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**August 2, 2021**

[**Mace® Security International, a Global Leader in Personal Self-Defense Sprays, 2Q21 Financial Results**](http://corp.mace.com/2018/03/mace-reports-fourth-quarter-and-full-year-2017-financial-results/) **show Retail and e-commerce revenue grew a combined 38% over 2Q20**

* **Retail and e-commerce sales increased $810,000 (38%) over 2Q 2020**
* **Mace branded bear spray sales up 189% over 2Q 2020 and 214% over first six months 2020**
* **Net income for the quarter was $702,000, or 21% of net sales, an increase of $249,000, compared to net income of 453,000 in the same period of 2020**
* **Debt free as of June 30, 2021**
* **2Q 2021 net sales totaled $3,396,000, down $36,000, or 1%, versus same period prior year resulting primarily from a decline in private label sales**
* **Paycheck Protection Program (PPP) Loan and interest of $625,000 forgiven by SBA**
* **EBITDA for the quarter** **including gain on PPP Loan forgiveness was $815,000, or 24% of net sales, an increase of $219,000 versus $596,000 EBITDA in the second quarter of 2020**
* **YTD EBITDA including gain on PPP Loan forgiveness was $1,067,000, or 16% of net sales, versus $836,000 for the first six months of 2020**

CLEVELAND, Ohio, August 2nd, 2021 – Mace Security International (OTCQX: MACE) today announced its second quarter and year-to-date 2021 financial results for the periods ended June 30, 2021.

The Company’s net sales for the second quarter were $3,396,000, down 1% versus the same period in the prior year. The decrease is mostly the result of a major customer insourcing production for economic reasons when volumes grew significantly last year. This was offset by a 38% organic growth across its retail and e-commerce channels, including a 189% increase in its Mace branded Guard Alaska bear spray. Net sales across its retail and e-commerce channels were up $810,000.

Mace reported a gross margin rate for the quarter of 39% vs 41% for the same quarter last year. The Company strategically partnered with some of its retail customers and provided specific product sell through support and accepted product returns which affected its gross margin rate by 200 bp. Excluding this support, gross margins were the same as the second quarter of 2020. SG&A expenses were $1,201,000, or 35% of net sales, compared with $841,000, or 24% of net sales, in the second quarter 2020. The increase in SG&A expenses is a direct result of the Company’s commitment to its growth plan and the related cost for digital advertising, branding, personnel and new product development.

President and CEO Gary Medved commented, “We are experiencing some headwinds in the discretionary spend available to our customers coming out of the pandemic. The onset of inflation and the continuation of extended supply chain lead times coupled with difficult comparisons to last year’s private label sales effected our top line numbers. However, we are sticking to our plan to build the Mace brand, focus on direct-to-consumer and retail expansion, and deliver new products to the market. This focus has continued to deliver strong growth as our digital sales expanded 80% for the quarter and now represent 28% of our sales vs 16% last year while our retail sales have expanded to 55% of total sales from 46% last year at the same time.”

Sanjay Singh, Executive Chairman, commented, “We tightened our sales strategy last year to be an omni channel vendor for our customers. We are pleased to see the results of the re-allocation of investment and focus in both the e-commerce and retail segments anchored by our commitment to pursue innovation that helps solve our customers’ problems. Our new product introductions, namely, the new stun device and bear spray have been a hit with our customers. We expect to increase our investments in marketing and advertising in the second half of this year as we continue to be an expert in the personal non-lethal space.”

**Second Quarter 2021 Financial Highlights**

* Net sales were $3,396,000, down slightly (1%) versus the same period in the prior year, primarily due to a more than 70% decline in non-Mace brand, private label sales along with declines in tactical and international sales in slowly recovering COVID challenged countries. These decreases were nearly fully mitigated by continued organic retail growth, new direct-to-consumer sales and new product line extensions at retailers.
* Gross profit rate of 39% was impacted 2% by the Company’s decision to strengthen its customer relations and assist with specific product sell through rates and accept certain product returns. Without these impacts, gross profit rate remained consistent year-over-year for the second quarter at 41% while continuing to invest in manufacturing improvements and personnel.
* Gross profit for the second quarter decreased by $74,000, or 5%, from the second quarter of 2020, resulting from the flat sales volume and the customer related sell-through support and product returns.
* SG&A expenses increased by $360,000 to $1,201,000 for the quarter, or 35% of net sales, primarily due to continued year-over-year investment in advertising to increase the penetration in the direct-to-consumer market, personnel related expense, research and development costs for new product introductions and sales commissions as the Company’s customer base shifted away from private label to a retail model.
* Net income of $702,000 increased by $249,000 supplemented by a $625,000 gain from PPP Loan forgiveness.
* Cash and cash equivalents increased slightly to $770,000 as of June 30, 2021, an increase of $3,000 over the $767,000 on hand on December 31, 2020, while all outstanding debt was fully paid off.
* Working capital increased by $940,000 compared to December 31, 2020, with an increase of $1,417,000 in inventory of which $933,000 was in finished goods. Finished goods were produced to support the anticipated sales growth in 2021 and combat the supply chain challenges the Company and economy have been experiencing. The increase in inventory was partially offset by a decrease of $569,000 in net accounts receivable. The Company paid off its long-term debt of $284,000 associated with a prior acquisition.
* Adjusted EBITDA for the quarter, which excludes the $625,000 gain from PPP Loan forgiveness, was $234,000 compared to $655,000 for the second quarter of 2020.

