



3Q21 Highlights

November 1, 2021

Mission Statement

Provide Community & Family Safety through Individual Empowerment

Vision Statement

To be the most customer-centric company providing innovative products to keep our customers safe all the time, and be the expert in the non-lethal product segment

Supplemental Sections



Section 1	Finance
Section 2	Sales & Marketing
Section 3	New Products
Section 4	e-commerce
Section 5	Business Overview & Future



Section 1 Finance



- ❑ Revenue Drivers & Headwinds
- ❑ Key Financial Highlights 3Q21
- ❑ 3Q21 Overview
- ❑ Cash Flow 2021 vs 2020
- ❑ Select Financial Stats through 3Q21





Drivers

- ❖ Fear & lack of peace of mind
 - Increased shootings in major cities
 - Rising crime rates
 - Media attention to violent crime
 - Defunding the police initiatives

Headwinds

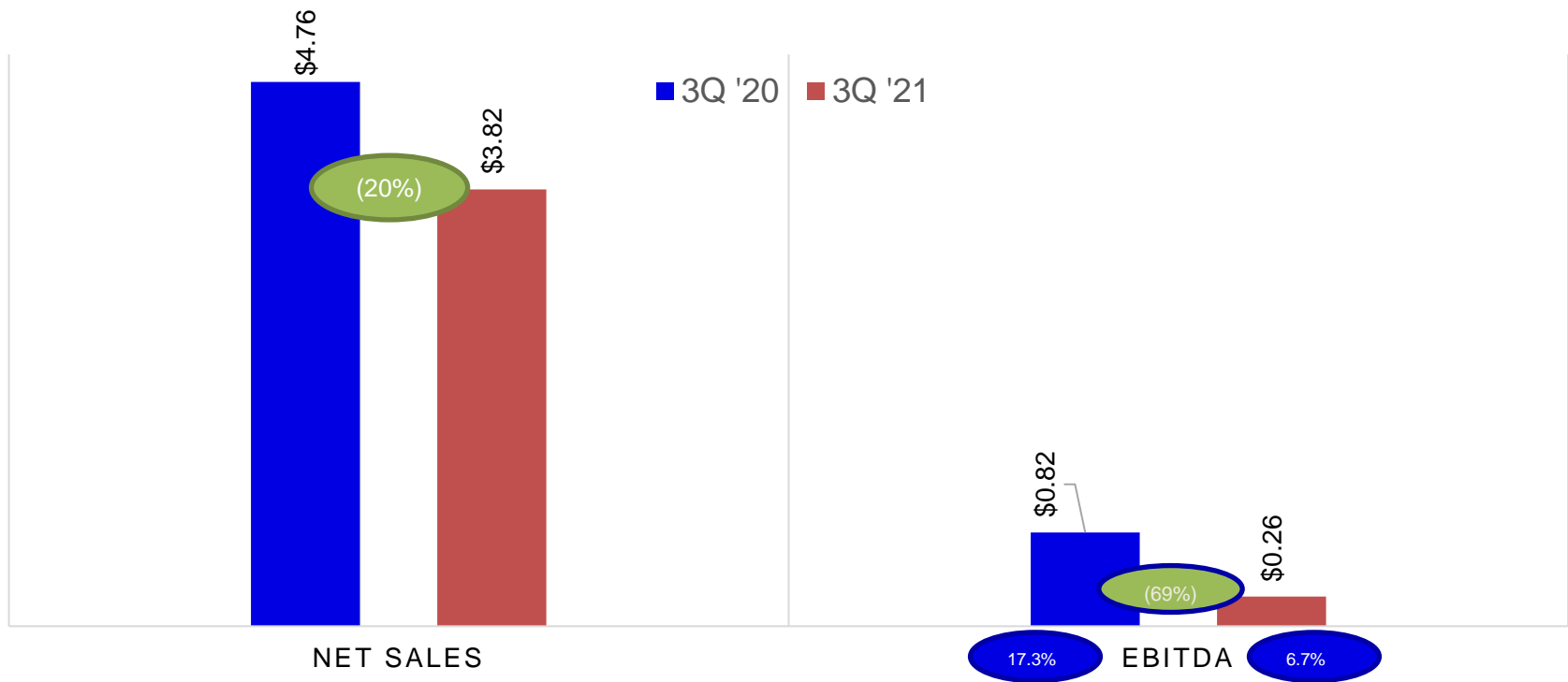
- ❖ Supply Chain
 - Shipment disruptions from Asia
 - Labor & material shortages in US
 - Price increases of raw material, labor, and freight
- ❖ Inflation
 - Inflation notched 30-year high annual rate in September
 - Past 12 months:
 - Gas +42%
 - Food 15-20%

