

# INSTITUTIONAL RESEARCH *Emerging Growth* <u>PRICE TARGET CHA</u>NGE

Member FINRA/SIPC

Toll-Free: 866-928-0928 \* www.DawsonJames.com \* 101 North Federal Highway - Suite 600 \* Boca Raton, FL 33432

# Byrna Technologies Inc. (NASDAQ: BYRN)

## **Buy: Q2 Review. Lowering Estimates and Price Target.**

We are lowering our estimates and price target as the company restructures its marketing organization after repeated capricious behavior by social media platforms Meta and YouTube as well as decreasing efficacy of those platforms. We expect this action will impact revenue for the remainder of the fiscal year. Our new price target of \$7.25 reflects our lower estimates.

Byrna's DTC (direct-to-consumer) business generates about 70% of the company's revenue and relies on social media advertising, particularly Facebook, Instagram, Google and YouTube to generate leads. Over the years these platforms have placed temporary holds on Byrna's advertising, often without explanation for the ban or steps for reinstatement. Because of these periodic bouts of pique from the social media suppliers, including the most recent that began in March, as well as a declining efficacy of advertising on these platforms, Byrna is revamping its digital advertising strategy to target consumers on sites that are more likely to have potential buyers, but have less reach than Facebook, Instagram and YouTube. We expect this effort will ultimately lead to a more efficient DTC business, but it will take time to implement and hone and will result in diminished top-line growth for the remainder of this fiscal year.

We are lowering our revenue estimate for this year from \$54 million to \$43 million and our fiscal 2024 estimate from \$64 million to \$48 million. Our EBITDA estimates have also been reduced. Gross margin for the next couple of quarters will be diminished as the company works through high-cost inventory and pressure from a diminished contribution from the higher margin DTC business.

The balance sheet remains solid and adequate for its current needs. Cash at quarter-end was \$15.4 million and even with continued GAAP losses we expect positive EBITDA and operating cash flow for most of our forecast horizon.

#### Valuation & Risks

Our price target of \$7.25 (down from \$9.50) assumes an EV/Sales multiple of 3x on our fiscal 2024 revenue estimate of \$48.4 million. Risks to achieving our target include 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.

