



2Q20 Highlights

July 31, 2020

Mission



***Keeping YOU safe
wherever you are...***





Socio-economic drivers of revenues

- ✓ Social climate
- ✓ Credibility of police force
- ✓ Divisive political environment
- ✓ Consumer sentiment
- ✓ Crime rates
- ✓ Weather
- ✓ Outdoor activities
- ✓ College attendance
- ✓ Health fads
- ✓ Rate of GDP change
- ✓ Price of resin



Key Priorities



- ✓ Employee safety and health
- ✓ Balance sheet strength
- ✓ Management of customers and vendors amidst supply chain challenges
- ✓ Operations excellence
- ✓ Digital awareness



Key Financial Highlights



- ✓ Net Sales of \$3.4MM, up 16% or \$465K versus prior year driven by organic growth, product line extension to current customers, and addition of new customers
- ✓ Gross Profit was \$1.4MM up 51% and 1000 bp versus prior year
- ✓ Net Income was \$453K an increase of \$1.06MM versus prior year
- ✓ Sizeable Q3 backlog



Select Financial Stats through 2Q20 – seeing positive and sequential improvement in financial performance



MM

Income Statement

US\$	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>1Q20</u>	<u>2Q20</u>
Sales	\$9.9	\$11.5	\$10.5	\$2.8	\$3.4
<i>Chg. YOY</i>		15%	-9%	3%	16%
Gross Margins	42.8%	36.7%	36.2%	38.7%	40.8%
SG&A	\$4.2	\$4.8	\$5.1	\$0.9	\$0.8
EBITDA	\$0.3	(\$1.5)	(\$1.2)	\$0.2	\$0.6
Rate	2.7%	-13.3 %	-11.5 %	9 %	17%