Key Financial Highlights 3Q21



- ❑ Net Sales of \$3,819K down 20% versus 3Q20
 - Impacted by:
 - 72% decline in private label sales
 - 24% decline in retail sales comping against domestic social unrest events in record 3Q20
 - Decrease partially mitigated by 769% increase in Guard Alaska bear spray sales and e-commerce growth
- ❑ Gross Profit was \$1,519K, or 40% of Net Sales, down 22% versus 3Q20
 - Impacted by:
 - Decline in sales volume
 - Change in customer mix along with increase in freight costs
- ❑ Net Income of \$142K, or 4% of Net Sales, a decrease of \$540K versus 3Q20
 - Resulting from:
 - Decline in private label sales volume
- ❑ EBITDA was \$257K a decrease of \$567K from Company's record 3Q20 results
- ❑ Working Capital increase of \$200K from 2Q21

3Q21 OVERVIEW



- Net sales decreased by \$938K driven by resourcing by private label, retail decline compared to record quarter in 3Q20, partially offset with strong sales growth in e-commerce channels
- EBITDA of 7% declined by \$567K vs record third quarter 2020
- Gross profit was down \$436K due to lower sales volume and change in customer sales mix
- Gross profit rate was 40% for the third quarter, down 100bp from third quarter 2020 due to deleveraging fixed costs and increased freight costs
- SG&A was higher by \$128K primarily due to increased spending in higher revenue generating online marketing and advertising partially offset by a reduction in incentive pay provision

Cash Flow YTD 2021 vs 2020



(\$ in 000's)	2021	2020	Incr. (Decr.) in Cash
Net Income	\$ 953	\$ 1,255	\$ (302)
Non-cash adjustments:			
Depreciation and amortization, including right-of-use asset amortization	513	526	(13)
Stock-based compensation	155	142	13
Provision for losses on receivables	102	25	77
Provision for obsolete inventory	-	62	(62)
Gain on forgiveness of PPP loan	(625)	-	(625)
Gain on extinguishment of debt	(8)	-	(8)
Changes in working capital	(1,155)	(1,595)	440
Operating Cash Flow	<u>(65)</u>	<u>415</u>	<u>(480)</u>
Capital Expenditures	(135)	(32)	(103)
Free Cash Flow	<u><u>\$ (200)</u></u>	<u><u>\$ 383</u></u>	<u><u>\$ (583)</u></u>

Working capital increased at a slower rate in 2021 as the increase in inventory to combat extended supply chain lead times and delays was offset by a reduction in accounts receivable



Select Financial Stats through 3Q21

Income Statement (\$MM)									
	FY 18	FY 19	2020				2021		
			1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	\$ 11.5	10.5	2.8	3.4	4.8	4.4	3.3	3.4	3.8
Sales Change YOY	15.1%	(8.6%)	3.0%	16.0%	94.0%	86.0%	18.4%	(1.1%)	(19.7%)
Gross Margins	36.7%	36.2%	38.7%	40.8%	41.1%	39.9%	38.6%	39.0%	39.8%
SG&A	\$ 4.8	5.1	0.9	0.8	1.2	1.2	1.1	1.2	1.3
EBITDA	(1.5)	(1.2)	0.2	0.6	0.8	0.6	0.3	0.8	0.3
Margin %	(13.3%)	(11.5%)	8.6%	17.2%	17.3%	13.4%	7.6%	24.0%	6.7%

Note: 2Q21 EBITDA includes \$0.6 gain on forgiveness of PPP loan

Treasury (\$MM)									
	FY 18	FY 19	2020				2021		
			1Q	2Q	3Q	4Q	1Q	2Q	3Q
CASH	\$ 0.2	0.3	0.4	1.6	0.5	0.8	0.8	0.8	0.4
DEBT	\$ 1.0	1.1	1.0	1.6	1.0	0.9	0.9	0.0	0.0
DSO	59	75	84	76	70	71	80	85	89
DSI	109	98	143	132	107	99	119	137	170
MARKET VALUE	\$ 17.7	15.8	8.9	17.3	28.8	25.0	36.0	40.1	20.0
OCF/ASSETS	(5%)	(1%)	1%	12%	2%	4%	1%	0%	(3%)

