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## Byrna Technologies Inc. (NASDAQ: BYRN)

*June 15, 2022*
**Buy: Reiterate Buy, \$12 Target.**
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*Byrna continues to make progress expanding its product offering, increasing its distribution channel and repairing its supply chain. Recent gun control proposals could act as a catalyst for increased demand. We expect an acceleration in revenue growth in the second half of this year, accompanied by margin improvement, and believe these can lead to multiple expansion. We reiterate our Buy recommendation and \$12 target.*

Byrna Technologies has developed a line of handheld personal security devices, with the look and feel of a handgun, but the device fires, powered by CO<sub>2</sub>, non-lethal kinetic and pepper ball rounds. Because the Byrna launchers do not use gunpowder or explosives to propel the projectiles, it is not classified as a firearm and faces far fewer regulatory burdens than handgun manufactures. The company also offers a shoulder-fired device, also powered by CO<sub>2</sub> and firing similar type rounds as its handheld device. An active and aggressive R&D and acquisition strategy has expanded the company's line of launchers, projectiles, and accessories.

The company is benefitting from the demand for personal safety but is unique in offering a non-lethal option not subject to firearm regulations. In our view, consumers' demand for increased personal safety devices was caused by the pandemic, violent demonstrations increasing in 2020, increased crime in major cities and the 'defund the police' movement. We believe this backdrop has propelled Byrna's success thus far despite a relatively thin product line and limited marketing and distribution. As the company's product line, marketing and channel increases, we expect sales to accelerate.

We expect revenue to increase this fiscal year to \$54 million, up 28% over fiscal 2021 and we forecast 40% growth in fiscal 2023, to \$76 million. We believe \$100 million in revenue is achievable in fiscal 2024/25. We expect faster growth in EBITDA with improvements in mix, lower shipping costs and better manufacturing efficiency. We estimate the company will exit this year with EBITDA margins exceeding 20%.

The company recently purchased the assets of Fox Labs International, a supplier of pepper spray to law enforcement dealers and agencies. The acquisition expands the company's product offering and channel reach and will result in additional consumer products.

Recent gun control proposals could result in incremental demand for self-defense products as consumers look to purchase in front of increased state and federal restrictions.

### Valuation & Risks

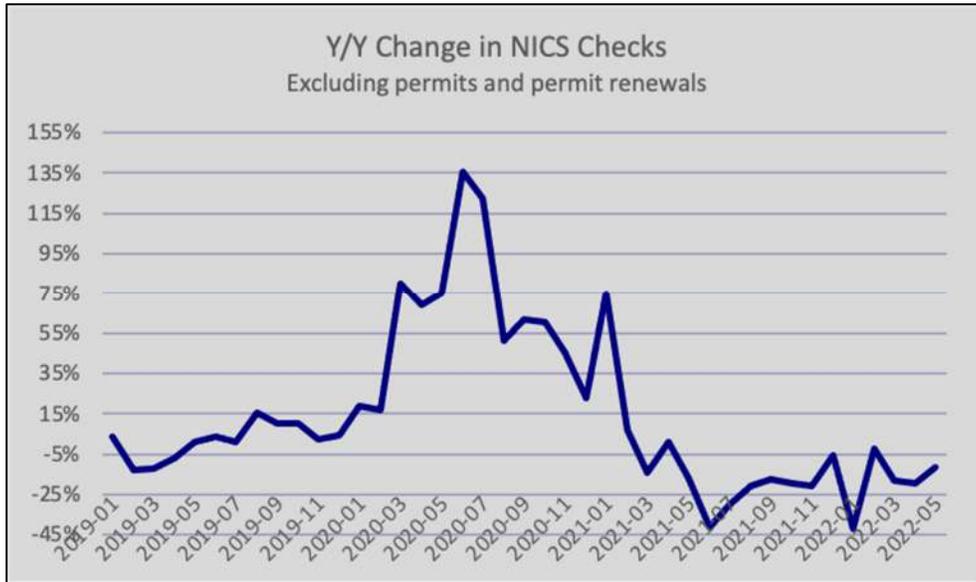
Our price target of \$12 assumes an EV/Sales multiple of 3x on our fiscal 2023 revenue estimate of \$76 million. Risks to achieving our target includes slower growth from higher interest rates, continuing supply chain disruptions, changes in regulations to the personal safety and firearm industry and changes in consumer demand for personal safety devices.