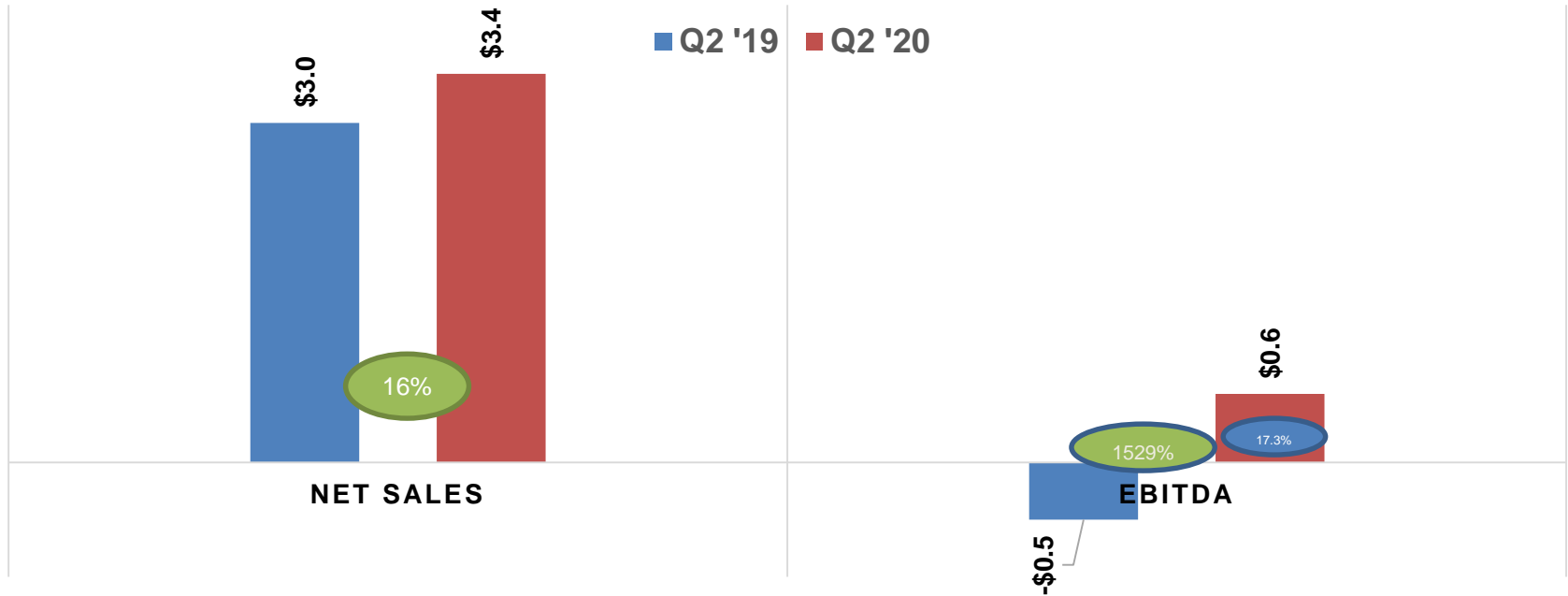
MM

Treasury

US\$	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>2Q20</u>
CASH	\$0.6	\$0.2	\$0.3	\$1.6
DEBT	\$1.1	\$0.95	\$1.1	\$1.6
DSO	62	59	75	76
DSI	127	109	98	132
Ent. Value	\$24.4	\$18.4	\$16.6	\$17.3
OCF/ASSETS	-3%	-5%	1%	14%