Seventh consecutive quarter of positive EBITDA



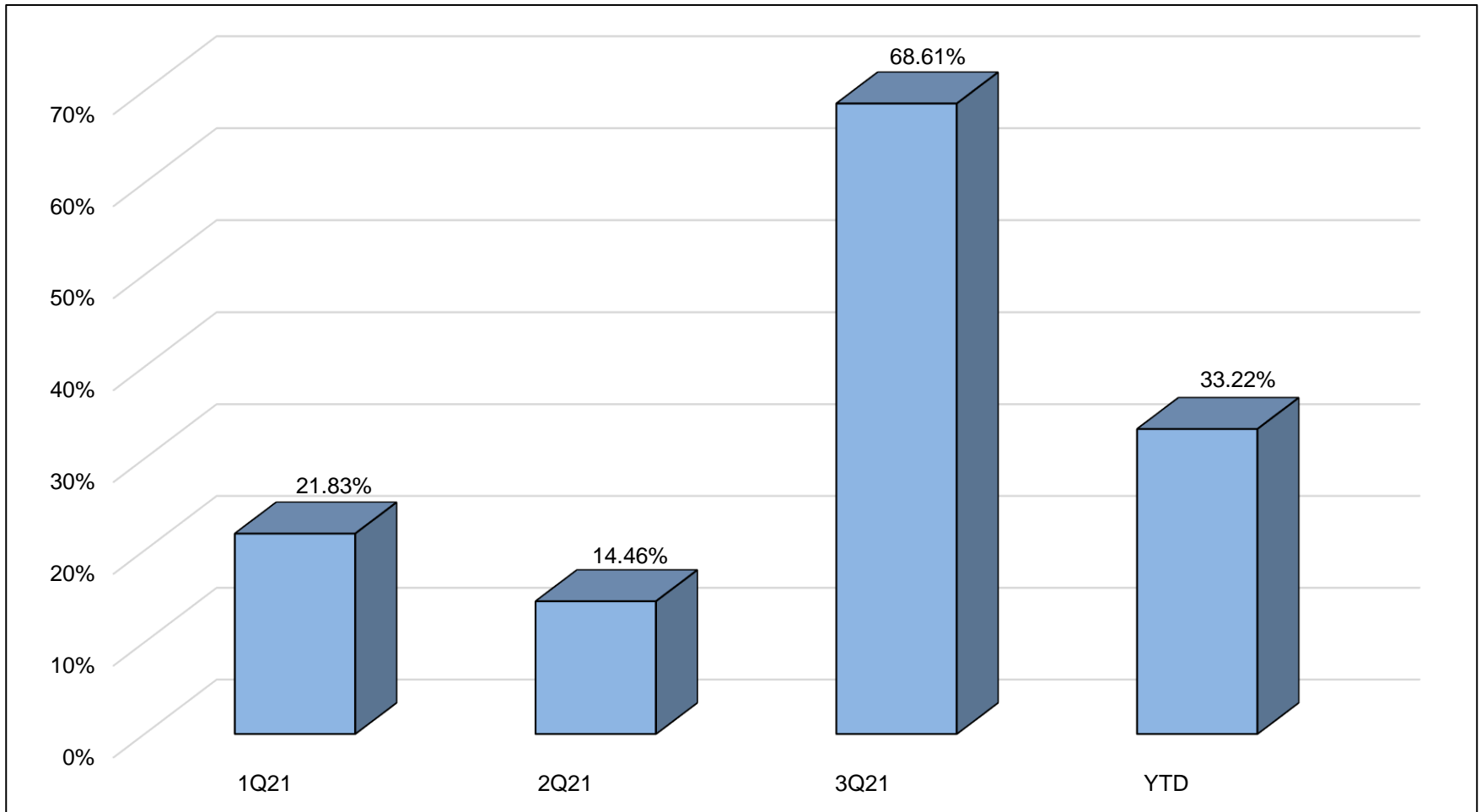
Section 2 Sales & Marketing



- ❑ 2021 vs 2019 Revenue: Removing the “noise”
- ❑ 2019 YTD Sales Distribution
- ❑ 2021 YTD Sales Distribution
- ❑ The Targeted Wallet