# July 12, 2023

James McIlree, CFA 561-237-2709 jmcilree@dawsonjames.com

Estimates         F2022A         F2023E         F2024E           Revenues (\$Ms)         \$         48.0         \$         43.0 E         \$         48.4           1Q February         \$         8.0         \$         48.4         \$         10.3           2Q May         \$         11.6         \$         11.5 A         \$         12.7           3Q August         \$         12.4         \$         11.0 E         \$         12.1           4Q November         \$         16.0         \$         12.1 E         \$         3.3           ID February         \$         (1.6)         \$         2.7 E         \$         3.9           1Q February         \$         (1.5)         \$         1.0 A         \$         1.3           3Q August         \$         0.3         \$         0.6 E         \$         1.0           2Q May         \$         0.3         \$         0.6 E         \$         1.0         \$           1Q February         \$         1.6         \$         1.3 E         \$         1.7           EW/Sales         NM         1.8 ×         1.6         \$         1.3         \$         1.6	Current Price						\$4.06
Revenues (\$Ms)         \$         48.0         \$         43.0 E         \$         48.4           1Q February         \$         8.0         \$         8.4 A         \$         10.3           2Q May         \$         11.6         \$         11.5 A         \$         10.3           2Q May         \$         11.6         \$         11.5 A         \$         11.7           3Q August         \$         12.4 K         \$         11.0 E         \$         13.3           F2022A         F2023E         F2024E           EBITDA (\$Ms)         \$         (0.6)         \$         2.7 E         \$         3.9           Q February         \$         (1.9) \$         (0.3) A         \$         (0.0           QQ May         \$         (0.5) \$         1.0 A         \$         1.3           Q November         \$         1.6 \$         1.3 E \$         1.0           Q May         \$         0.5 \$         1.0 A \$         1.3           Q August         \$         0.3 \$         0.6 E \$         1.0           Q November         \$         1.6 \$         1.3 E \$         1.7           EV/Seles         NM         1.8 ×	Price Target						\$7.25
1Q February       \$ 8.0 \$ 8.4 A \$ 10.3         2Q May       \$ 11.6 \$ 11.5 A \$ 12.7         3Q August       \$ 12.4 \$ 11.0 E \$ 12.1         4Q November       \$ 16.0 \$ 12.1 E \$ 13.3         P2022A       F2023E       F2024E         EBITDA (\$M\$)       \$ (0.6) \$ 2.7 E \$ 3.9         1Q February       \$ (1.9) \$ (0.3) A \$ (0.0)         2Q May       \$ (0.5) \$ 1.0 A \$ 1.3         3Q August       \$ 0.3 \$ 0.6 E \$ 1.0         4Q November       \$ 1.6 \$ 1.3 E \$ 1.0         S 1.6 \$ 1.3 E \$ 1.3 E \$ 1.0       4Q November         S 1.6 \$ 1.3 E \$ 1.3 E \$ 1.0       4Q November         S 1.6 \$ 1.3 E \$ 1.3 E \$ 1.0       4Q November         S 1.6 \$ 1.3 E \$ 1.3 E \$ 1.0       50         EV/Sales       NM       1.8 x       1.6         EV/EBITDA       NM       28.1 x       19.3         Stock Data       1.3       50         Scheek Range       \$4.00       - \$10.33         Shares Outstanding (mil.)       \$11.5         Market Capitalization (mil.)       \$15.4         Cash & Equivalents (mil.)       \$15.4         Cash & Equivalents (mil.)       \$0.70         Average Three Months Trading Volume (K)       66.99         Short interest (mil.)       \$0.00/0.0	Estimates	- F2	2022A	F	2023E	F	2024E
2Q May       \$ 11.6       \$ 11.5 A       \$ 12.7         3Q August       \$ 12.4       \$ 11.0 E       \$ 12.1         4Q November       \$ 16.0       \$ 21.1 E       \$ 13.3 <b>F2022A F2023E F2023E F2024E</b> EBITDA (\$M\$)       \$ (0.6)       \$ 2.7 E       \$ 3.9         1Q February       \$ (1.9)       \$ (0.3) A       \$ (0.0)         2Q May       \$ (0.5)       \$ 1.0 A       \$ 1.3         3Q August       \$ 0.5       \$ 1.0 A       \$ 1.3         3Q August       \$ 0.5       \$ 1.0 A       \$ 1.3         3Q August       \$ 0.5       \$ 1.0 A       \$ 1.3         3Q August       \$ 0.3       \$ 0.66 E       \$ 1.0 A         4Q November       \$ 1.6       \$ 1.3 E       \$ 1.7         EV/Sales       NM       28.1 x       19.3         Stock Data       \$ 1.3 E       \$ 1.7         Stock Data       \$ 1.3 E       \$ 1.7         Stock Data       \$ 1.3 E       \$ 1.7         Stock Data       \$ 1.1.5 E       \$ 1.0.3         Scheck Range       \$ \$ 4.00       \$ \$ 1.0.3         Shares Outstanding (mil.)       \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Revenues (\$Ms)	\$	48.0	\$	43.0 E	\$	48.4