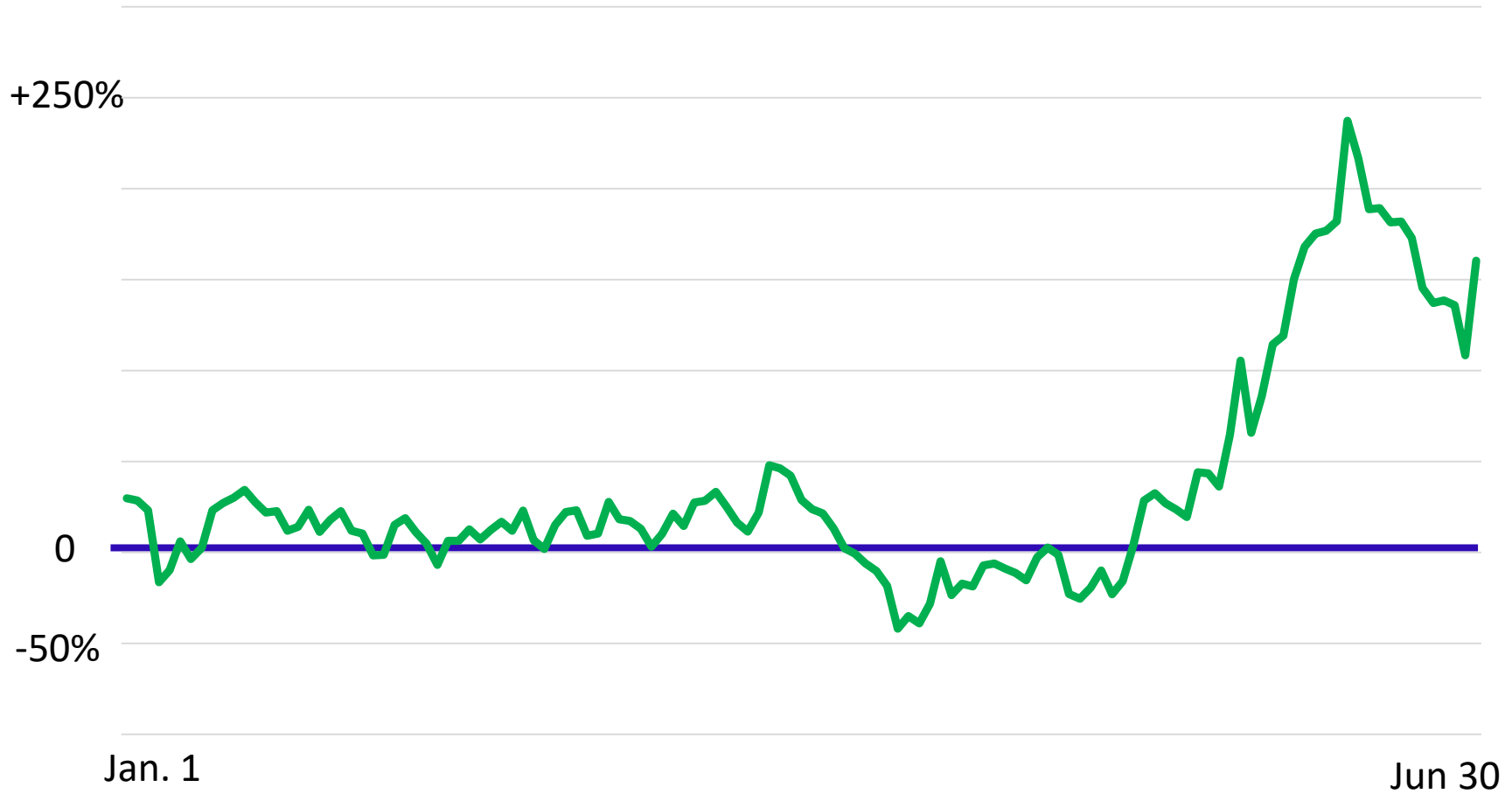
Q2 '20 OVERVIEW



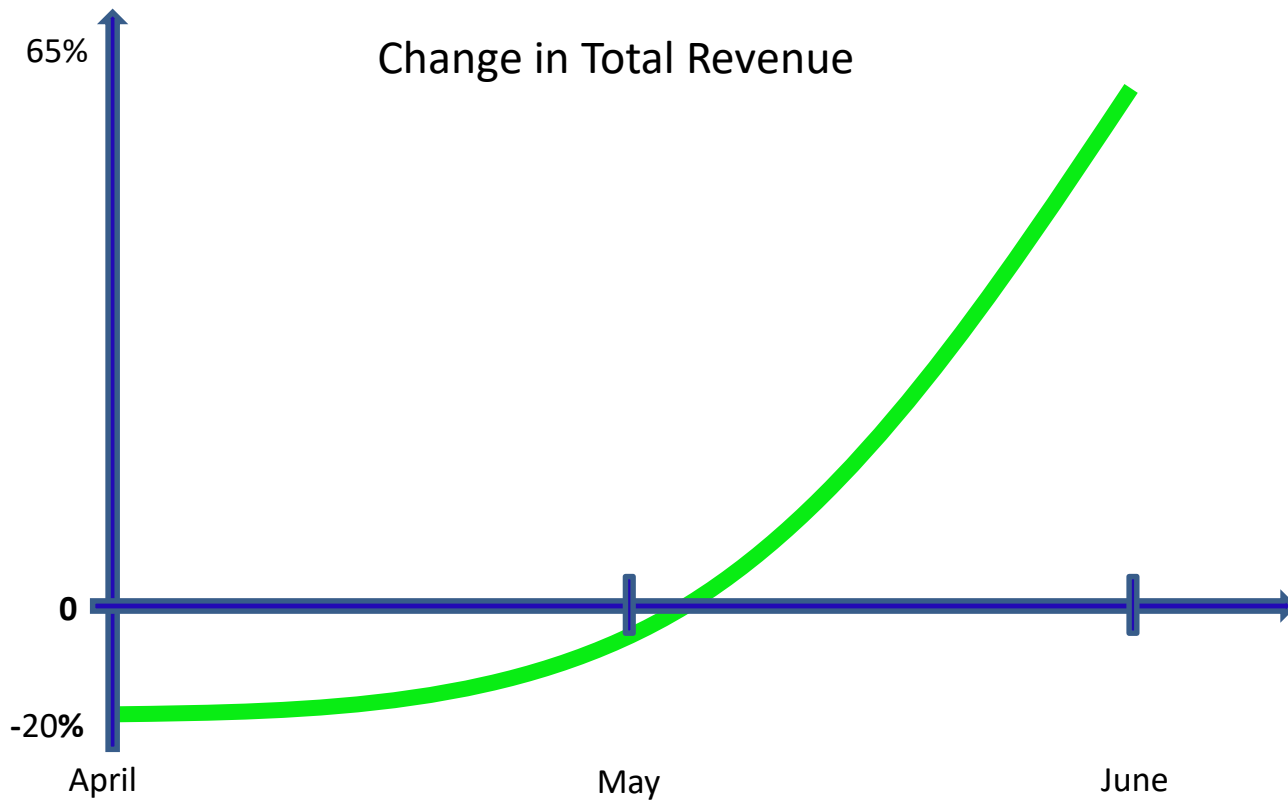
- ❑ Net sales grew by \$465K driven by organic growth, addition of new customers and product line extensions.
- ❑ EBITDA improved by \$1.1MM; net of one-time costs in FY19, EBITDA improved by \$571K
- ❑ Volume impact to gross margin was \$106K
- ❑ One-time manufacturing impairment costs in 2Q19 were \$167K
- ❑ Efficiencies and higher fixed cost leverage were \$76K
- ❑ Lower SG&A of \$578K from one-time receivables impairment last year, lower salaries and outside marketing expenses