|   |            |             |           |             |
|---|------------|-------------|-----------|-------------|
| Current Price                           |            |             |           | \$8.72      |
| Price Target                            |            |             |           | \$12.00     |
| Estimates                               | F2021A     | F2022E      | F2023E    |             |
| Revenues (\$000s)                       | \$ 42,160  | \$ 53,977 E | \$ 76,000 |             |
| 1Q February                             | \$ 8,893   | \$ 7,977 A  | \$ 15,000 |             |
| 2Q May                                  | \$ 13,401  | \$ 11,500 E | \$ 18,000 |             |
| 3Q August                               | \$ 8,703   | \$ 15,000 E | \$ 20,000 |             |
| 4Q November                             | \$ 11,163  | \$ 19,500 E | \$ 23,000 |             |
|   | F2021A     | F2022E      | F2023E    |             |
| EBITDA (\$000s)                         | \$ 1,646   | \$ 3,285 E  | \$ 15,031 |             |
| 1Q February                             | \$ 370     | (2,376)A    | 1,422     |             |
| 2Q May                                  | \$ 3,005   | (383)E      | 3,230     |             |
| 3Q August                               | \$ (687)   | \$ 1,797 E  | 4,440     |             |
| 4Q November                             | \$ (1,042) | \$ 4,247 E  | 5,940     |             |
| EV/Sales                                | NM         | 2.9 x       | 2.1 x     |             |
| EV/EBITDA                               | NM         | 47.7 x      | 10.4 x    |             |
| <b>Stock Data</b>                       |            |             |           |             |
| 52-Week Range                           | \$5.89     | -           | \$30.55   |             |
| Shares Outstanding (mil.)               |            |             |           | 22.9        |
| Market Capitalization (mil.)            |            |             |           | \$200       |
| Enterprise Value (mil.)                 |            |             |           | \$157       |
| Debt to Capital                         |            |             |           | 2%          |
| Cash & Equivalents (mil.)               |            |             |           | \$44.7      |
| Cash/Sh.                                |            |             |           | \$1.95      |
| Average Three Months Trading Volume (K) |            |             |           | 332         |
| Insider Ownership                       |            |             |           | 22.2%       |
| Institutional Ownership                 |            |             |           | 30.8%       |
| Short interest (mil.)                   |            |             |           | 5.6%        |
| Dividend / Yield                        |            |             |           | \$0.00/0.0% |