3Q August       \$       12.4       \$       11.0 E       \$       12.1       E       13.3         F2022AF       F2023EF       F2023EF       F2024E         EITDA (\$Ms)       \$       (0.6)       \$       2.7 E       \$       3.9         1Q February       \$       (1.9)       \$       (0.3) A       \$       (0.0)         2Q May       \$       (0.5)       \$       1.0 A       \$       1.3         3Q August       \$       0.3       \$       0.6 E       \$       1.0         4Q November       \$       1.6       \$       1.3 E       \$       1.7         EV/Sales       NM       1.8 ×       1.6       \$       1.3       \$       1.6       \$       1.3       \$       1.6       \$       1.3       \$       1.6       \$       1.3       \$       1.6       \$       1.3       \$       1.6       \$       1.3       \$       1.6       \$       1.3       \$       1.6       \$       1.3       \$       1.6       \$       1.3       \$       1.6       \$       1.3       \$       1.6       \$       1.03       \$       1.6       \$       1.03	1Q February		8.0	\$	8.4 A	\$	10.3
4Q November         \$ 16.0         \$ 12.1 E         \$ 13.3           F2022A         F2023E         F2024E           EBITDA (\$Ms)         \$ (0.6)         \$ 2.7 E         \$ 3.9           1Q February         \$ (1.9)         \$ (0.3) A         \$ (0.0)           2Q May         \$ (0.5)         \$ 1.0 A         \$ 1.3           3Q August         \$ 0.3         \$ 0.6 E         \$ 1.0           3Q August         \$ 0.3         \$ 0.6 E         \$ 1.0           4Q November         \$ 1.6         \$ 1.3 E         \$ 1.7           EV/Sales         NM         1.8 x         1.6           EV/EBITDA         NM         28.1 x         19.3           Stock Data         5         2.4 No         -           S2-Week Range         \$4.00         -         \$ 10.30           Shares Outstanding (mil.)         28.1 x         19.3           Sabak Equivalents (mil.)         \$ 21.0         \$ 70           Debt to Capital         59         59         20.6 9           Cash & Equivalents (mil.)         \$ 4.90         \$ 6.99           Short interest (mil.)         4.49         \$ 0.00.00           Dividend / Yield         \$ 0.00.00.09         90         90<	2Q May		11.6	\$	11.5 A	\$	12.7
F2022A         F2023E         F2024E           EBITDA (\$M\$)         \$ (0.6) \$ 2.7 E \$ 3.9           1Q February         \$ (1.9) \$ (0.3) \$ (0.2)           2Q May         \$ (0.5) \$ 1.0 A \$ 1.3           3Q August         \$ 0.3 \$ 0.6 E \$ 1.0           4Q November         \$ 1.6 \$ 1.3 E \$ 1.7           EV/Sales         NM         1.8 x         1.6 5           EV/Sales         NM         1.8 x         1.6 5           Stock Data         5         5         1.0 A \$           Stock Data         5         1.3 E \$         1.7           EV/EBITDA         NM         2.8.1 x         19.3 I           Shares Outstanding (mil.)         21.1 x         19.3 I           Shares Outstanding (mil.)         \$15.4         \$15.4           Cash & Equivalents (mil.)         \$77         \$60.77           Average Three Months Trading Volume (K)         630         630           Insider Ownership         21.09         \$0.00/0.09           Byrna Technologies Inc. (BYRN-US)         \$0.00/0.09           Ovalume (Thousands)         \$0.00/0.09         \$00           Ovalume (Thousands)         \$0.00/0.09         \$0.00/0.09         \$0.00/0.09         \$0.00/0.09         \$0.00/0.09         \$0.00/0.09	3Q August	\$	12.4	\$	11.0 E	\$	12.1
EBITDA (\$Ms)         \$         (0.6)         \$         2.7 E         \$         3.9           1Q February         \$         (1.9)         \$         (0.3)         \$         (0.6 E         \$         1.0           2Q May         \$         (0.5)         \$         1.0 A         \$         1.3           3Q August         \$         0.6 E         \$         1.0         \$         1.3           4Q November         \$         1.6 S         1.3 E         \$         1.6 E         \$         1.7           EV/Sales         NM         1.8 x         1.6 E         \$         1.3 E         \$         1.6 E         \$         1.3 E         \$         1.7           EV/Sales         NM         2.8.1 x         19.3 I         \$         1.9 I         \$         1.9 I         \$         1.6 E         \$         1.3 E         \$         1.7         \$         \$         1.3 E         \$         1.7         \$         \$         1.3 E         \$         1.7         \$         1.3 E         \$         1.7         \$         \$         1.3 E         \$         1.7         \$         3.3         \$         \$         1.6 E         \$         1.0 3         <	4Q November	\$	16.0	\$	12.1 E	\$	13.3