Targeting a minimum EBITDA rate of 15%

YTD 06/30/20 Incoming Orders – 12 Day Moving Average



2Q20 vs 2Q19



2Q20 Summary



- Digital sales growing at triple-digit rate (on a percentage basis)
- Past two month's incoming order trends are showing triple-digit increases (on a percentage basis) compared to 2Q19
- One of our most popular product lines is up 165% over 2Q19
- 2 new products introduced at retail outpacing 2020 forecasts by 250%
- Robust backlog heading into 3Q20



Q3 Priorities

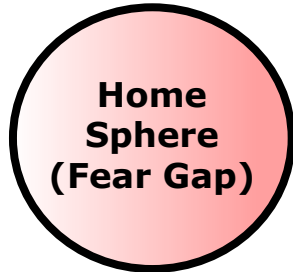


- **Health and Safety of our employees**
- **Growth** : New business, new products, expansion of offerings to current customers and DTC
- **Operations Excellence**: improvements in supply chain management and order to ship processes
- **Balance Sheet Strength**
- **Investor Relations conferences**
- **Leadership team** : fill Operations management and CFO positions



Innovative New Product Growth

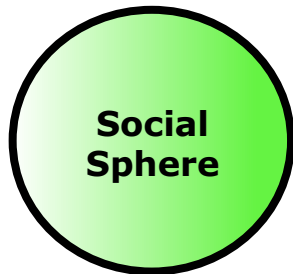
Addressable Market - USA



128M households in America



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



209M+ citizens over the age of 18



Consumer Insight Survey

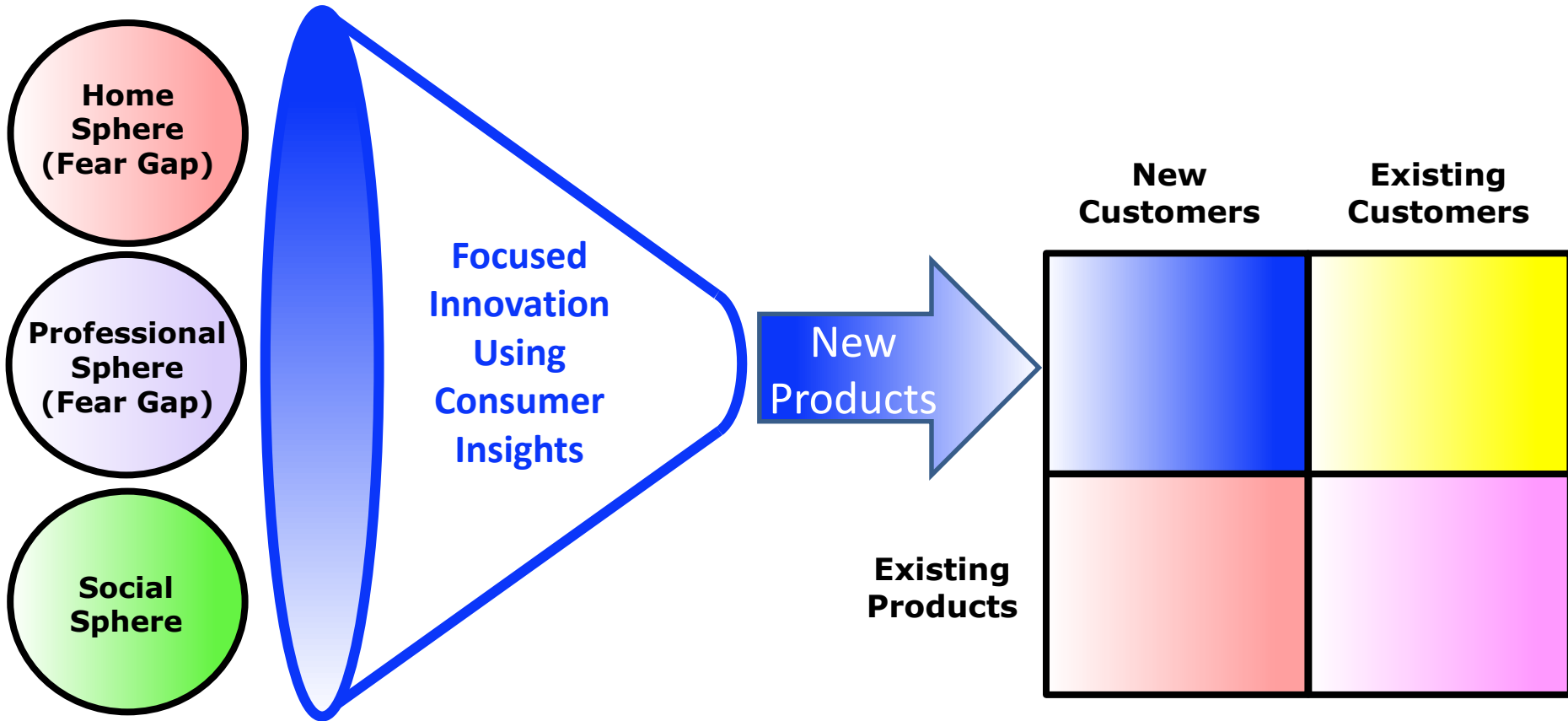


- Conducted nationwide by Nottingham-Spirk 1Q20
- Insights used for product & content development
- Key Insights
 - Target Demographics (and their concerns) Identified
 - Awareness & Educational Opportunities
 - Product Design Elements



Innovation:

Products that are patentable, relevant, and value-add to the end user



New Retail and Digital Strategies

Retail: Consumer-Centric



Launched Spring 2020

- Full Product Continuum introduced (showing double-digit growth)
- Packaging and Product Refresh
- Price Point Strategy – use of Tornado Brand

Goal: Develop a Personal Safety Category at the Retail Level (currently none exists)



Product Line Refresh





SWOT Analysis



<p>Strengths</p> <ol style="list-style-type: none">1. Recognized brand name2. Strong EBITDA margins now3. Innovation4. Experienced mgmt. team5. NOL Carryforward	<p>Weaknesses</p> <ol style="list-style-type: none">1. Too many SKUs2. Order to cash process3. Intellectual resource-light4. Late to Amazon and DTC
<p>Opportunities</p> <ol style="list-style-type: none">1. Need for peace of mind and non-lethal self-protection2. Branding and Education3. Sizeable wallet in retail and DTC4. Tornado – Opening Price Point	<p>Threats</p> <ol style="list-style-type: none">1. Brand synonymous with pepper spray causing confusion2. Banning of Pepper Spray