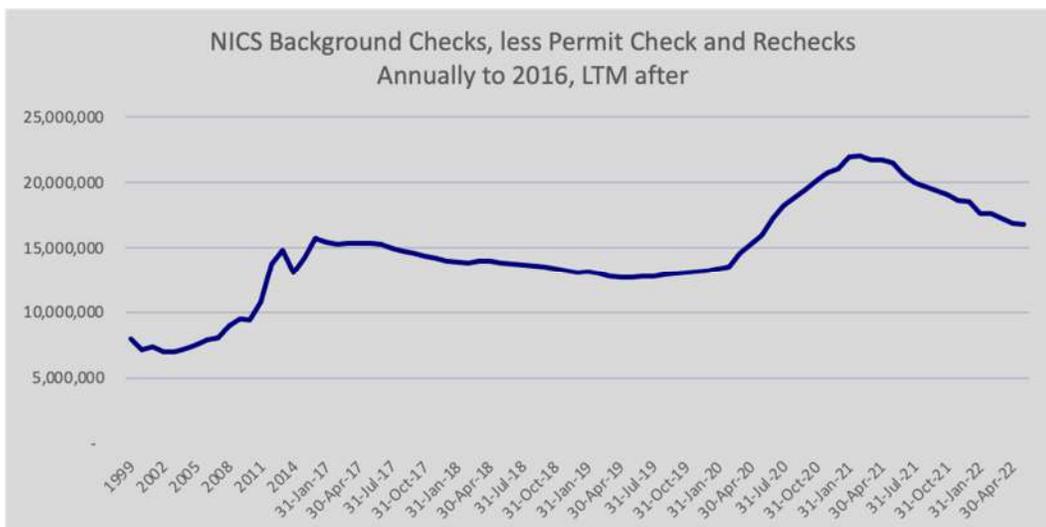
Recent data from the National Instant Criminal Background Check System (NICS) shows demand for firearms slowing after the surge in demand drive by the riots of 2020 and uncertainty in the effectiveness of law enforcement in a Defund the Police environment. The Brady Handgun Violence Prevention Act of 1993 requires the FBI to check whether prospective firearms or explosives buyers' names and birth years match entries in federal databases of 1) criminal histories in the Interstate Identification Index (III); 2) wanted persons, subjects of protection orders, and other persons who may pose a threat to officer and public safety in the National Crime Information Center (NCIC) database; 3) persons prohibited from possessing or receiving a firearm in the NICS Indices; and 4) non-U.S. citizens attempting to receive firearms. Total NICS checks include requests for permits and permit renewals, and excluding these two categories, or adjusted NICS checks, provides a proxy for gun purchases in the U.S.

Adjusted NICS checks accelerated beginning March of 2020 and the year-over-year growth rate peaked in June of 2020 at 136%. Since then, the rate of change has declined, and turned negative in March 2021. The year-over-year change in adjusted NICS checks were negative in all but one of the subsequent months.



Source: "NICS Firearm Background Checks: Month and Year by State and Type," [www.fbi.gov/services/cjis/nics](http://www.fbi.gov/services/cjis/nics)

From 1999 through 2008, background checks (less permits and renewals) increased at a 1.3% compound annual rate. From 2008 through 2016, checks grew at a 7.3% compound annual rate. From the end of 2016 through 2019, the number of checks fell at a 5.8% annual rate. For 2020, background checks (excluding permits and renewals) were 21.1 million, 60% higher than the 13.2 million checks processed in 2019. In 2021, adjusted checks were 18.5 million, down 12% versus the adjusted checks in 2020 and down from the peak level of a 22.0 million annualized rate achieved in January 2021.



Source: "NICS Firearm Background Checks: Month and Year by State and Type," [www.fbi.gov/services/cjis/nics](http://www.fbi.gov/services/cjis/nics)

The decline in NICS checks is broad-based. Within the continental United States, adjusted checks for the three months ending May 2022 were down in almost every state. Iowa and Washington were the only states with an increase in adjusted NICS background checks in May.

