



# 1Q 2021 Highlights

April 30<sup>th</sup>, 2021

# About Us



## Mission Statement

*Provide  
Family & Community Safety through  
Individual Empowerment*

## Vision Statement

*To be the most customer-centric company that  
provides innovative products to keep our  
customers safe all the time and is an expert in  
the non-lethal product segment*





# Socio-economic Drivers of Revenue

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



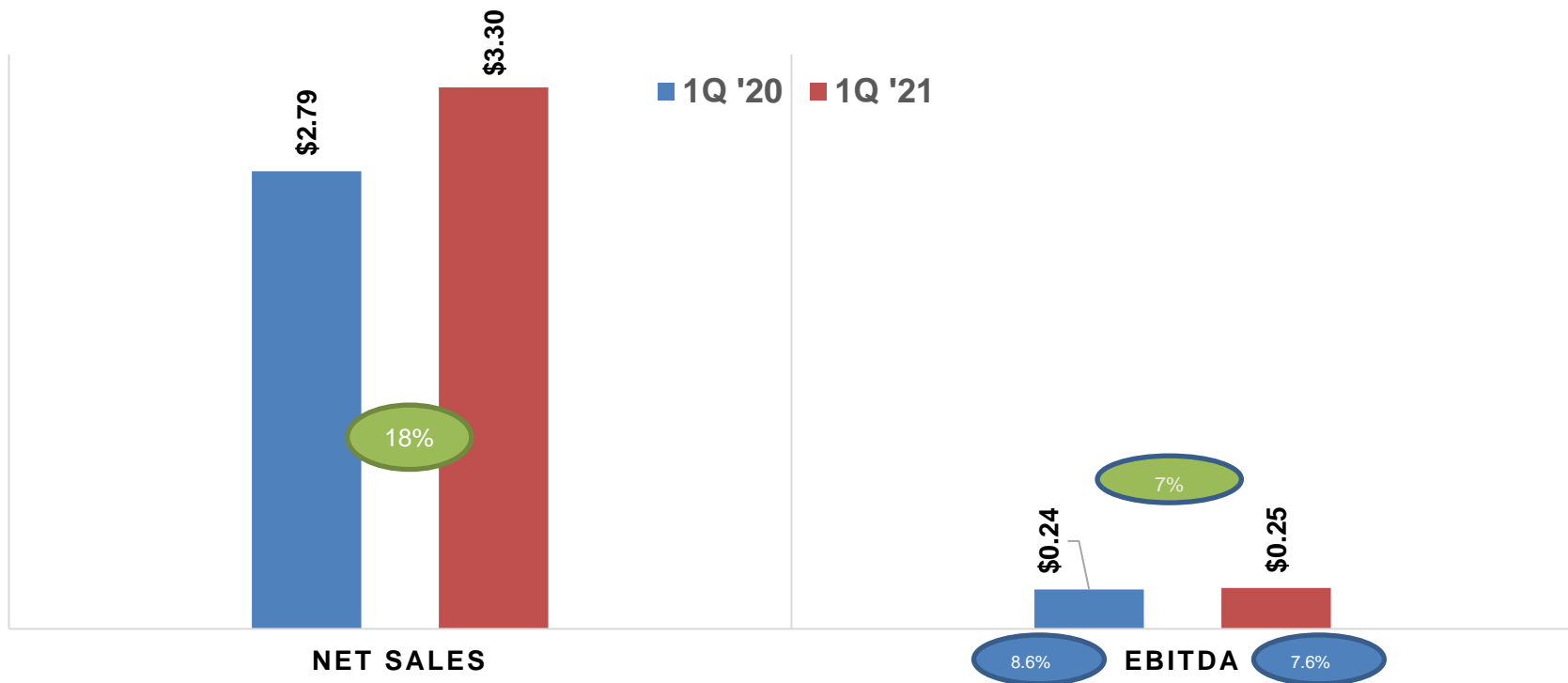
# Key Financial Highlights 1Q '21



- *Net Sales* of \$3,304K up 18% versus 1Q20
  - Driven by:
    - New direct-to-consumer (DTC) sales
    - Organic retail growth
- *Gross Profit* was \$1,275K or 39% of Net Sales, up 18% versus 1Q20
  - Impacted by:
    - One-time non-recurring personnel costs
    - Inventory dispersion costs
    - Excess manufacturing costs related to past-due orders
- *Net Income* was \$109K or 3% of Net Sales, a decrease of \$11K versus 1Q20
  - Impacted by:
    - SG&A expense increase related to investments made for future growth
    - Customer delivery penalties related to supply chain issues
- *EBITDA* was \$251K or 8% of Net Sales, an increase of \$11K over 1Q20