1Q February       \$ (1.9) \$ (0.3)A \$ (0.0)         1Q May       \$ (0.5) \$ 1.0 A \$ 1.3         3Q August       \$ 0.3 \$ 0.6 E \$ 1.0         4Q November       \$ 1.6 \$ 1.3 E \$ 1.7         EV/Sales       NM       1.8 x       1.6 \$ 1.3 E \$ 1.7         EV/Sales       NM       1.8 x       1.6 \$ 1.3 E \$ 1.7         Stock Data       5       5       5.7         Stock Data       5       5       5         Scock Data       5       5       5         Scock Data       5       21.3 E \$ 10.33       5         Shares Outstanding (mil.)       21.1       3         Market Capitalization (mil.)       \$15.7       5         Cash & Equivalents (mil.)       \$15.4       59         Cash & Equivalents (mil.)       \$15.4       50.77         Average Three Months Trading Volume (K)       63       1.09         Insider Ownership       21.09       1.09         Short interest (mil.)       4.49       \$0.000.09         Solume (Thousands)       \$0.449       \$0.000.09         Ovidme (Thousands)       \$0.449       \$0.000.09         Solume (Thousands)       \$0.449       \$0.000.09         Ovidme (Thousands)       \$0.449       \$		F	2022A	F	2023E	F	2024E
2Q May         \$         (0.5)         \$         1.0 A         \$         1.3           3Q August         \$         0.3         \$         0.6 E         \$         1.0           4Q November         \$         1.6         \$         1.3 E         \$         1.6           EV/Sales         NM         1.8 ×         1.6         \$         1.3 E         \$         1.6           EV/Sales         NM         28.1 ×         19.3         \$         10.34         \$           Stock Data         \$         52-Week Range         \$4.00         -         \$         \$         10.34           Shares Outstanding (mil.)         21.1         \$         <	EBITDA (\$Ms)		(0.6)		2.7 E		3.9
3Q August         \$         0.3         \$         0.6         E         \$         1.0           4Q November         \$         1.6         \$         1.3         E         \$         1.7           EV/Sales         NM         1.8         x         1.6         \$         1.3         E         \$         1.7           EV/Sales         NM         1.8         x         1.6         \$         1.8         x         1.9         3           Stock Data          \$         \$         \$         1.0         \$         \$         \$         \$         \$         1.3         E         \$         1.7         \$	1Q February		(1.9)	\$	(0.3)A	\$	(0.0)
4Q November         \$         1.6         \$         1.3 E         \$         1.7           EV/Sales         NM         1.8 ×         1.6         E         1.8 ×         1.6         E           EV/Sales         NM         28.1 ×         19.3         19.3         E         1.6         E         1.6         E         1.8 ×         1.6         E         1.6         E         1.7         E         1.8 ×         1.6         E         1.8 ×         1.6         E         1.8 ×         1.6         E         1.8 ×         1.9.3         S         1.8 ×         1.9.3         S         1.6         E         1.9.3         S         1.8 ×         1.9.3         S         1.3 E         \$         1.9.3         S         1.3         S         1.3         E         1.9.3         S         1.9.	2Q May		(0.5)	\$	1.0 A	\$	1.3
EV/Sales NM 1.8 x 1.6 : EV/Sales NM 28.1 x 19.3 : Stock Data Stock Data Shares Outstanding (mil.) 21.1 Market Capitalization (mil.) \$15.4 Cash & Equivalents (mil.) \$15.4 Cash & Equivalents (mil.) \$15.4 Cash/Sh. \$0.77 Average Three Months Trading Volume (K) 63 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.00/0.09 Price (USD) Output (Thousands) Price (USD) 110 000 000 000 000 000 000 000 000 00	3Q August		0.3	\$	0.6 E	\$	1.0
EV/EBITDA NM 28.1 x 19.3 : Stock Data S2-Week Range \$4.00 - \$10.33 Shares Outstanding (mil.) 21.1 Market Capitalization (mil.) \$88 Enterprise Value (mil.) \$77 Debt to Capital \$59 Cash & Equivalents (mil.) \$115.7 Cash/Sh. \$0.70 Average Three Months Trading Volume (K) 66 Insider Ownership 21.09 Short interest (mil.) 4.49 Dividend / Yield \$0.000.09 Byrna Technologies Inc. (BYRN-US) Overlage Three (USD) Price (USD) 11 10 9 00 10 10 10 10 10 10 10 10 10 10 10 10	4Q November	\$	1.6	\$	1.3 E	\$	1.7
EV/EBITDA NM 28.1 x 19.3 : Stock Data S2-Week Range \$4.00 - \$10.33 Shares Outstanding (mil.) 21.1 Market Capitalization (mil.) \$88 Enterprise Value (mil.) \$77 Debt to Capital \$59 Cash & Equivalents (mil.) \$115.7 Cash/Sh. \$0.70 Average Three Months Trading Volume (K) 66 Insider Ownership 21.09 Short interest (mil.) 4.49 Dividend / Yield \$0.000.09 Byrna Technologies Inc. (BYRN-US) Overlage Three (USD) Price (USD) 11 10 9 00 10 10 10 10 10 10 10 10 10 10 10 10							
Stock Data       52-Week Range     \$4.00     \$10.38       Shares Outstanding (mil.)     21.1       Market Capitalization (mil.)     \$88       Enterprise Value (mil.)     \$77       Debt to Capital     59       Cash & Equivalents (mil.)     \$15.4       Cash & Equivalents (mil.)     \$16.4       Insider Ownership     21.09       Insider Ownership     26.99       Short interest (mil.)     4.49       Dividend / Yield     \$0.00/.09       Byrna Technologies Inc. (BYRN-US)     900       000     900     900       000     900       000     900       000     900       000     900       000     900       000     900       000     900       000     900       000     900       000     900       000     900       000     900       000     900       000     900       900     900       900     900       900     900       900     900	EV/Sales		NM		1.8 x		1.6 x