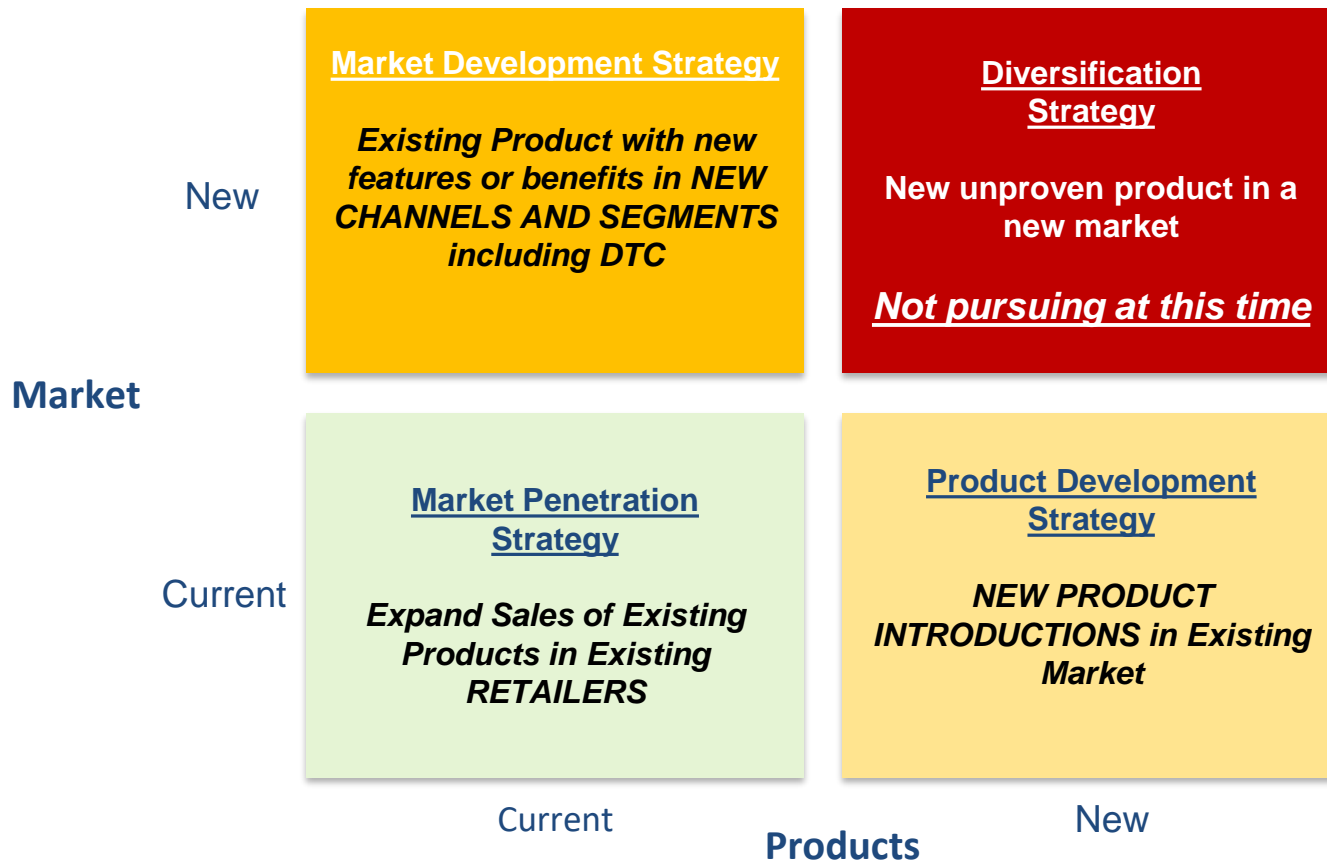


REVENUE Growth Strategies

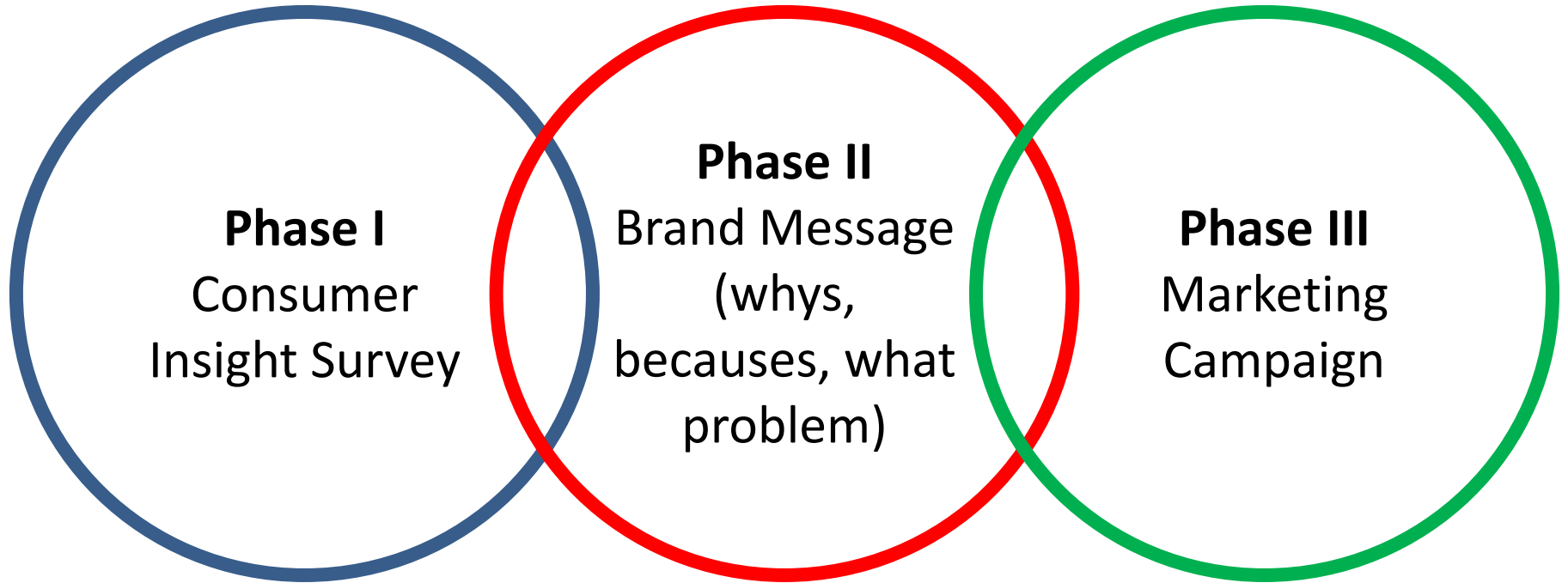


Less risky

More risky



DTC/Awareness Project



Phase I
Consumer
Insight Survey

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

Phase III
Marketing
Campaign



August 24-25, 2020

In-play





See you next quarter!

