



2Q22 Highlights

August 2, 2022

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***



Supplemental Sections

Section 1	Finance
Section 2	Sales & Marketing
Section 3	New Products
Section 4	Focus in 2022



Section 1 Finance

- Economic Conditions and Revenue
- Key Financial Highlights 2Q22
- 2Q22 Overview
- Cash Flow 2Q22 vs 2Q21
- Select Financial Stats through 2Q22



Economic Conditions

- ❑ **Revenue growth** continued to slow in 2Q22 vs. 2Q21 as POS traffic slowed
- ❑ **Inflation** of basic necessities changed buying patterns of consumers
- ❑ **Supply chain disruptions** and slow down in sales led to inventory levels remaining high
- ❑ **Raw material, component and freight price increases** continuing
- ❑ **Improved direct labor efficiency** 32% from 2Q21
- ❑ **Reduced four-wall manufacturing costs 38%** from 2Q21
- ❑ **Our break-even point** is now \$10MM in annual revenues, a reduction of \$2MM
- ❑ Every incremental sales dollar generates an approximate **incremental 34% EBITDA**

Top Line and the Mace[®] Brand



- Future revenue from NEW business
 - Advanced Auto - 1SKU x 4,000 locations; **2nd SKU under review**
 - CarQuest – 1 SKU x 1,000 locations (min);
 - AutoZone - 2 additional SKUs x 3,300 locations
 - Lowes.com - 40+ SKUs
 - Target.com - 1 SKU; **added 12 new kits**
 - Cornwell Quality Tools – 750 mobile tool franchisees in the U.S.; **rolled out in May 2022**
 - National Retailer with 6,000 locations – to be announced in Q2; **revenues in Q3 onwards**
- Multiple new retailers currently under discussion; **addition of Omnichannel Sales Manager - \$14MM of actionable opportunities identified**
- Increasing existing dealer & distributor business with uniquely better new products; **added two new products in Q2 and adding 2 new co-branded products in 2H22**

Key Financial Highlights 2Q22



- Net Sales of \$1.981K down 42%, versus 2Q21
 - 170% increase in International sales
 - Mace.com orders were up 27% vs PY
 - Slowdown in consumer impulse purchases due to inflation concerns led to significantly lower retail sales

- Gross Profit was \$787K, down 41%, versus 2Q21

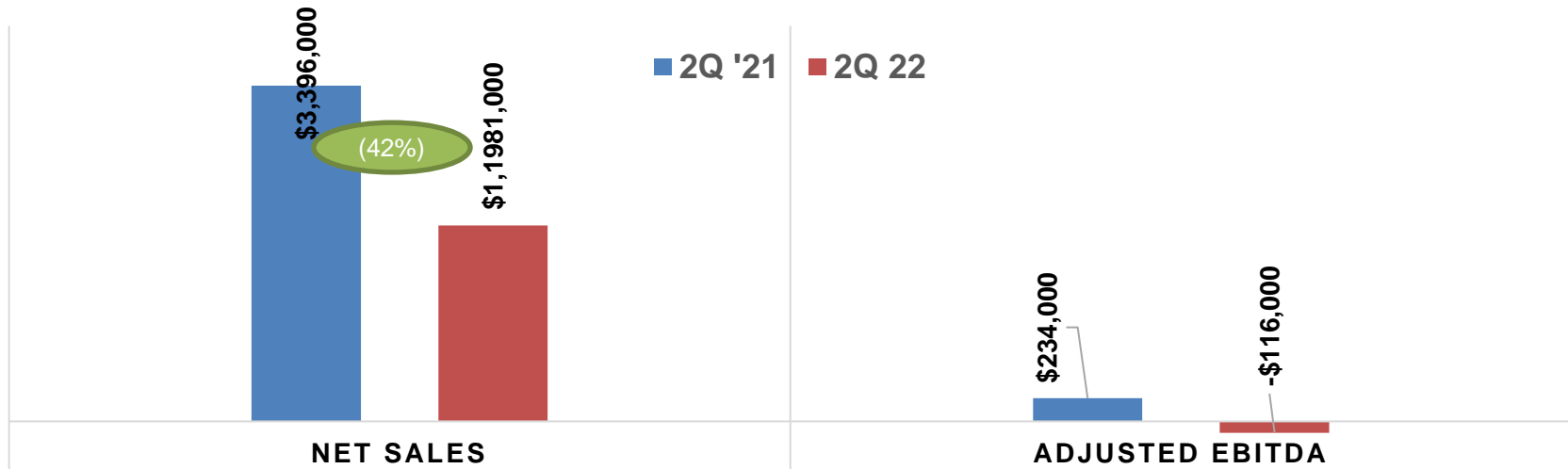
- Gross Profit rate increased to 40%, versus 39% in 2Q21