52-Week Range \$4.00 - \$10.33 Shares Outstanding (mil.) 21.3 Market Capitalization (mil.) \$88 Enterprise Value (mil.) \$77 Debt to Capital 59 Cash & Equivalents (mil.) \$15.4 Cash/Sh. \$0.77 Average Three Months Trading Volume (K) 63 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.00/0.09 Byrna Technologies Inc. (BYRN-US) 900 600 600 600 600 600 600 600 600 600	EV/EBITDA		NM		28.1 x		19.3 x
Shares Outstanding (mil.) 21.5 Market Capitalization (mil.) \$85 Enterprise Value (mil.) \$77 Debt to Capital 59 Cash & Equivalents (mil.) \$15.4 Cash/Sh. \$0.77 Average Three Months Trading Volume (K) 66 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.000.009 Byrna Technologies Inc. (BYRN-US) Volume (Thousands) Price (USD) 11 10 9 0 0 0 0 0 10 10 10 10 10 10	Stock Data						
Market Capitalization (mil.) \$88 Enterprise Value (mil.) \$77 Debt to Capital 59 Cash & Equivalents (mil.) \$15.4 Cash/Sh. \$0.77 Average Three Months Trading Volume (K) 66 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.000.09 Byrna Technologies Inc. (BYRN-US) Ovolume (Thousands) Price (USD) 11 10 9 00 00 00 00 00 00 00 00 00 00 00 00	52-Week Range		\$4.00		-		\$10.38
Enterprise Value (mil.) \$77 Debt to Capital \$9 Cash & Equivalents (mil.) \$15. Cash/Sh. \$0.77 Average Three Months Trading Volume (K) 66 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.00/0.09 Byrna Technologies Inc. (BYRN-US) 900 Volume (Thousands) Price (USD) 11 10 90 10 10 10 10 10 10 10 10 10 1	Shares Outstanding (mil.)						21.9
Debt to Capital 59 Cash & Equivalents (mil.) \$15.4 Cash/Sh. \$0.77 Average Three Months Trading Volume (K) 66 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.00/0.09 Byrna Technologies Inc. (BYRN-US) Price (USD) 11 10 800 700 500 100 100 100 100 100 100 100 100 1	Market Capitalization (mil	.)					\$89
Cash & Equivalents (mil.) \$15.4 Cash/Sh. \$0.70 Average Three Months Trading Volume (K) 66 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.00/0.09 Byrna Technologies Inc. (BYRN-US) 900 Volume (Thousands) Price (USD) 110 800 700 900 900 900 900 900 900 900 900 9	Enterprise Value (mil.)						\$76
Cash/Sh. \$0.7/ Average Three Months Trading Volume (K) 63 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.000.09 Byrna Technologies Inc. (BYRN-US) 900 Volume (Thousands) Price (USD) 11 10 900 400 100 100 100 100 100 100 100 100 1	Debt to Capital						5%
Cash/Sh. \$0.70 Average Three Months Trading Volume (K) 63 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.43 Dividend / Yield \$0.00/0.09 Byrna Technologies Inc. (BYRN-US) 900 Volume (Thousands) Price (USD) 11 10 900 900 900 900 900 900 900 900 9	Cash & Equivalents (mil.)						\$15.4
Average Three Months Trading Volume (K) 66 Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.00/0.09 Byrna Technologies Inc. (BYRN-US) Volume (Thousands) Price (USD) 11 10 90 400 100 100 100 100 100 100 100 100 10							\$0.70
Insider Ownership 21.09 Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.00/0.09 Byrna Technologies Inc. (BYRN-US) 900 Volume (Thousands) Price (USD) 11 900 400 900 900 900 900 900 900 900 900	Average Three Months Tra	adin	g Volum	ne (	к)		63
Institutional Ownership 26.99 Short interest (mil.) 4.49 Dividend / Yield \$0.00/0.09 Byrna Technologies Inc. (BYRN-US) Volume (Thousands) Price (USD) 111 100 500 500 500 100 100 100 100 100			Bretan		,		21.0%
Short interest (mil.)         4.49           Dividend / Yield         \$0.00/0.09           Byrna Technologies Inc. (BYRN-US)         Price (USD)           900         Price (USD)           11         10           900         9           9         9 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>							
Dividend / Yield \$0.00/0.09 Byrna Technologies Inc. (BYRN-US) 900 Volume (Thousands) 900 900 900 900 900 900 900 90							
Byrna Technologies Inc. (BYRN-US) 900 Volume (Thousands) 900 900 900 900 900 900 900 90						¢n i	
900 100 100 100 100 100 100 100						ŞU.	50/0.0%
800 700 600 400 300 200 100 100 100 100 100 100 100 100 1	Volume (Theusands)	nc.	(BYRN-l	JS)	Pri	ice (I	JSD) 11
700 - 600 - 600 - 400 - 300 - 200 - 100 - 10							
600 - M			m				
500 - 400 - 300 - 200 - 100 - 100 -	600 - 10 - 10	2	/ `\	M			
400- 300- 200- 100- 100-	500 -	7	1		m		-
300 200 1004	400-						
100	300 -				N.		
100 - Al faith, an in this ball, as much a set to be used as a much state with the	200 -				w/*	h	
	100 -	afel. I	analis	hil	երդինե	d	11 1
Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun	Jul Aug Sep Oct Nov			Ma	r Apr Ma	у́Ј	un Ö
Volume — Byrna Technologies Inc. Source: FactSet Prices	Volume — Byrna Tech	hnolo	gies Inc.		Source: F	acts	et Prices