**Second Quarter 2021 Operational Highlights**

* The Company continued to modify its workforce as it invested more capital into manufacturing automation during the second quarter 2021. The full benefits of the operational improvements have not yet been realized, however, labor efficiencies improved quarter-over quarter as well as quarter-to-quarter. The Company will continue to invest in manufacturing process improvements and new product development as these are instrumental components of management’s strategic vision for growth.

**Year-to-Date June 2021 Financial Highlights**

* Net Sales of $6,700,000 increased by $477,000, or 8%, versus the first half of 2020 driven by strong direct-to-consumer and retail sales growth partially mitigated by significant declines in private label and international sales.
* Gross profit rate declined to 39% for 2021 compared to 40% for the same period in 2020. The gross profit rate was negatively impacted 1% from the previously mentioned customer support the Company provided in the second quarter.
* Gross Profit increased by $120,000, or 5%, when compared to the first six months results of 2020 due to the increased sales volume.
* SG&A increased by $541,000, or 31%, mostly from advertising to increase the penetration in the direct-to-consumer market, personnel related expense, sales commissions, increase in insurance premiums related to market conditions, customer charges related to supply chain issues, and research and development costs for new product introductions.
* Net Income was $811,000, or 13% of net sales, an improvement of $238,000 over net income of $573,000 in the first half of 2020. The 2021 net income was enhanced by a $625,000 gain from PPP Loan forgiveness.
* Adjusted EBITDA for the first six months, which excludes the $625,000 gain from PPP Loan forgiveness, was $559,000 compared to $925,000 for the same period in 2020.

**Conference Call**

Mace**®** will conduct a conference call on Tuesday, August 3, 2021 at 10:30 AM EDT, 7:30 AM PDT to discuss its financial and operational performance for the second quarter and first half of 2021. The call can be accessed by telephone within the US at (833) 360-0862. Please use the conference identification number 4391253.

A digital recording of the conference call will be available for replay after the call’s completion. It will be available two hours after the call and will expire on October 3, 2021, at 11:59 PM. To access the recording, use the dial in numbers listed below and the conference ID 4391253.

Encore dial-in number: (855) 859-2056 or internationally on (404) 537-3406.

The full set of financial statements and an accompanying slide presentation is available on Mace’s website [www.corp.mace.com](http://www.corp.mace.com) under the subheading “Newsroom.”

**About Mace Security International, Inc.**

Mace® Security International, Inc. (MACE) is a globally recognized leader in personal safety and security. Based in Cleveland, Ohio, the company has spent more than 40 years designing and manufacturing consumer and tactical products for personal defense and security under its world-renowned Mace® Brand – the original trusted brand of defense spray products. The company also offers aerosol defense sprays and tactical products for law enforcement and security professionals worldwide through its Mace® Take Down® brand, KUROS!® Brand personal safety products, Vigilant® Brand alarms, and Tornado® Brand pepper spray and stun guns. MACE® distributes and supports Mace® Brand products through mass market retailers, wholesale distributors, independent dealers, Amazon.com, Mace.com, and other channels. For more information, visit [www.mace.com](http://www.mace.com).

Mace Security International distributes and supports its products and services through mass-market retailers, wholesale distributors, independent dealers, e-commerce channels and through its website, www.Mace.com. For more information, please visit [www.mace.com](http://www.mace.com/).

**Forward-Looking Statements**

Certain statements and information included on this website constitute “forward-looking statements” within the meaning of the Federal Private Securities Litigation Reform Act of 1995. When used on this site, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “projected,” “intend to” or similar expressions are intended to identify “forward-looking statements” within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to several known and unknown risks and uncertainties that may cause our actual results, trends, performance or achievements, or industry trends and results, to differ materially from the future results, trends, performance, or achievements expressed or implied by such forward-looking statements. Those risks and uncertainties may include, but are not limited to, (a) general economic and business conditions, including the impact of the COVID-19 pandemic and other possible pandemics and similar outbreaks; (b) competition; (c) potential changes in customer spending; (d) acceptance of our product offerings and designs; (e) the variability of consumer spending resulting from changes in domestic economic activity; (f) a highly promotional retail environment; (g) any significant variations between actual amounts and the amounts estimated for those matters identified as our critical accounting estimates, as well as other significant accounting estimates made in the preparation of our financial statements; and (h) the impact of current and potential hostilities in various parts of the world, as well as other geopolitical or public health concerns. You are urged to consider all such factors. Because of the uncertainty inherent in such forward-looking statements, you should not consider their inclusion to be a representation that such forward-looking matters will be achieved. Mace Security International, Inc. assumes no obligation for updating any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

 









In this press release, the Company’s financial results and financial guidance are provided in accordance with accounting principles generally accepted in the United States (GAAP) and using certain non-GAAP financial measures. Management believes that presentation of operating results using non-GAAP financial measures provides useful supplemental information to investors and facilitates the analysis of the Company’s core operating results and comparison of operating results across reporting periods. Management also uses non-GAAP financial measures to establish budgets and to manage the Company’s business. A reconciliation of the GAAP financial results to non-GAAP financial results is included in the attached schedules.

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