



## **Mace® Security International, a Global Leader in Personal Self-Defense Sprays, Announces 1Q24 Financial Results**

CLEVELAND, Ohio, May 15, 2024 – Mace Security International (OTCQB: MACE) today announced its first quarter 2024 financial results for the period ended March 31, 2024.

The Company's net sales for the first quarter of 2024 were \$1,357,000, down (18%) versus the like period in 2023. The decrease vs prior year is mostly the result of a continuing slowdown in retail impulse purchases seen in 2023 due to inflation concerns across all sectors and paring back of inventory at several retailers. The decline vs prior year was partially alleviated in Q1, 2024 with an 84% growth in e-commerce sales compared with Q1, 2023.

Mace reported a gross profit rate for Q1 2024 of 33% vs 25% for the same quarter in 2023. The gross margins improved due to a favorable channel mix and higher plant efficiencies. SG&A expense were \$1,068,000. When adjusted for non-recurring legal and financing cost, expenses related primarily to the ongoing strategic alternatives project, and expenses related primarily to transition payroll/temporary labor costs associated with the Company optimizing its headcount and non-cash stock compensation costs were \$940,000 in the first quarter 2024 or \$76,000 (7%) lower than the comparable SG&A expense in the first quarter of 2023 of \$1,016,000. Adjusted EBITDA for Q1, 2024 was a loss of (\$488,000) vs a loss of (\$550,000) in the same period 2023.

Sanjay Singh, Chairman and CEO commented, "The first quarter, which is our seasonally lowest, saw a continuation of depressed revenues exacerbated by a major retail customer temporarily suspending new orders in order to address some internal issues. While there was some offset from improved ecommerce sales, as new initiatives are continuing to gain traction, it was not enough to prevent an overall revenue decline. Also encouraging was that efforts to improve manufacturing efficiencies began to kick in and aided an improvement in gross profit margins despite the lower volume. Looking forward we continue to see signs that our ecommerce efforts are bearing fruit and are encouraged by early indications from retail that order rates are expected to pick up. We continue to pare costs wherever possible to help weather the current revenue drought."

"As a result of new marketing efforts, optimization, and the launch of the s2 Pepper Launcher in Q2, Mace.com experienced a 27% sequential increase in daily average web sessions in Q1, 2024 vs the same period last year. The Company also experienced a 24% year over year increase in daily average web sessions so far in Q2,2024. Revenues on Mace.com have seen a 34% increase through the first 44 days of the quarter when compared with the same time period in Q1, 2024. The Company achieved these results while reducing traditional ad spend by over 50% to reallocate dollars and drive sales efficiencies. "

### **First Quarter 2023 Financial Highlights**

- Net sales were \$1,357,000, down (18%) from the first quarter of 2023. The decline from prior year was due to the continuing slowdown in retail sales in several of the Company's large retail customers as impulse sales were impacted by a slowing economy and the highest U.S. inflation rate experienced in

decades. Mace did achieve significant growth of 84% on e-commerce platform sales vs the first quarter of 2023. Q1 2024 net sales were negatively impacted \$116,000 by the loss in 2023 of large customer.

- Gross profit for the first quarter of 2024 increased by \$39,000, or 10%, from the first quarter of 2023. despite decreased sales volume. Q1 2024 gross profit was positively impacted by (i) favorable channel sales mix and (ii) higher plant efficiencies. The modifications implemented to its operational cost structure led to a 17% reduction in four-wall manufacturing costs in Q1 2024 on a quarter-over-quarter basis. This bodes well for margin improvement as revenue recovers.
- Q1, 2024, SG&A (when adjusted for, for \$39,000 of non-cash stock compensation expense and \$8,000 of nonrecurring legal and financing costs and \$81,000 if expenses related to ongoing strategic alternatives review/transition payroll/temporary labor costs) was \$940,000 compared to SG&A when adjusted for non-cash stock compensation expense of \$52,000 was \$1,016,000 in the first quarter of 2023. SG&A in both periods contains expenditures in support of the Company's commitment to its growth plan and the related cost for digital advertising.
- Net loss of (\$739,000) in the first quarter of 2024, compared with net loss of (\$747,000) in the same quarter in 2023.
- Cash and cash equivalents decreased to \$146,000 as of March 31, 2024, a decrease of \$93,000 over the \$239,000 on hand on December 31, 2023. \$1,135,000 was drawn against the Company's \$2,000,000 bank line of credit at March 31, 2024.
- Working capital decreased by \$409,000 compared to December 31, 2023, with a decrease in current debt of \$194,000 and a \$187,000 decrease in accounts receivable, \$133,000 decrease in inventory on lower sales and \$169,000 decrease in other current assets.
- Adjusted EBITDA for the first quarter 2024 was a loss of (\$488,000) compared with adjusted EBITDA for the first quarter 2023 of a loss of (\$550,000).

### **First Quarter 2024 Operational Highlights**

- The modifications implemented to its operational cost structure partially aided the increase in Q1 2024 gross margin driven compared with Q1 2023. 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. This gross margin improvement was partially offset by inflationary increases in freight and component costs.