# 1Q '21 OVERVIEW



- Net sales grew by \$513K driven by organic growth across retail and direct-to-consumer (DTC) channels
- EBITDA of 8% increased by \$11K vs first quarter 2020
- Volume impact to gross margin was \$196K
- Gross profit rate was flat at 39% for the first quarter of both 2021 and 2020
- SG&A was higher by \$180K due to increased expenditures related to future growth and customer penalties related to supply chain delays

**Targeting a minimum EBITDA rate of 15% for FY2021**

# Cash Flow 1Q21 vs 1Q20



(\$ in 000's)	<u>1Q21</u>	<u>1Q20</u>	<u>Incr. (Decr.) in Cash</u>
Net Income	\$ 109	\$ 120	\$ (11)
Non-cash adjustments:			
Depreciation and amortization	187	160	27
Stock-based compensation	43	30	13
Provision for losses on receivables	21	6	15
Provision for obsolete inventory	-	17	(17)
Changes in working capital	(160)	(196)	36
Operating Cash Flow	<u>200</u>	<u>137</u>	<u>63</u>
Capital Expenditures	(66)	(7)	(59)
<b>Free Cash Flow</b>	<b><u>\$ 134</u></b>	<b><u>\$ 130</u></b>	<b><u>\$ 4</u></b>

# Select Financial Stats through 1Q21

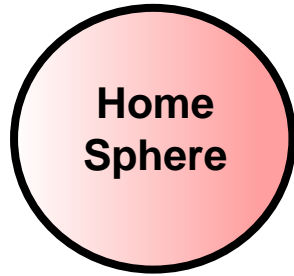


Income Statement (\$MM)							
	FY 18	FY 19	2020				1Q 21
			1Q	2Q	3Q	4Q	
Sales	\$ 11	10.5	2.8	3.5	4.8	4.4	3.3
<b>Sales Change YOY</b>	<b>15.1%</b>	<b>(8.6%)</b>	<b>3.0%</b>	<b>16.0%</b>	<b>94.0%</b>	<b>86.0%</b>	<b>18.4%</b>
Gross Margins	36.7%	36.2%	38.7%	40.8%	41.1%	39.9%	38.6%
SG&A	\$ 5	5.1	0.9	0.8	1.2	1.2	1.1
<b>EBITDA</b>	<b>(1.5)</b>	<b>(1.2)</b>	<b>0.2</b>	<b>0.6</b>	<b>0.8</b>	<b>0.6</b>	<b>0.3</b>
Rate	(13.3%)	(11.5%)	8.6%	17.2%	17.3%	13.4%	7.6%

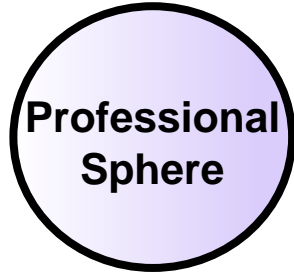
Treasury (\$MM)							
	FY 18	FY 19	2020				1Q 21
			1Q	2Q	3Q	4Q	
CASH	\$ 0	0.3	0.4	1.6	0.5	0.8	0.8
DEBT	\$ 1	1.1	1.0	1.6	1.0	0.9	0.9
DSO	59	75	84	76	70	71	80
DSI	109	98	143	132	107	99	119
<b>MARKET VALUE</b>	<b>\$ 18</b>	<b>15.8</b>	<b>8.9</b>	<b>17.3</b>	<b>28.8</b>	<b>25.0</b>	<b>36.0</b>
OCF/ASSETS	(5%)	(1%)	1%	12%	2%	4%	1%

**Y-O-Y improvement in market value of 304% via five quarters of sales growth and positive EBITDA**

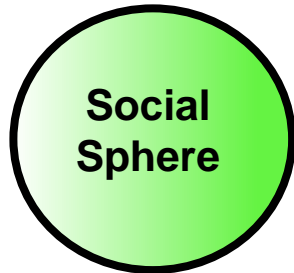
# The Opportunity



128M households in America



5.6M employer firms in USA  
99.7% are less than 500 employees



209M+ citizens over the age of 18

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Target Wallet: 5% of overall potential - equates to an estimated incremental \$70M in the next 3-5 years





# Mace - a Refreshed Approach



- Influencing the cultural norm on personal safety
- Omni-channel market penetration
- Innovative new products
- Lean operating system