- Adjusted SG&A expenses decreased by \$176K, versus 2Q21 adjusted SG&A

- Working Capital decreased by \$830K, compared with 4Q21
 - Increase in debt of \$865K

- Adjusted EBITDA for 2Q22 a loss of (\$116K), versus income of \$234K in 2Q21
 - Strategic alternative review related legal costs \$110K
 - Transition payroll/temporary labor cost \$45K
 - Non-cash stock compensation \$50K

2Q22 OVERVIEW



- ❑ Net sales decreased by \$1,415,000 as a result of a slowdown in retail impulse purchases due to inflation concerns. International sales increased 170% and sales to non-traditional customers in healthcare and hospitality industry increased 80% in 2Q22. Q2 21 sales benefited from carryover orders from social unrest or 2020.
- ❑ Adjusted EBITDA declined by \$350,000 vs 2021
- ❑ Gross profit was down \$539,000 due to lower sales volume. However, Gross profit rate improved to 40% in 2Q22, compared to 39% for same period in 2021.
- ❑ SG&A when adjusted for (a) \$110,000 in increased legal support primarily related to the Company's announcement in the second quarter 2022 to explore and evaluate potential strategic alternatives for the Company, (b) \$45,000 related to transition payroll/temporary labor costs associated with the Company optimizing its headcount and (c) non-cash stock compensation expense of \$50,000 was \$973,000 in the second quarter of 2022, compared to SG&A when adjusted for \$52,000 of non-cash stock compensation expense was \$1,149 in the same period in 2021.

Cash Flow Second Quarter 2022 vs 2021



<u>(\$ in 000's)</u>	<u>2022</u>	<u>2021</u>	<u>Incr. (Decr.) in Cash</u>
Net income (loss)	\$ (1,036)	\$ 811	\$ (1,847)
Non-cash adjustments:			
Depreciation and amortization, including right-of-use asset amortization	337	351	(14)
Stock-based compensation	110	95	15
Provision for losses on receivables	43	42	1
Gain on forgiveness of PPP Loan and accrued interest	-	(625)	625
Gain on extinguishment of debt	-	(8)	8
Changes in working capital	<u>(403)</u>	<u>(391)</u>	<u>(12)</u>
Operating Cash Flow	<u>(949)</u>	<u>275</u>	<u>(1,224)</u>
Capital Expenditures	<u>(113)</u>	<u>(89)</u>	<u>(24)</u>
Free Cash Flow	<u><u>\$ (1,062)</u></u>	<u><u>\$ 186</u></u>	<u><u>\$ (1,248)</u></u>

Select Financial Stats through 2Q22



Income Statement (\$MM)									
	FY 18	FY 19	FY 20	2021				2022	
				1Q	2Q	3Q	4Q	1Q	2Q
Sales	\$ 11.5	10.5	15.4	3.3	3.4	3.8	2.6	2.2	2.0
Sales Change YOY	15.1%	(8.6%)	46.5%	18.4%	(1.1%)	(19.7%)	(42.1%)	(34.8%)	(41.7%)
Gross Margins	36.7%	36.2%	40.3%	38.6%	39.0%	39.8%	36.8%	41.7%	39.7%
SG&A	\$ 4.8	5.1	4.1	1.1	1.2	1.3	1.2	1.4	1.2
EBITDA	(1.5)	(1.2)	2.3	0.3	0.8	0.3	(0.2)	(0.5)	(0.3)
Margin %	(13.3%)	(11.5%)	14.6%	7.6%	24.0%	6.7%	(7.8%)	(21.8%)	(16.9%)

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

Treasury (\$MM)									
	FY 18	FY 19	FY 20	2021				2022	
				1Q	2Q	3Q	4Q	1Q	2Q
CASH	\$ 0.2	0.3	0.8	0.8	0.8	0.4	0.2	0.0	0.0
DEBT	\$ 1.0	1.1	0.9	0.9	0.0	0.0	0.0	0.5	0.9
MARKET VALUE	\$ 17.7	15.8	25.0	36.0	40.1	20.0	18.1	12.3	16.8