***NICS Background Checks (excluding new and renewal permits)  
by State and Territory***

| State/Territory      | 3 Mos. Ending<br>May 2021 | 3 Mos. Ending<br>May 2022 | Change           | Percent<br>Change | State/Territory | 3 Mos. Ending<br>May 2021 | 3 Mos. Ending<br>May 2022 | Change   | Percent<br>Change |
|----------------------|---------------------------|---------------------------|------------------|-------------------|-----------------|---------------------------|---------------------------|----------|-------------------|
| Iowa                 | 10,412                    | 19,727                    | 9,315            | 89%               | Pennsylvania    | 265,122                   | 217,344                   | (47,778) | -18%              |
| Mariana Islands      | 68                        | 108                       | 40               | 59%               | Missouri        | 163,104                   | 133,574                   | (29,530) | -18%              |
| District of Columbia | 1,233                     | 1,680                     | 447              | 36%               | Oklahoma        | 105,083                   | 86,028                    | (19,055) | -18%              |
| Puerto Rico          | 19,371                    | 21,119                    | 1,748            | 9%                | Virginia        | 172,167                   | 140,013                   | (32,154) | -19%              |
| Washington           | 143,527                   | 154,249                   | 10,722           | 7%                | North Dakota    | 20,452                    | 16,612                    | (3,840)  | -19%              |
| Virgin Islands       | 156                       | 149                       | (7)              | -4%               | Vermont         | 14,490                    | 11,727                    | (2,763)  | -19%              |
| Connecticut          | 37,217                    | 34,537                    | (2,680)          | -7%               | West Virginia   | 51,358                    | 41,551                    | (9,807)  | -19%              |
| California           | 298,594                   | 264,642                   | (33,952)         | -11%              | Arizona         | 134,463                   | 108,715                   | (25,748) | -19%              |
| Montana              | 39,540                    | 34,736                    | (4,804)          | -12%              | New Mexico      | 53,738                    | 43,252                    | (10,486) | -20%              |
| Oregon               | 96,591                    | 84,371                    | (12,220)         | -13%              | North Carolina  | 76,492                    | 61,396                    | (15,096) | -20%              |
| New York             | 105,323                   | 91,781                    | (13,542)         | -13%              | Tennessee       | 183,994                   | 147,575                   | (36,419) | -20%              |
| Massachusetts        | 38,765                    | 33,241                    | (5,524)          | -14%              | Alabama         | 154,028                   | 123,278                   | (30,750) | -20%              |
| Wisconsin            | 133,475                   | 114,188                   | (19,287)         | -14%              | Colorado        | 144,080                   | 114,897                   | (29,183) | -20%              |
| Utah                 | 43,442                    | 37,157                    | (6,285)          | -14%              | Kentucky        | 96,190                    | 76,363                    | (19,827) | -21%              |
| Florida              | 369,897                   | 311,324                   | (58,573)         | -16%              | Nevada          | 41,244                    | 32,695                    | (8,549)  | -21%              |
| Ohio                 | 174,309                   | 146,695                   | (27,614)         | -16%              | Georgia         | 138,031                   | 109,301                   | (28,730) | -21%              |
| Idaho                | 51,814                    | 43,530                    | (8,284)          | -16%              | Michigan        | 176,221                   | 139,273                   | (36,948) | -21%              |
| Indiana              | 150,885                   | 126,515                   | (24,370)         | -16%              | Wyoming         | 21,274                    | 16,809                    | (4,465)  | -21%              |
| Texas                | 423,849                   | 355,339                   | (68,510)         | -16%              | Kansas          | 55,981                    | 43,340                    | (12,641) | -23%              |
| Maine                | 32,152                    | 26,727                    | (5,425)          | -17%              | South Carolina  | 88,242                    | 67,779                    | (20,463) | -23%              |
| New Hampshire        | 38,185                    | 31,740                    | (6,445)          | -17%              | Louisiana       | 99,218                    | 75,938                    | (23,280) | -23%              |
| <b>Totals</b>        | <b>5,062,673</b>          | <b>4,204,277</b>          | <b>(858,396)</b> | <b>-17%</b>       | Arkansas        | 65,605                    | 50,174                    | (15,431) | -24%              |
| Minnesota            | 103,504                   | 85,883                    | (17,621)         | -17%              | Mississippi     | 81,836                    | 60,921                    | (20,915) | -26%              |
| Alaska               | 25,578                    | 21,155                    | (4,423)          | -17%              | South Dakota    | 25,867                    | 19,083                    | (6,784)  | -26%              |
| Illinois             | 134,423                   | 111,108                   | (23,315)         | -17%              | Delaware        | 18,588                    | 13,042                    | (5,546)  | -30%              |
| Nebraska             | 7,177                     | 5,927                     | (1,250)          | -17%              | Rhode Island    | 11,238                    | 7,702                     | (3,536)  | -31%              |
| Maryland             | 54,358                    | 44,833                    | (9,525)          | -18%              | New Jersey      | 69,560                    | 42,489                    | (27,071) | -39%              |
| Guam                 | 1,146                     | 941                       | (205)            | -18%              | Hawaii          | 16                        | 4                         | (12)     | -75%              |

*Source: "NICS Firearm Background Checks: Month and Year by State and Type,"  
[www.fbi.gov/services/cjis/nics](http://www.fbi.gov/services/cjis/nics)*

### Outlook

We project revenue in fiscal 2022 of \$54 million, growing to \$76 million in fiscal 2023. In Q1 of fiscal 2022 the company posted gross margin of 58% and we expect incremental progress for the remaining quarters of the year as the company's efforts to reduce freight costs and return to a more orderly manufacturing cadence proceeds. We have the company exiting Q4 at a 60% gross margin and improving slightly in fiscal 2023 to 61%. Estimates can be impacted greatly by supply chain challenges and the current inflationary environment.

