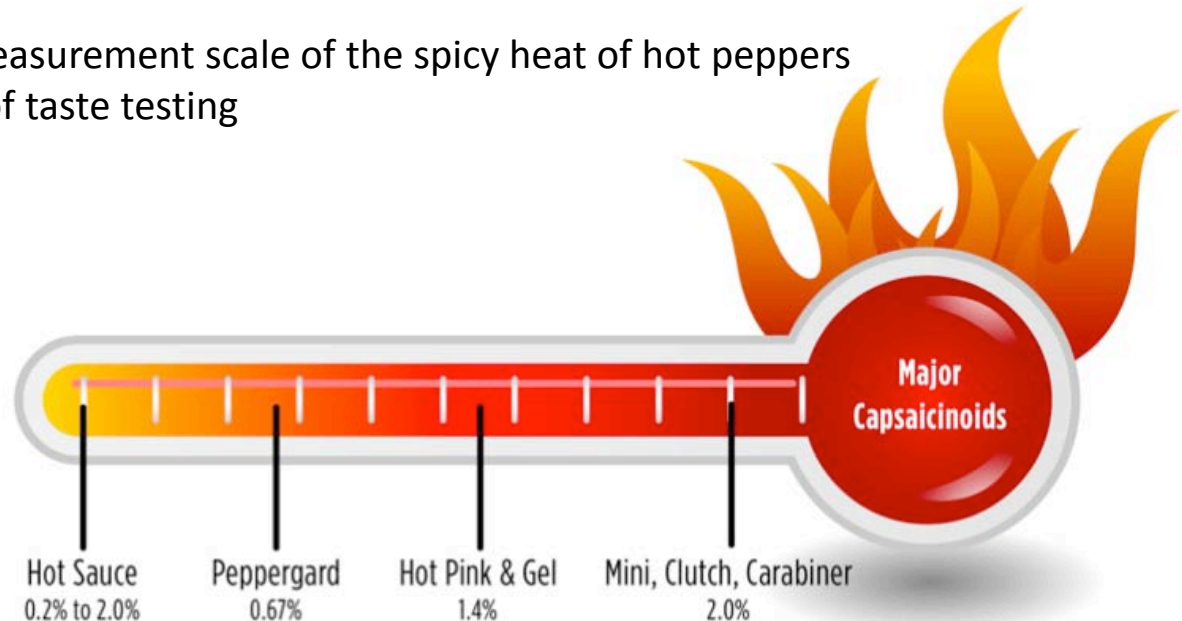
- HPLC (High performance liquid chromatography) is how we ensure our sprays are HOT!
- Source specification oleoresin capsicum that has been HPLC tested **x1**
- HPLC batch testing of each formulation prior to bottling **x2**
  - Some of our competitors test, some do not
- This double verification protocol is an important part of our quality control





## *Why Mace<sup>®</sup> Brand – We have the HEAT!*

- **Capsaicinoids** → OC consists of three major components which determine heat of material:
  - Capsaicin + Dihydrocapsaicin + Nordihydrocapsaicin = Major Capsaicinoids (MC)
- **OC Percentage** → OC sprays are available in a variety of concentration (2% to 15% by weight percentage)
  - Can be misleading because the strength of the OC determines its effectiveness, not percentage by weight or volume alone
- **Scoville Heat Units (SHU)** → Measurement scale of the spicy heat of hot peppers
  - Based on sensory ratings of taste testing





*... with an iconic consumer brand with growing sales, attractive margins and meaningful growth opportunities in its consumer and law enforcement markets.*

- Positive Trends in the Personal Security, Outdoor Recreation and Law Enforcement Markets
- Iconic, Original, American Brand Name
- Transition and Turnaround Complete
- Dramatically Improving Financial Performance
- Achievable Organic Growth Available
- Strengthened and Expanded Distribution Channels
- Product-Related Organic Growth Drivers
- Identified Acquisition Pipeline