YTD21 vs YTD19 Revenue

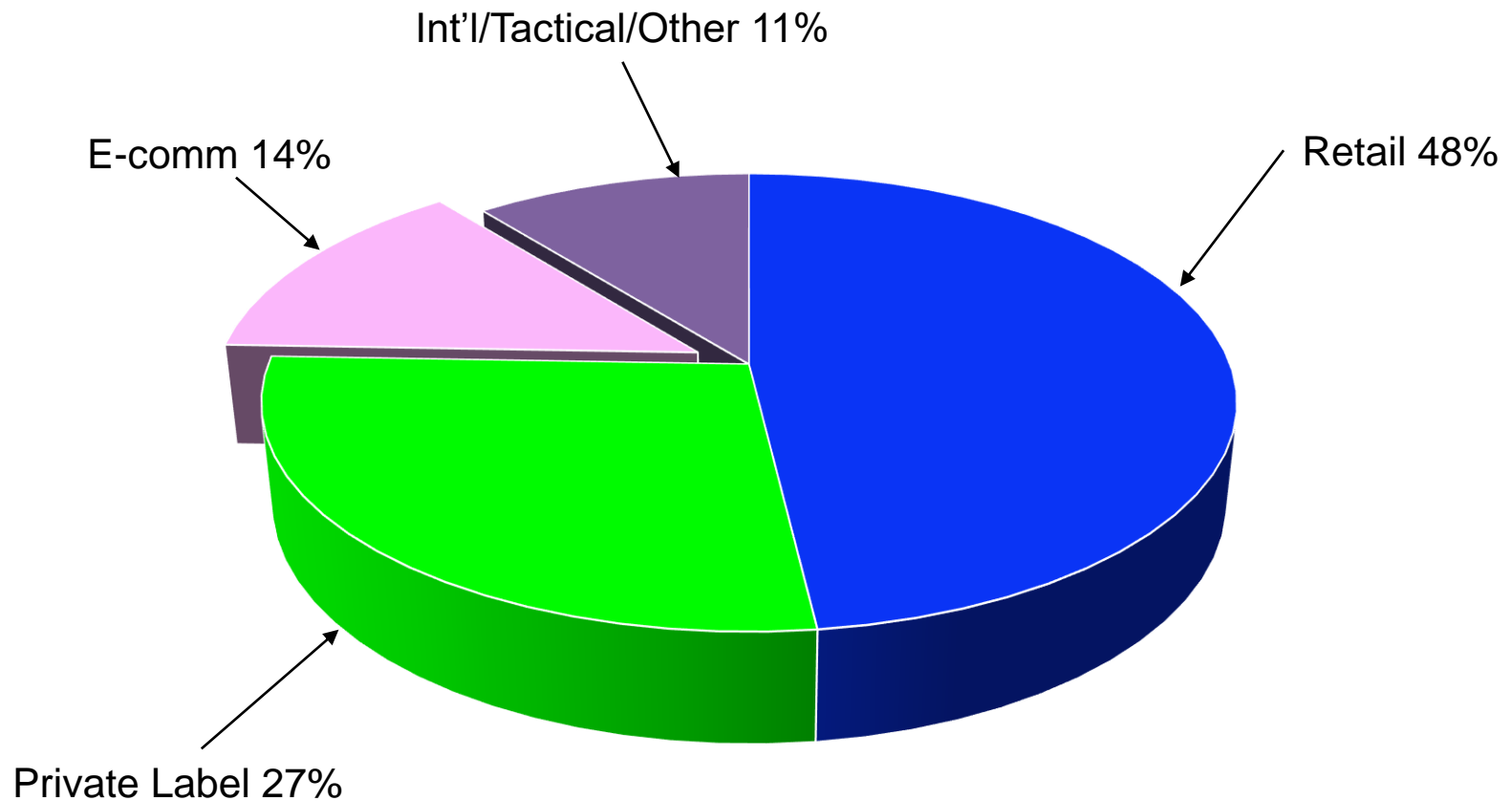
(Removing the “noise” of 2020: pandemic, social unrest, election)