#### Q2 Results

Q2 23							
(\$ in 000's)	Actua	a	Eatim	otoo	Dalta		0/ Dalta
Devenue	\$			nates	Delta		% Delta
Revenue	Ф	11,508	Ф	13,500	\$	(1,992)	-15%
COGS Gross Profit		5,309		5,805		(1.406)	100/
GIOSS PIOIIL		6,199 53.9%		7,695 57.0%		(1,496)	-19%
		55.9%		57.0%			
Opex		7,015		8,500		(1,485)	-17%
Operating Income	\$	(816)	\$	(805)	\$	(11)	-1%
Interest & Other, tota		(283)		(58)			
Pretax Income		(1,099)		(863)			
Taxes		17		(43)			
Net to Common	\$	(1,116)	\$	(820)			
Basic Shares		21,866		21,866			
Diluted Shares		21,866		21,866			
Basic EPS	\$	(0.05)		(0.04)			
Diluted EPS	\$	(0.05)	\$	(0.04)			
D&A		306		344			
Stock Comp		1,487		1,464			
Other		0		0			
EBITDA	\$	977	\$	1,003	\$	(26)	-3%
Margin		8.5%		7.4%			

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

### 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 \$7.25 using our fiscal 2024 revenue estimate of \$48.4 million.

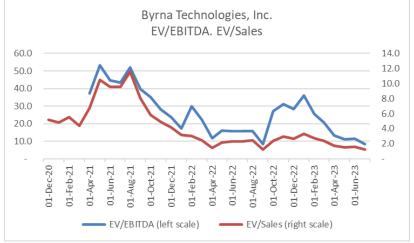


# www.dawsonjames.com

		Price		EPS	P/E	P/E TEV		-	Sales	EV/ Sales	EBITDA		EV/ EBITDA
AOUT-US	American Outdoor Brands, Inc.	\$ 8.	.60	\$ 0.56	15.4	\$	119.4	\$	200.5	0.60	\$	14.4	8.3
POWW-US	AMMO Inc	2.	.17	(0.04	) (54.3)	)	224.5		161.5	1.39		22.5	10.0
AXON-US	Axon Enterprise Inc	195.	.58	3.43	57.0		14,048.8		1,606.6	8.74		340.1	41.3
SSTI-US	SoundThinking, Inc.	23.	.76	0.26	90.0		283.8		98.8	2.87		24.7	11.5
SWBI-US	Smith & Wesson Brands, Inc.	13.	.31	0.98	13.6		620.9		502.9	1.23		98.9	6.3
RGR-US	Sturm, Ruger & Company, Inc.	53.	.14	3.52	15.1		804.9		571.5	1.41		106.2	7.6
VTSI-US	VirTra, Inc.	8.	.10	0.47	17.3		83.7		34.6	2.42		7.9	10.6
WRAP-US	Wrap Technologies, Inc.	1.	.54				54.6						
	Median				15.4					1.41			10.0
BYRN-US	Byrna Technologies Inc.	\$ 4.	.06	\$ (0.20	) (20.5)	)\$	75.6	\$	46.3	1.63	\$	3.4	21.9

Source: FactSet and Dawson James Securities estimates

EV/Sales and EV/EBITDA are near the lows since the company's IPO and we believe current valuation is attractive.



Source: FactSet and Dawson James Securities estimates.

