



August 6, 2018

Dear Shareholder:

The 2<sup>nd</sup> quarter results have been finalized and I am pleased to report progress albeit slower than management and the board expected. After having spent the last 90 days with the management team, it is clear that the Company's potential impact on personal safety is extraordinary.

We are seeing significant shifts in the market and consumer buying habits. I point this out as we feel it is a unique opportunity for the Company to take advantage of this buying shift.

Additionally and concurrently, the entire organization's resource allocation is being reviewed with the goal of developing a long-term strategic plan which we expect to complete in the next 60-90 days. The Company's focus is clear and management is acting on the realignment of expectations with financial results. Generating a loss is simply unacceptable especially as revenues rose by double digits as seen in Q1, 2018.

The team spent considerable time in measuring and removing costs that were not adding value and I am happy to report that the Company is now averaging a run rate of 10% adjusted EBITDA in the last 90 days. Much work has been done with much more work to do, but the focus is clear and present throughout the Company.

We feel that the digital presence, messaging and interactions with our customers need a major boost as does the go to market strategy. Same can be said for our marketing efforts to our law enforcement and munitions partners and customers. The results are below average but we expect improvement in the next 90 days.

The Company is in the process of interviewing marketing / branding companies to help us manage and promote all our content, social media and e-commerce campaigns. The opportunity is significant and we hope to report solid progress in the 3<sup>rd</sup> quarter.

In the coming months, we expect to see a shift in allocation of resources to sales and marketing initiatives with a planned and measurable return on investment (VALUE ADD). This investment will be funded by improvements in other areas of the Company – namely, general and operations.

Our retail partners continue to experience strong POS sales and replenishment sales and our end customers love the Mace Brand and Mace products as evidenced by the double digit gains year over year.

We expect the trend to continue but also recognize the shifts in consumer buying habits and therefore the need to focus on more direct interaction with our consumers through new messaging and methodologies.

The need for non-lethal products for personal security is growing at a rapid pace especially in public places. Mace Brand is the brand of choice based on our independent market research.

We will continue to assist management in their efforts to increase shareholder value.

Chuck Gehrisch  
Executive Chairman

Sanjay Singh  
Vice Chairman