### **Investor Day Update**

The Company will not be conducting a first quarter 2024 earnings conference call. Instead, the Company has provided a more robust update on this earnings release and will be updating its recent April 30th, 2024 Investor Day presentation within the next 60 days. Questions on the Q1, 2024 results can be directed to [InvestorRelations@mace.com](mailto:InvestorRelations@mace.com).

### **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, KUROSI® 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).

### **Forward-Looking Statements**

Certain statements and information included in this press release constitute “forward-looking statements” within the meaning of the Federal Private Securities Litigation Reform Act of 1995. When used, 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; (h) the impact of current and potential hostilities in various parts of the world, including but not limited to the war which resulted from Russia’s invasion of Ukraine, as well as other geopolitical or public health concerns; (i) the impact of international supply chain disruptions and delays; (j) the impact on the Company of changes in U.S. Federal and State income tax regulations; and (k) the impact of inflation and the ability of the Company to pass on rising prices to its customers. 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.

Mace Security International, Inc. and Subsidiaries  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(Amounts in thousands, except share and per share data)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net sales	<b>\$ 1,357</b>	\$ 1,662
Cost of goods sold	<b>908</b>	1,252
Gross profit	<b>449</b>	410
Selling, general, and administrative expenses	<b>1,068</b>	1,068
Amortization of intangible assets	<b>-</b>	65
Operating loss	<b>(619)</b>	(723)
Interest expense	<b>(82)</b>	(24)
Loss on derivative liability	<b>(38)</b>	-
Loss before income tax provision	<b>(739)</b>	(747)
Income tax provision	<b>-</b>	-
Net loss	<b>\$ (739)</b>	\$ (747)
Net loss per share		
Basic	<b>\$ (0.01)</b>	\$ (0.01)
Diluted	<b>\$ (0.01)</b>	\$ (0.01)
Weighted average number of common shares (basic)	<b>66,055,771</b>	65,144,030
Weighted average number of common shares (diluted)	<b>66,055,771</b>	65,144,030

Mace Security International, Inc. and Subsidiaries  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share and per share information)

<b>ASSETS</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
	<b>(unaudited)</b>	
Current assets:		
Cash and cash equivalents	\$ 146	\$ 239
Accounts receivable, less allowance for doubtful accounts of \$93 and \$125 at March 31, 2024 and December 31, 2022, respectively	568	755
Inventories	3,265	3,398
Other current assets	366	535
Total current assets	<u>4,345</u>	<u>4,927</u>
Property and equipment:		
Buildings and leasehold improvements	257	260
Machinery and equipment	2,182	2,424
Furniture and fixtures	109	111
Total property and equipment	<u>2,548</u>	<u>2,795</u>
Accumulated depreciation and impairment	<u>(2,494)</u>	<u>(2,741)</u>
Total property and equipment, net	54	54
Operating lease - right-of-use asset, net of amortization	1,067	1,122
Finance lease - right-of-use asset, net of amortization	26	31
Goodwill, net of impairments	739	739
Intangible assets, net of amortization and impairment	608	608
Other non-current assets	14	14
Total other assets	<u>2,454</u>	<u>2,514</u>
Total assets	<u><u>\$ 6,853</u></u>	<u><u>\$ 7,495</u></u>

Mace Security International, Inc. and Subsidiaries  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share and per share information)

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	March 31, 2024 (unaudited)	December 31, 2023
Current liabilities:		
Line of credit	\$ 1,135	\$ 1,329
Derivative liability	159	99
Current operating lease obligations	227	223
Current finance lease obligations	22	19
Accounts payable	611	577
Income taxes payable	56	56
Accrued expenses and other current liabilities	290	370
Total current liabilities	2,500	2,673
Convertible debt	607	461
Subordinated note	150	-
Non-current operating lease obligations	861	920
Non-current finance lease obligations	4	12
Total liabilities	4,122	4,066
Shareholders' equity:		
Preferred stock, \$.01 par value; authorized 10,000,000 shares, no shares issued and outstanding at March 31, 2024 and December 31, 2023	-	-
Common stock, \$.01 par value; authorized 100,000,000 shares, issued shares of 66,256,075 and 65,817,049, at March 31, 2024 and December 31, 2023, respectively	662	658
Additional paid-in capital	104,236	104,199
Accumulated deficit	(102,145)	(101,406)
	2,753	3,451
Less treasury stock at cost, 90,548 shares at March 31, 2024 and December 31, 2023	(22)	(22)
Total shareholders' equity	2,731	3,429
Total liabilities and shareholders' equity	\$ 6,853	\$ 7,495

Mace Security International, Inc. and Subsidiaries  
**RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA**  
(Unaudited)  
(Amounts in thousands)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u>2024</u>	<u>2023</u>
Net loss	\$ (739)	\$ (747)
Adjustments:		
Interest expense	82	24
Income tax expense	-	-
Depreciation and amortization	3	121
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EBITDA	<b>(654)</b>	<b>(602)</b>
Non-recurring legal and financing costs	8	
Expenses related primarily to the ongoing strategic alternatives project/Transition payroll/temporary labor costs	81	-
Non-cash stock compensation expense	39	52
Loss on derivative liability	38	-
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Adjusted EBITDA	<b>\$ (488)</b>	<b>\$ (550)</b>

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 schedule.

Contact:

Investor Relations

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