We estimate there is significant operating leverage as the company does not require a meaningful increase in operating expenses to support the revenue growth we have forecast. We have EBITDA margin improving as the year progresses, with the highest level in Q4 when sales are expected to be the highest for the year. For the full year we estimate EBITDA margin of 6.1% improving to 20% in fiscal 2023.

As of the end of Q1 Byrna had \$45 million in cash. Inventory levels are elevated in order to protect itself from further supply chain disruptions and we have assumed inventory turns do not return to normal until the end of fiscal 2023. Increased inventory turns will contribute to less investment in working capital and improved cash flow generation. With strong cash flow generation and an ample cash balance the company is in an enviable position to add to its product portfolio with acquisitions.

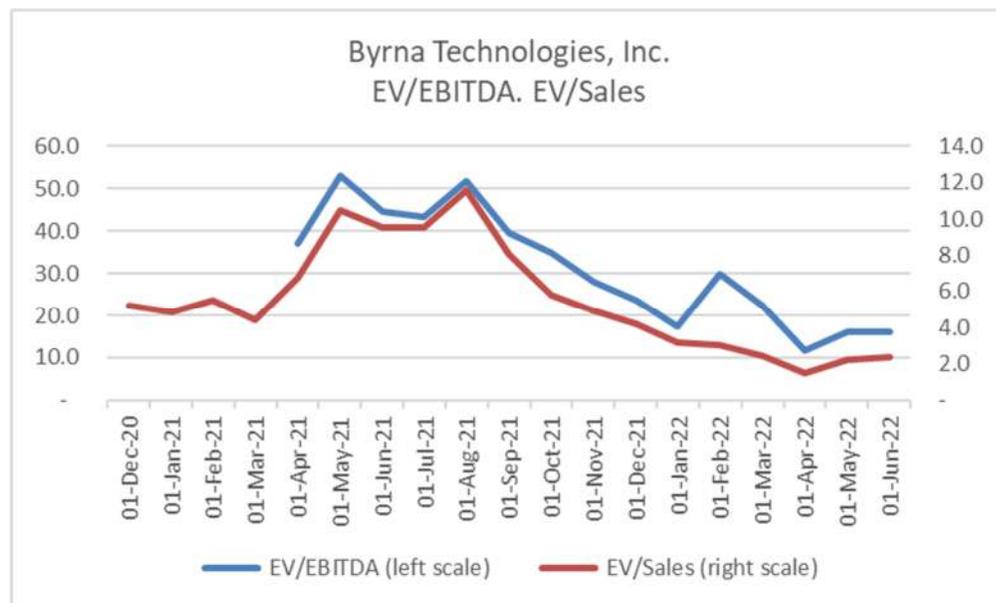
## Valuation

Firearm manufacturers like Smith & Wesson Brands and Sturm, Ruger trade at low multiples of sales while the rest of the comp group serving the personal safety and law enforcement markets trades at an average of 4x sales. Our price target for Byrna assumes a 3x multiple, a substantial discount to the sub-group. This results in a target of \$12 using our fiscal 2023 revenue estimate of \$76 million.