#### Risks

Risk Analysis: Risks to achieving our target include 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-20	30	0-Nov-21	30	)-Nov-22	28	-Feb-23	31	-May-23	31	-Aug-23	30	)-Nov-23	30	)-Nov-23	30	-Nov-24
	F	Y2020		FY2021	F	Y2022A	F	Q1 23A	F	Q2 23A	F	Q3 23E	F	Q4 23E	F	Y2023E	F	Y2024E
Revenue	\$	16,566	\$	42,160	\$	48,036	\$	8,411	\$	11,508	\$	11,000	\$	12,100	\$	43,019	\$	48,354
COGS		9,058		19,270		21,758		3,165		5,309		5,060		5,445		18,979		21,759
Gross Profit		7,508		22,890		26,278		5,246		6,199		5,940		6,655		24,040		26,595
		45.3%		54.3%		54.7%		62.4%		53.9%		54.0%		55.0%		55.9%		55.0%
Opex		11,817		26,181		33,733		7,240		7,015		7,100		7,100		28,455		29,820
Operating Income	\$	(4,309)	\$	(3,291)	\$	(7,455)	\$	(1,994)	\$	(816)	\$	(1,160)	\$	(445)	\$	(4,415)	\$	(3,225)
Interest & Other, total		(7,952)		(152)		(196)		(218)		(283)		(209)		(209)		(867)		(836)
Pretax Income		(12,261)		(3,443)		(7,651)		(2,212)		(1,099)		(1,369)		(654)		(5,282)		(4,061)
Taxes		293		(160)		234		(59)		17		(68)		(33)		(143)		(203)
Net Income	\$	(12,553)	\$	(3,283)	\$	(7,885)	\$	(2,153)	\$	(1,116)	\$	(1,301)	\$	(621)	\$	(5,139)	\$	(3,858)
Preferred Dividends	\$	-		1,043		0	\$	-	\$	-	\$	-	\$	-		0		0
Net to Common	\$	(12,553)	\$	(4,326)	\$	(7,885)	\$	(2,153)	\$	(1,116)	\$	(1,301)	\$	(621)	\$	(5,139)	\$	(3,858)
Basic Shares		12,679		19,610		22,364		21,860		21,866		21,922		22,015		21,916		22,145
Diluted Shares		12,679		19,610		22,364		21,860		21,866		21,922		22,015		21,916		22,145
Basic EPS	\$	(0.98)		(0.22)		(0.35)		(0.10)		(0.05)		(0.06)		(0.03)		(0.23)		(0.17)
Diluted EPS	\$	(0.98)	\$	(0.22)	\$	(0.35)	\$	(0.10)	\$	(0.05)	\$	(0.06)	\$	(0.03)	\$	(0.23)	\$	(0.17)
D&A		242		487		855		276		306		301		301		1,184		1,204
Stock/Incentive Comp		1,252		3,150		5,424		1,464		1,487		1,487		1,487		5,925		5,948
Other		0		1,300		557		0		0		0		0		0		0
EBITDA		(2,814)		1,646		(619)		(254)		977		628		1,343		2,694		3,927
Margin		-17.0%		3.9%		-1.3%		-3.0%		8.5%		5.7%		11.1%		6.3%		8.1%