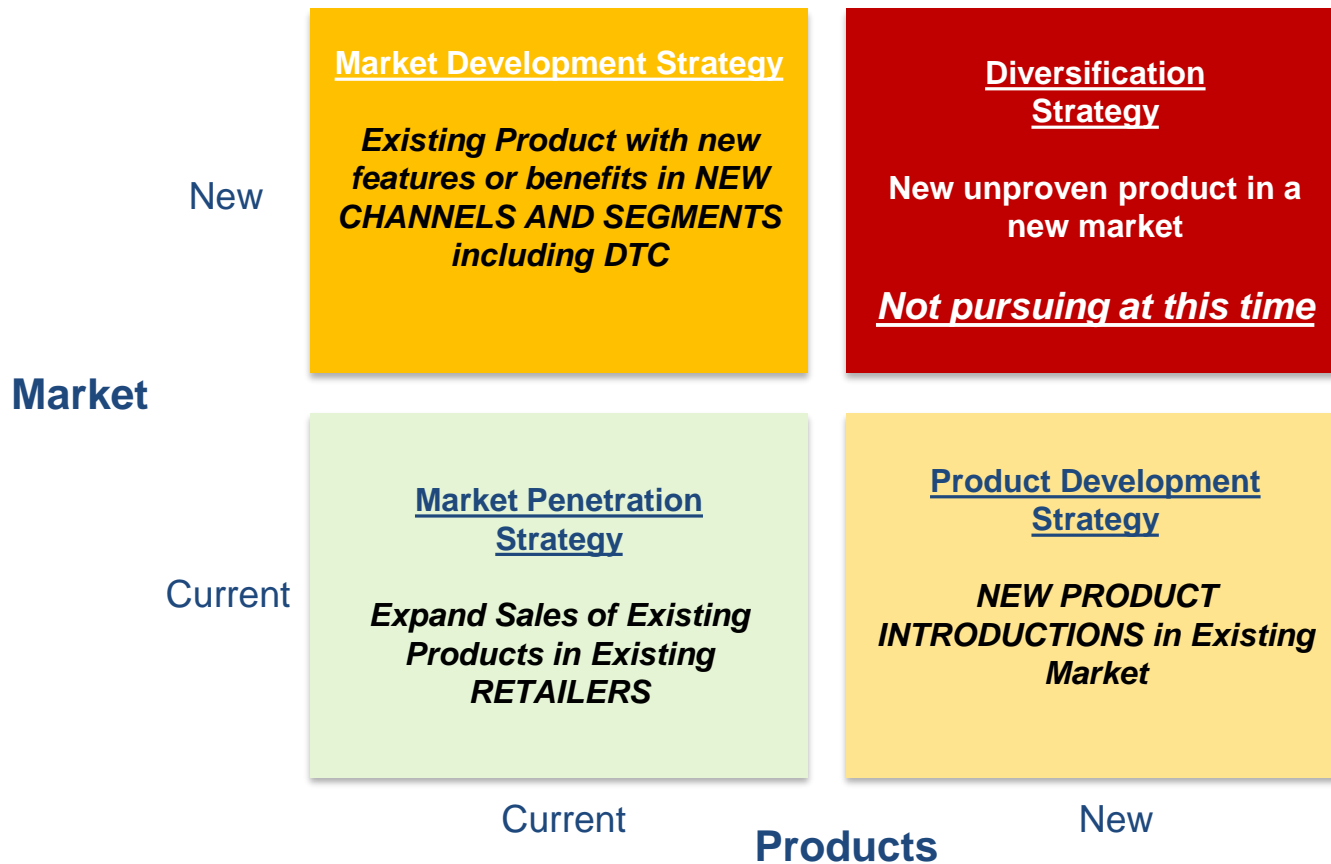


# REVENUE Growth Strategies



Less risky

More risky



# DTC/Awareness Project



**Phase I**  
Consumer  
Insight Survey



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



**Phase III**  
Marketing  
Campaign



# Positioned for Growth



## Key Priorities



### Long-Term

### Mid-Term

### Short-Term

- ✓ Employee safety and health
- ✓ Targeting 25% top-line growth including 4-5 new retailers
- ✓ Introduce refreshed brand strategy
- ✓ Launch 2 new products
- ✓ Increase in free cash flow
- ✓ Increase in Capex to gain operational efficiencies
- ✓ Building Finished Goods (FG) inventory

- ✓ Employee safety and culture
- ✓ Targeting 25% top-line growth including 4-5 new retailers
- ✓ 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