|         |                               | Price    | EPS     | P/E   | TEV      | Sales    | EV/<br>Sales | EBITDA  | EV/<br>EBITDA |
|---------|-------------------------------|----------|---------|-------|----------|----------|--------------|---------|---------------|
| AOUT-US | American Outdoor Brands, Inc. | \$ 10.48 | \$ 1.96 | 5.4   | \$ 142.5 | \$ 271.6 | 0.52         | \$ 39.9 | 3.6           |
| POWW-US | AMMO Inc                      | 4.03     | 0.38    | 10.5  | 446.6    | 311.4    | 1.43         | 106.9   | 4.2           |
| AXON-US | Axon Enterprise Inc           | 87.51    | 2.10    | 41.6  | 5,768.3  | 1,166.3  | 4.95         | 222.2   | 26.0          |
| SSTI-US | ShotSpotter, Inc.             | 26.89    | 0.04    | 693.2 | 321.8    | 87.7     | 3.67         | 18.2    | 17.7          |
| SWBI-US | Smith & Wesson Brands, Inc.   | 14.48    | 2.23    | 6.5   | 594.9    | 674.0    | 0.88         | 170.5   | 3.5           |
| RGR-US  | Sturm, Ruger & Company, Inc.  | 64.74    | 5.63    | 11.5  | 932.6    | 593.8    | 1.57         | 160.6   | 5.8           |
| VTSI-US | VirTra, Inc.                  | 4.83     | 0.36    | 13.4  | 40.2     | 26.8     | 1.50         | 6.0     | 6.7           |
| WRAP-US | Wrap Technologies, Inc.       | 1.92     | (0.45)  | (4.3) | 49.1     | 14.8     | 3.33         | (13.4)  | (3.7)         |
|         | Median                        |          |         | 11.0  |          |          | 1.54         |         | 5.0           |
| BYRN-US | Byrna Technologies Inc.       | \$ 8.72  | \$ 0.29 | 30.1  | \$ 156.7 | \$ 65.9  | 2.38         | \$ 9.3  | 16.9          |

Source: FactSet and Dawson James Securities estimates

EV/Sales and EV/EBITDA have declined sharply over the past few months and we believe current valuation is attractive, particularly in front of projected accelerating revenue and EBITDA growth in the coming quarters.



Source: FactSet and Dawson James Securities estimates.

## Risks

Risk Analysis: Risks to achieving our target includes slower growth from higher interest rates, continuing supply chain disruptions, changes in regulations to the personal safety and firearm industry and changes in consumer demand for personal safety devices.