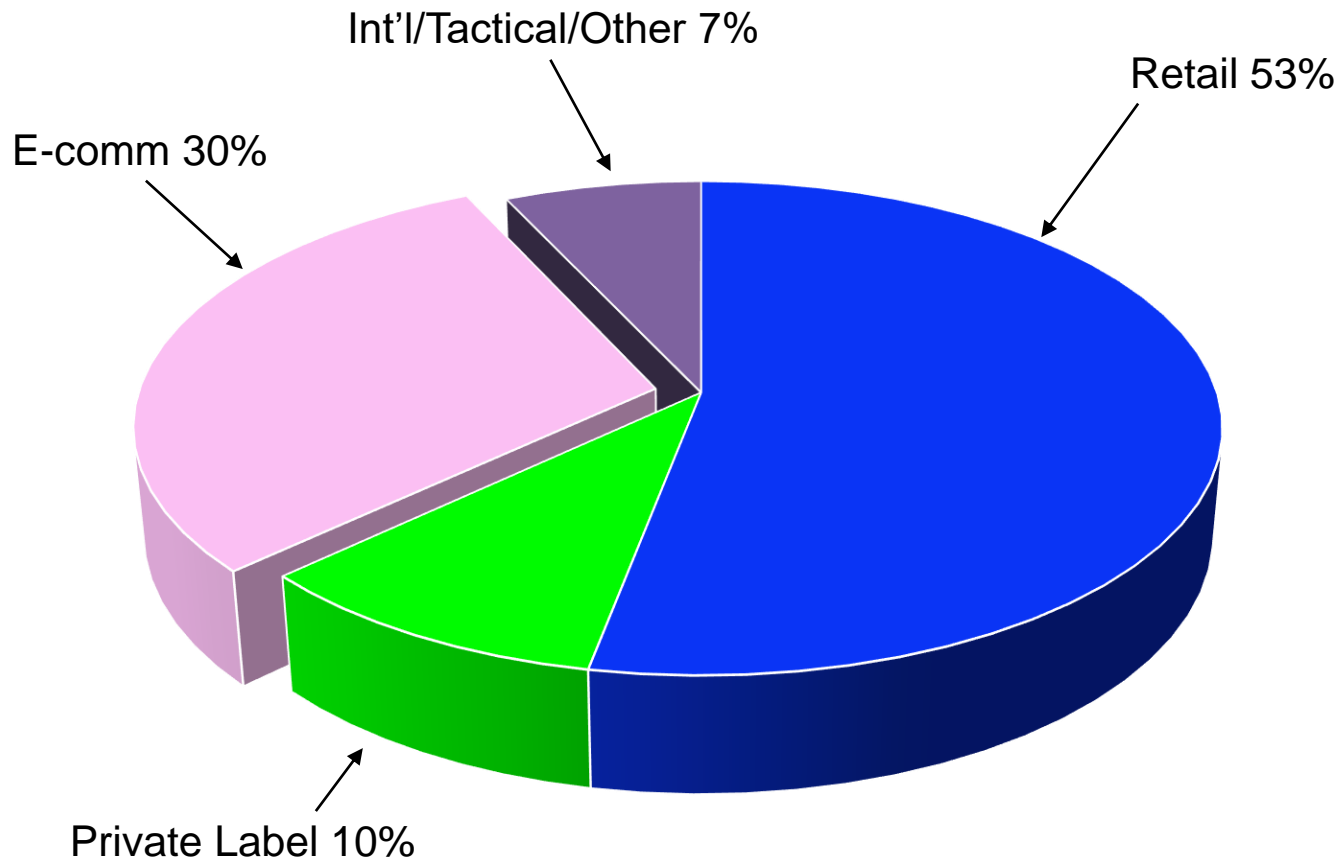
15.5% Annual Growth



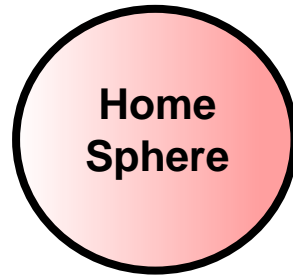
FY2019 Sales Distribution



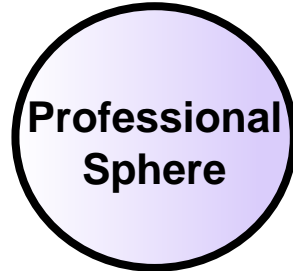
YTD 3Q21 Sales Distribution



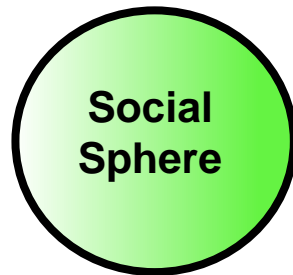
The Opportunity



128M households in America



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



209M+ citizens over the age of 18

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



Section 3 New Product Update



- ❑ New Products Launched YTD
- ❑ New Products Pending

2021 New Product Introductions



Palm Stun Device
#7 YTD at mace.com



Guard Alaska Bear Spray
Sales UP 769% YTD
Featured as Amazon Best Seller



Neon Triple Action Pepper Spray
Top 20 at mace.com

Pending New Product Launches early 1Q22

- Three new pepper spray models
- Targeted at new Retail Price Points