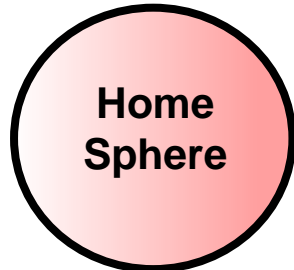


Section 2 Sales & Marketing



- The Opportunity
- 2022 Q1 Sales Distribution
- 2022 Q2 Sales Distribution

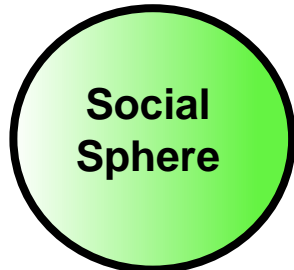
The Opportunity



128M households in America



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

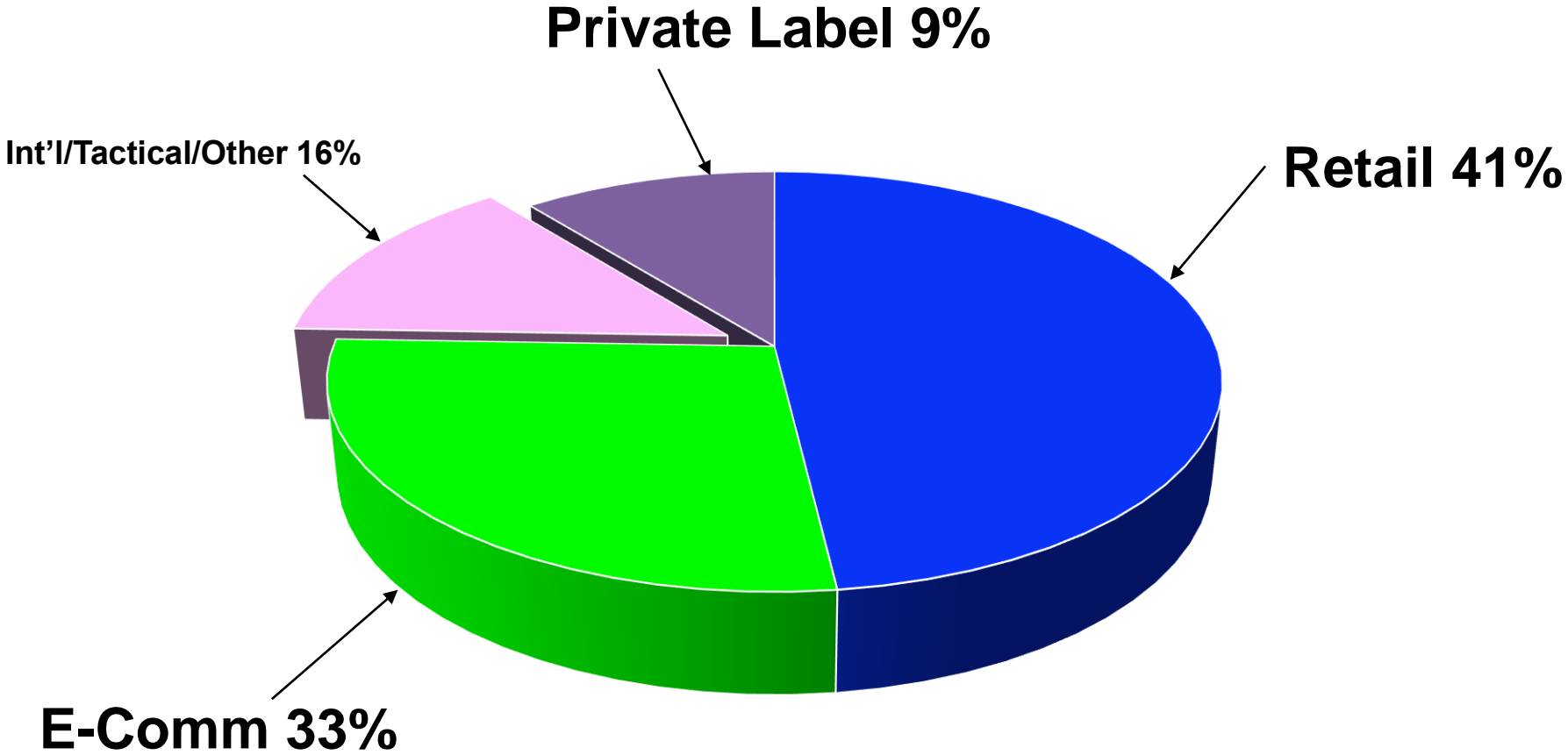


209M+ citizens over the age of 18

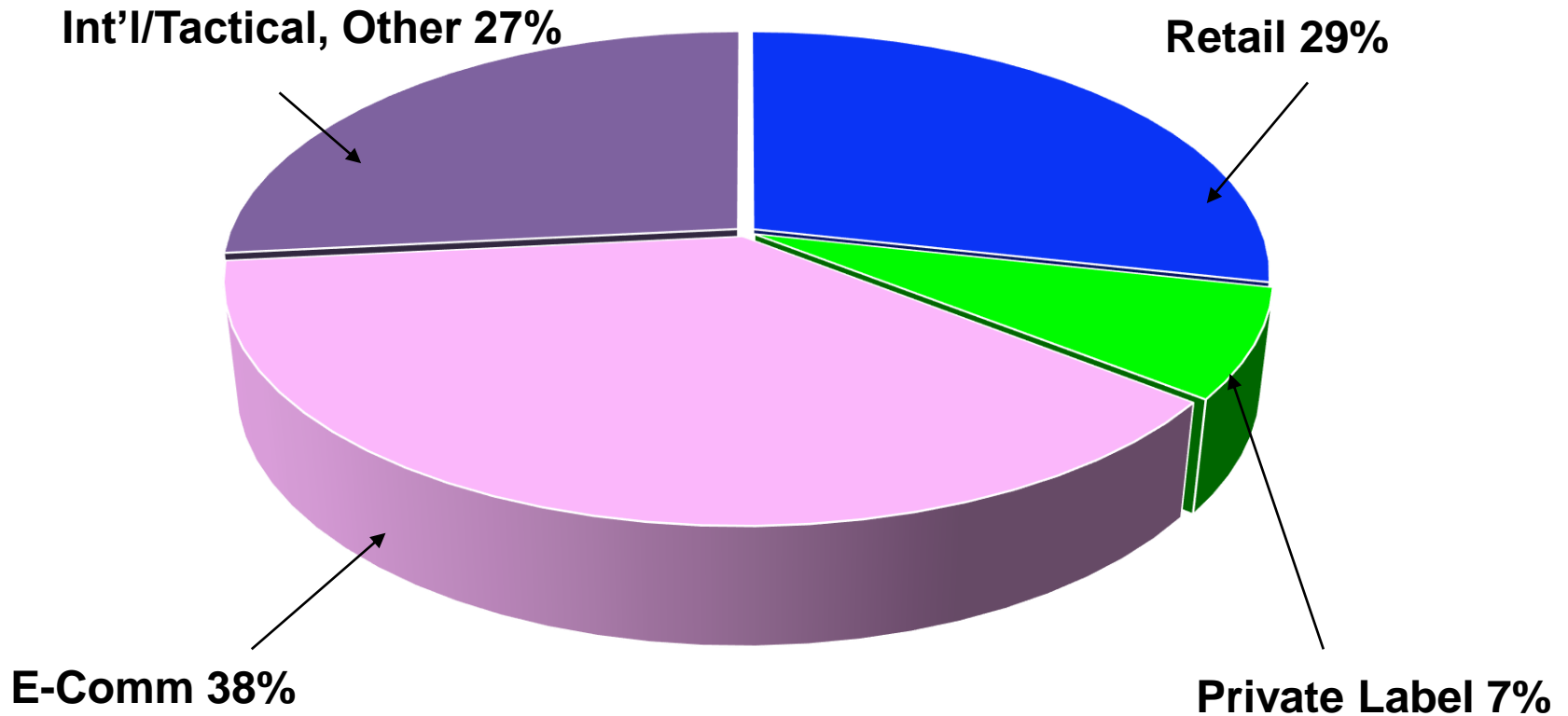
Targeting an additional 550,000 end consumer purchases in the next 24 months or \$11MM from retail and D2C.