**Exhibit 1. Income Statement (\$ in 000's except per share data)**

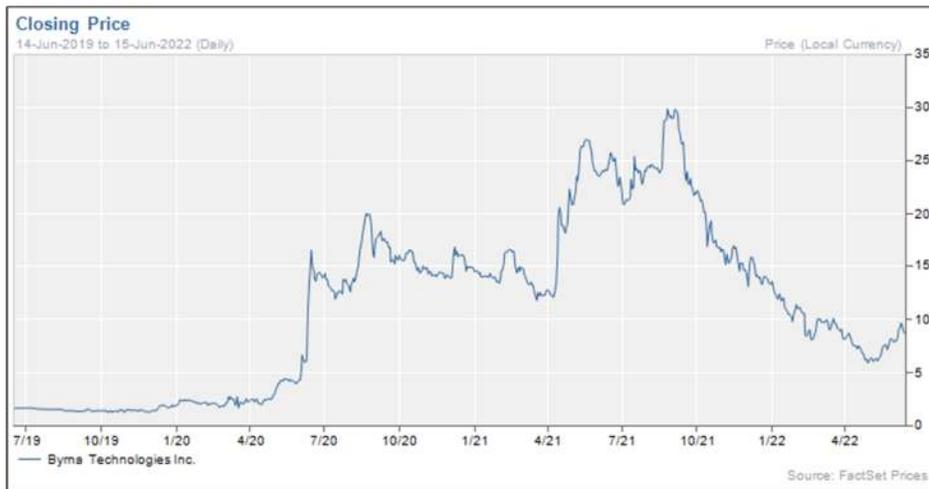
|                         | 30-Nov-19<br>FY2019 | 30-Nov-20<br>FY2020 | 30-Nov-21<br>FY2021 | 28-Feb-22<br>FQ1 22A | 31-May-22<br>FQ2 22E | 31-Aug-22<br>FQ3 22E | 30-Nov-22<br>FQ4 22E | 30-Nov-22<br>FY2022E | 30-Nov-23<br>FY2023E |
|-------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue                 | \$ 924              | \$ 16,566           | \$ 42,160           | \$ 7,977             | \$ 11,500            | \$ 15,000            | \$ 19,500            | \$ 53,977            | \$ 76,000            |
| COGS                    | 775                 | 9,058               | 19,270              | 3,363                | 4,830                | 6,150                | 7,800                | 22,143               | 29,980               |
| Gross Profit            | 149                 | 7,508               | 22,890              | 4,614                | 6,670                | 8,850                | 11,700               | 31,834               | 46,020               |
|                         | 16%                 | 45%                 | 54.3%               | 58%                  | 58%                  | 59%                  | 60%                  | 59%                  | 61%                  |
| Opex                    | 3,438               | 11,817              | 26,181              | 8,023                | 8,100                | 8,100                | 8,500                | 32,723               | 35,177               |
| Operating Income        | \$ (3,289)          | \$ (4,309)          | \$ (3,291)          | \$ (3,409)           | \$ (1,430)           | \$ 750               | \$ 3,200             | \$ (889)             | \$ 10,843            |
| Interest & Other, total | (1,121)             | (7,952)             | (152)               | 68                   | 25                   | 25                   | 25                   | 142                  | 100                  |
| Pretax Income           | (4,410)             | (12,261)            | (3,443)             | (3,341)              | (1,405)              | 775                  | 3,225                | (747)                | 10,943               |
| Taxes                   | 0                   | 293                 | (160)               | (120)                | (70)                 | 39                   | 161                  | 10                   | 547                  |
| Net Income              | \$ (4,410)          | \$ (12,553)         | \$ (3,283)          | \$ (3,221)           | \$ (1,335)           | \$ 736               | \$ 3,064             | \$ (757)             | \$ 10,396            |
| Preferred Dividends     | \$ -                | \$ -                | 1,043               | \$ -                 | \$ -                 | \$ -                 | \$ -                 | 0                    | 0                    |
| Net to Common           | \$ (4,410)          | \$ (12,553)         | \$ (4,326)          | \$ (3,221)           | \$ (1,335)           | \$ 736               | \$ 3,064             | \$ (757)             | \$ 10,396            |
| Basic Shares            | 10,354              | 12,679              | 19,610              | 23,790               | 23,290               | 22,953               | 23,028               | 23,265               | 23,215               |
| Diluted Shares          | 10,354              | 12,679              | 19,610              | 23,790               | 23,290               | 23,053               | 23,128               | 23,265               | 23,315               |
| Basic EPS               | \$ (0.43)           | \$ (0.98)           | \$ (0.22)           | \$ (0.14)            | \$ (0.06)            | \$ 0.03              | \$ 0.13              | \$ (0.03)            | \$ 0.45              |
| Diluted EPS             | \$ (0.43)           | \$ (0.98)           | \$ (0.22)           | \$ (0.14)            | \$ (0.06)            | \$ 0.03              | \$ 0.13              | \$ (0.03)            | \$ 0.45              |
| D&A                     | 54                  | 242                 | 487                 | 175                  | 235                  | 235                  | 235                  | 880                  | 940                  |
| Stock Comp              | 218                 | 1,252               | 3,150               | 812                  | 812                  | 812                  | 812                  | 3,248                | 3,248                |
| Other                   | 0                   | 0                   | 1,300               | 46                   | 0                    | 0                    | 0                    | 46                   | 0                    |
| EBITDA                  | (3,016)             | (2,814)             | 1,646               | (2,376)              | (383)                | 1,797                | 4,247                | 3,285                | 15,031               |
| Margin                  | -332.6%             | -17.0%              | 3.9%                | -29.8%               | -3.3%                | 12.0%                | 21.8%                | 6.1%                 | 19.8%                |