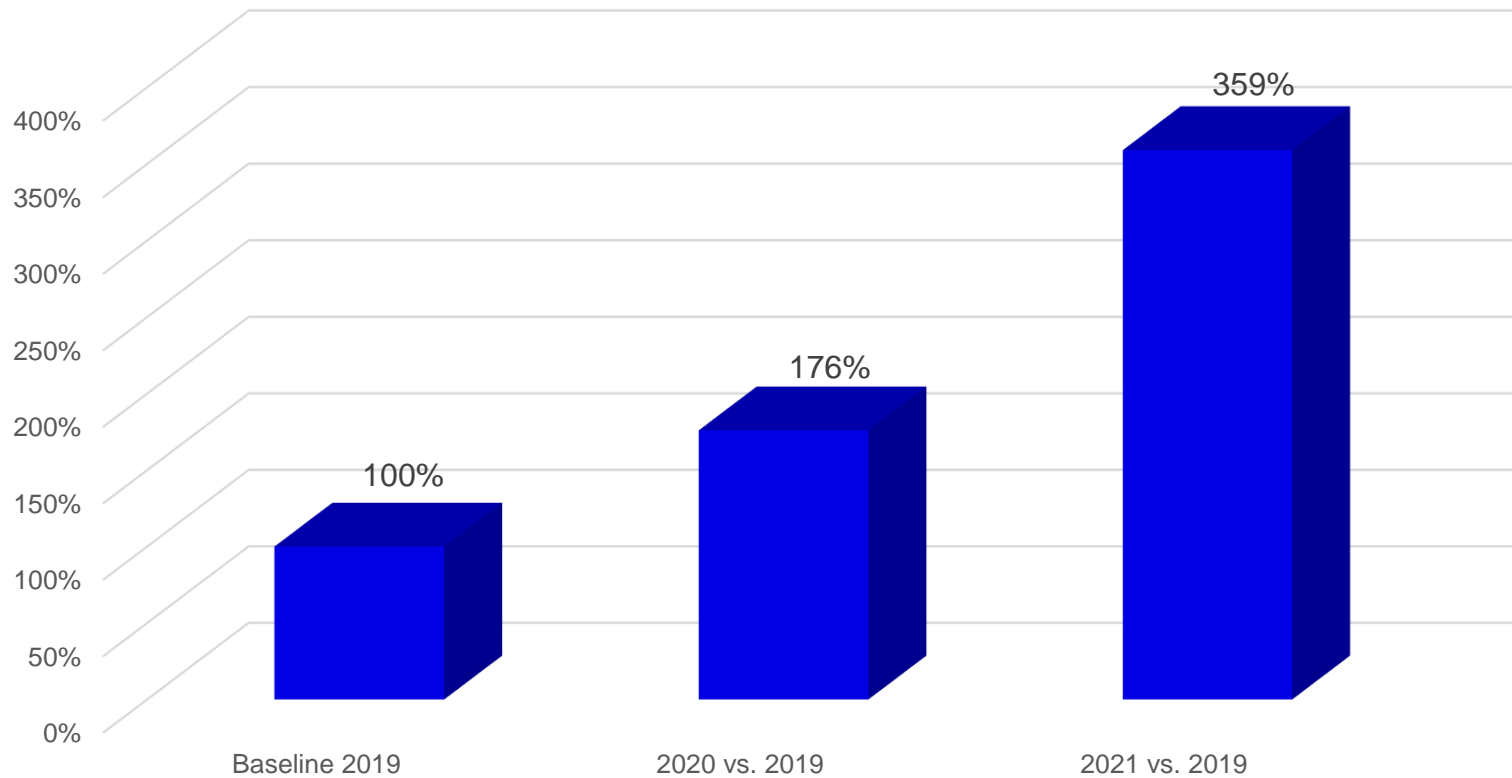


The Amazon story from 2019-2021

Growth on AMAZON from 2019-2021



POS data from Amazon for Sales of Mace Products



Significant increase in sessions resulting in a >300% increase in POS since 2019 and a best-in-class, double-digit conversion rate



Section 5 Business Overview



4Q21 and 2022 View of our business



4Q21 and 2022 overview



- ❑ Inflation headwinds have not only worsened, but likely to persist thru 1H22
- ❑ Supply chain issues will continue but we are well-positioned inventory-wise
- ❑ Phase two of base cost reset
- ❑ Continued growth in direct-to-consumer revenues
- ❑ 2022 will be mostly about revenue growth in the DTC segment accompanied by related advertising spend
- ❑ Targeting additional retailers also in 2022 with several in the hopper now