2Q21 Net Sales



2Q22 Net Sales



Section 3 New Product Update



- New Product Launched in 2022
- New Product Pending Q2 launch

Section 3 : New Products and Extensions introduced in 2022



The Chameleon

- 10 ft range
- Replaceable canister
- Change the look by changing the insert
- Made in USA
- \$9.99 @Mace.com



The Pocket Hero

- 10 ft range
- Replaceable canister
- Double safety to prevent mis-fires
- Unique design for accuracy
- Made in USA
- \$14.99 @ mace.com



The Twist Lock (2) Pack

- 10 ft range
- Made in USA
- \$14.99 @ mace.com



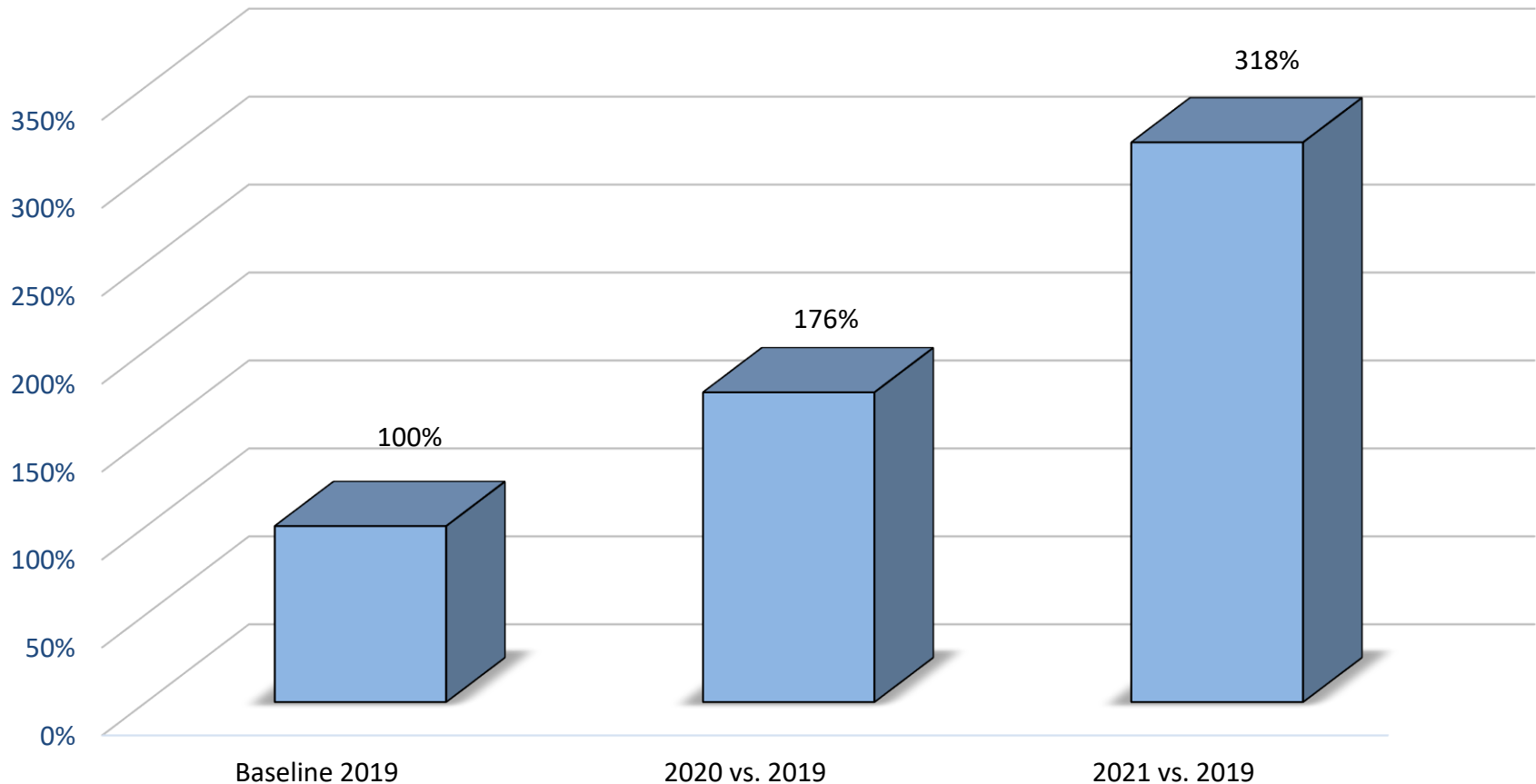


The Amazon story from 2019-2021

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



Our Focus and Objectives in 2H 2022



- ❑ Operate to a positive adjusted EBITDA
- ❑ Deep focus on retail; actions on \$14MM of identified opportunities
- ❑ Further penetrate international and domestic base business
- ❑ Introduce a new line of business in Q3
- ❑ Introduce new co-branded products in 2H22
- ❑ Reduce gross-to-net sales deductions and disputes