|                         | FY2019              | FY2020              | FY2021              | FQ1 22A              | FQ2 22E              | FQ3 22E              | FQ4 22E              | FY2022E              | FY2023E              |
| Revenue                 | 100.0%              | 100.0%              | 100.0%              | 100.0%               | 100.0%               | 100.0%               | 100.0%               | 100.0%               | 100.0%               |
| COGS                    | 83.9%               | 54.7%               | 45.7%               | 42.2%                | 42.0%                | 41.0%                | 40.0%                | 41.0%                | 39.4%                |
| Gross Profit            | 16.1%               | 45.3%               | 54.3%               | 57.8%                | 58.0%                | 59.0%                | 60.0%                | 59.0%                | 60.6%                |
| Opex                    | 371.9%              | 71.3%               | 62.1%               | 100.6%               | 70.4%                | 54.0%                | 43.6%                | 60.6%                | 46.3%                |
| Operating Income        | -355.7%             | -26.0%              | -7.8%               | -42.7%               | -12.4%               | 5.0%                 | 16.4%                | -1.6%                | 14.3%                |
| Interest & Other, total | -121.3%             | -48.0%              | -0.4%               | 0.9%                 | 0.2%                 | 0.2%                 | 0.1%                 | 0.3%                 | 0.1%                 |
| Pretax Income           | -477.0%             | -74.0%              | -8.2%               | -41.9%               | -12.2%               | 5.2%                 | 16.5%                | -1.4%                | 14.4%                |
| Tax Rate                | 0.0%                | -2.4%               | 4.6%                | 3.6%                 | 5.0%                 | 5.0%                 | 5.0%                 | -1.3%                | 5.0%                 |
| Net Income              | -477.0%             | -75.8%              | -7.8%               | -40.4%               | -11.6%               | 4.9%                 | 15.7%                | -1.4%                | 13.7%                |
| EBITDA                  | -326.3%             | -17.0%              | 3.9%                | -29.8%               | -3.3%                | 12.0%                | 21.8%                | 6.1%                 | 19.8%                |
| Y/Y                     |                     |                     |                     |                      |                      |                      |                      |                      |                      |
| Revenue                 | 269.4%              | 1692.1%             | 154.5%              | -10.3%               | -14.2%               | 72.4%                | 74.7%                | 28.0%                | 40.8%                |
| Opex                    | 61.7%               | 243.8%              | 121.6%              | 55.8%                | 46.2%                | 21.0%                | -3.4%                | 25.0%                | 7.5%                 |
| Operating Income        | 57.7%               | 31.0%               | -23.6%              | 729.4%               | -170.7%              | -141.6%              | -203.3%              | -73.0%               | -1319.7%             |
| Net Income              | -104.8%             | -184.7%             | 73.8%               | -1084.2%             | -165.5%              | 140.0%               | 195.5%               | 76.9%                | 1473.7%              |

Source: Byrna Technologies, Inc. and Dawson James Securities estimates



**Important Disclosures:**

**Price Chart:**



**Price target and ratings changes over the past three years:**

Initiated – Buy – April 26, 2022 – Price Target \$12

Update – Buy – May 18, 2022 – Price Target \$12

Update – Buy – June 15, 2022 – Price Target \$12

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**Information about valuation methods and risks can be found in the "Valuation" and "Risk Analysis" sections of this report.**

The securities of the company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. This report is offered for informational purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. Additional information is available upon request.

**Ratings Definitions:**

- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Current as of 16-May-22

|                             | <b>Company Coverage</b> |            | <b>Investment Banking</b> |             |
|-----------------------------|-------------------------|------------|---------------------------|-------------|
| <b>Ratings Distribution</b> | # of Companies          | % of Total | # of Companies            | % of Totals |
| Market Outperform (Buy)     | 31                      | 72%        | 4                         | 13%         |
| Market Perform (Neutral)    | 12                      | 28%        | 0                         | 0%          |
| Market Underperform (Sell)  | 0                       | 0%         | 0                         | 0%          |
| Total                       | 43                      | 100%       | 4                         | 9%          |

**Analyst Certification:**

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.