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



# Exhibit 2. Balance Sheet and Cash Flow Statement (\$ in 000's)

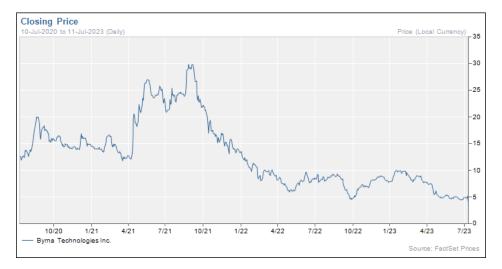
	30-Nov-20 FY2020A		)-Nov-21 Y2021A	1000	)-Nov-22 Y2022A	)-Nov-23 Y2023E	30-Nov-24 FY2024E			
Cash & ST Investments Restricted Cash A/R Inventory Prepaid Expenses & Othe Current Assets Patent rights Deposits for equipment Right-of-use asset PP&E Goodwill Restricted Cash Investment in JV Loan to JV Other	\$	3,175 6,389 834 4,817 1,391 16,606 811 619 1,200 1,220 651 92 0 0 0 1,220	\$ 56,308 92 1,658 6,613 1,490 66,161 3,668 1,293 1,086 1,972 816 0 0 0 318	\$	20,068 0 5,915 15,462 1,200 42,645 3,872 2,269 2,424 3,309 2,258 0 0 0 0 2,72	\$ 24,683 0 3,227 10,890 1,278 40,077 3,581 1,850 1,905 3,366 2,258 0 183 1,556 198	\$	26,199 0 3,549 12,609 1,405 43,763 3,336 1,850 1,533 3,426 2,258 0 183 1,556 217		
Total Assets	\$	21,216	\$ 75,314	\$	57,04 <mark>9</mark>	\$ 54,974	\$	58,123		
A/P Operating Lease Deferred revenue Convertible notes Notes payable Accrued Interest Current Liabilities	\$	6,629 258 4,902 0 75 0 11,864	\$ 6,996 463 720 0 0 0 8,179	\$	7,708 757 458 0 0 0 8,923	\$ 6,470 731 446 0 0 0 7,646	\$	7,116 731 490 0 0 8,338		
Convertbile N/P NP Deferred revenue Operating Lease		0 115 0 828	0 0 405 632		0 0 340 1,792	0 0 209 1,467		0 0 230 1,467		
Equity		8,409	66,098		45,994	45,651		48,088		
Total Liabilities & Equity	\$	21,216	\$ 75,314	\$	57,049	\$ 54,974	\$	58,123		
		)-Nov-20 Y2020A	)-Nov-21 Y2021A		)-Nov-22 Y2022A	)-Nov-23 Y2023E		)-Nov-24 Y2024E		
Net Income Depreciation Stock and Incentive Comp Other Working Capital Operating CF	\$	(12,553) 242 1,252 8,873 4,723 2,538	\$ (3,283) 487 3,150 63 (4,854) (4,437)		(7,885) 855 5,424 814 (13,034) (13,826)	(5,139) 1,184 5,925 847 4,346 7,163	\$	(3,858) 1,204 5,948 1 (1,478) 1,816		
Capx Acquisitions Other Investing Activities	\$	(1,426) (489) (80) (1,995)	\$ (1,700) (4,044) (138) (5,882)		(3,253) (1,883) 0 (5,136)	\$ (448) 0 (2,076) (2,524)	\$	(600) 0 0 (600)		
Equity Debt Financing	\$	7,714 54 7,768	\$ 57,333 (81) 57,252	\$	(17,500) 456 (17,044)	\$ 150 0 150	\$	300 0 300		
FX	\$	171	\$ (189)	\$	(326)	\$ (122)	\$	-		
Change in Cash inc. and Dawson James Securi	\$	8,482	\$ 46,744	\$	(36,332)	\$ 4,667	\$	1,516		

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 Update – Buy – June 24, 2022 – Price Target \$12 Update – Buy – June 30, 2022 – Price Target \$12 Update – Buy – July 8, 2022 – Price Target \$12 Update – Buy – July 8, 2022 – Price Target \$12 Price Target Change – Buy – September 8, 2022 – Price Target Changed from \$12 to \$9.50 Update – Buy – October 4, 2022 – Price Target \$9.50 Update – Buy – October 6, 2022 – Price Target \$9.50 Update – Buy – December 7, 2022 – Price Target \$9.50 Update – Buy – December 7, 2023 – Price Target \$9.50 Update – Buy – April 17, 2023 – Price Target \$9.50 Price Target Change – Buy – July 12, 2023 – Price Target Changed from \$9.50 to \$7.25

Dawson James Securities, Inc. (the "Firm") is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Firm does not make a market in the securities of the subject company(s). The Firm has not engaged in investment banking relationships with the subject company in the prior twelve months, as a manager or co-manager of a public offering and has not received compensation resulting from those relationships. The Firm may seek compensation for investment banking services in the future from the subject company(s). The Firm has not received other compensation from the subject company(s) in the last 12 months for services unrelated to managing or co-managing of a public offering.

Neither the research analyst(s) whose name appears on this report nor any member of his (their) household is an officer, director, or advisory board member of these companies. The Firm and/or its directors and employees may own securities of the company(s) in this report and may increase or decrease holdings in the future. As of June 22, 2023, the Firm as a whole did not beneficially own 1% or more of any class of common equity securities of the subject company(s) of this report. The Firm, its officers, directors, analysts, or employees may affect transactions in and have long or short positions in the securities (or options or warrants related to those securities) of the company(s) subject to this report. The Firm may affect transactions as principal or agent in those securities.

Analysts receive no direct compensation in connection with the Firm's investment banking business. All Firm employees, including the analyst(s) responsible for preparing this report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of the Firm 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.

Although the statements in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that the Firm believes to be reliable, we cannot guarantee their accuracy. All opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

# 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.

	Company Coverage		Investment Banking	
				% of
Ratings Distribution	# of Companies	% of Total	# of Companies	Totals
Market Outperform (Buy)	26	72%	2	5.50%
Market Perform (Neutral)	10	28%	2	5.50%
Market Underperform (Sell)	0	0%	0	0.00%
Total	36	100%	4	11.00%

Current as of 22-June-23

#### 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.