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Byrna Technologies Inc. (NASDAQ: BYRN)

November 15, 2023

Neutral: Growing Daily Web Sessions Suggests Strong Quarter.

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Daily web sessions on Byrna.com now exceed the level achieved prior to expulsion from social media platforms earlier this year. This suggests a strong finish to the company's fiscal year, which ends this month.

Byrna released an investor presentation with a graph showing daily web sessions for Q1-Q3 and the three months of the fiscal quarter ending November. Daily web sessions on Byrna.com troughed in Q3 at about 11,000, but increased to about 22,000 in September, 37,000 in October and 42,000 so far this month. If the rest of the month has similar results as the beginning of the month, daily web sessions in Q3 could average 34,000 for the quarter, greatly exceeding the pre-social media ban.

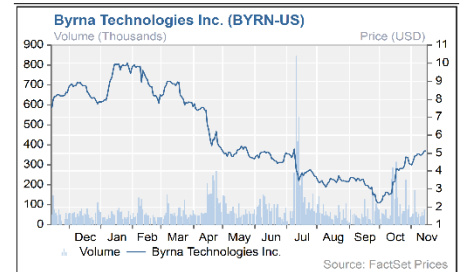
The conversion ratio of web sessions and average order size drives revenue once a potential customer arrives at the site, and as the company indicated in its most recent conference call, both conversion and average order size were higher after it began its new marketing efforts that included advertising on Sean Hannity's radio show, and targeting likely buyers based on ownership of other consumer products. If the conversion ratio and average order size continues to match recent levels, there is a strong likelihood the company will meet or exceed our current estimate.

The challenge will be exploiting its current strategy, expanding to other celebrity endorsers and finding markets that are cost-effective to target. The company is also finding success in the dealer channel and is focusing on expanding the number of premier dealers who are passionate about the product and focus on gun shows, boat shows, RV shows and state and county fairs. Turning this business into brick-and-mortar establishments is the next step. Dealer sales currently generate about \$8 million in annual sales, focused on the traditional larger dealer/retail locations. The company believes its new dealer strategy can result in double or triple current levels over a multi-year time period.

At the end of Q3, the company had \$14 million in cash, more than enough to fund operations. In addition, there is \$17 million in inventory, which can be a source of cash as a new level of sales is discovered.

The shares now trade at 2.3x our FTM sales estimate, a premium to the group median of 1.39x.

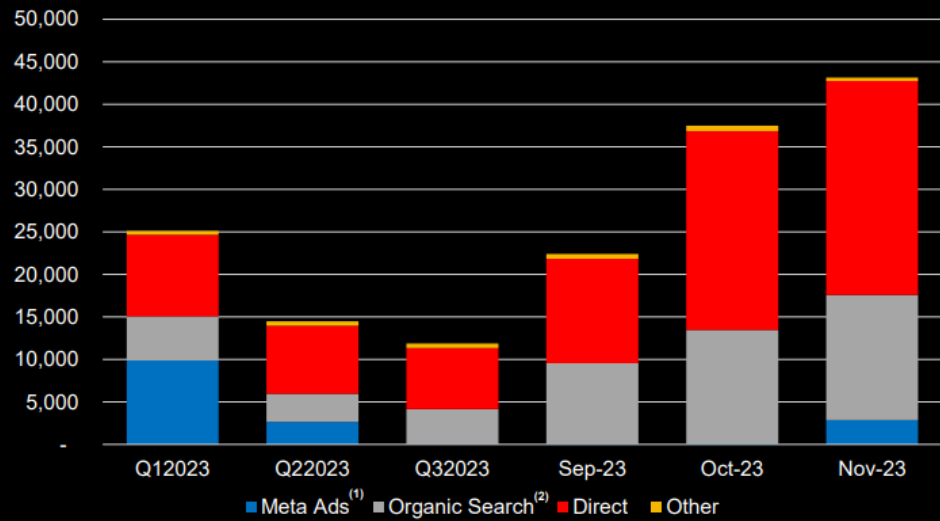
Current Price	\$5.12		
Price Target	NA		
Estimates	F2022A	F2023E	F2024E
Revenues (\$Ms)	\$ 48.0	\$ 38.5 E	\$ 44.1
1Q February	\$ 8.0	\$ 8.4 A	\$ 9.5
2Q May	\$ 11.6	\$ 11.5 A	\$ 10.5
3Q August	\$ 12.4	\$ 7.1 A	\$ 10.8
4Q November	\$ 16.0	\$ 11.5 E	\$ 13.3
EBITDA (\$Ms)	F2022A	F2023E	F2024E
1Q February	\$ (0.6)	\$ 0.4 E	\$ 2.2
2Q May	\$ (0.5)	\$ 1.0 A	\$ 0.3
3Q August	\$ 0.3	\$ (1.4)A	\$ 0.4
4Q November	\$ 1.6	\$ 1.2 E	\$ 1.8
EV/Sales	NM	2.6 x	2.3 x
EV/EBITDA	NM	228.1 x	46.2 x
Stock Data			
52-Week Range	\$2.19	-	\$10.38
Shares Outstanding (mil.)	22.0		
Market Capitalization (mil.)	\$113		
Enterprise Value (mil.)	\$101		
Debt to Capital	5%		
Cash & Equivalents (mil.)	\$13.7		
Cash/Sh.	\$0.62		
Average Three Months Trading Volume (K)	65		
Insider Ownership	20.8%		
Institutional Ownership	24.7%		
Short interest (mil.)	2.8%		
Dividend / Yield	\$0.00/0.0%		



WEB SESSIONS RESTORED

Average Daily Web Sessions (www.byrna.com)

- Web traffic restored to pre-META advertising ban levels
- Sean Hannity partnership on radio and digital showing strong preliminary results (through direct traffic)
- Increased attribution in Google search and YouTube Shift due to shift in META advertising allocation



Note: Session source data from company e-commerce platform analytics. November data reflects first ten (10) days of data.
 (1) Includes traffic from organic META posts.
 (2) Includes other search engines.

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Source: Byrna Technologies Inc. Investor Presentation

Valuation

The median EV/Sales for the group is 1.39x, and Byrna is trading at a significant premium to the group.

		Price	EPS	P/E	TEV	Sales	EV/ Sales	EBITDA	EV/ EBITDA
AOUT-US	American Outdoor Brands, Inc.	\$ 8.24	\$ 0.56	14.6	\$ 113.2	\$ 205.0	0.55	\$ 15.4	7.4
POWW-US	AMMO Inc	2.24	(0.04)	(58.9)	229.2	147.9	1.55	24.7	9.3
AXON-US	Axon Enterprise Inc	221.58	4.08	54.3	16,123.0	1,838.3	8.77	400.8	40.2
SSTI-US	SoundThinking, Inc.	22.46	(0.07)	(304.8)	289.7	104.2	2.78	22.7	12.8
SWBI-US	Smith & Wesson Brands, Inc.	14.23	0.97	14.7	665.8	527.9	1.26	100.7	6.6
RGR-US	Sturm, Ruger & Company, Inc.	45.51	3.38	13.5	689.5	563.5	1.22	98.3	7.0
VTSI-US	VirTra, Inc.	5.50	0.47	11.7	52.1	37.5	1.39	8.3	6.3
WRAP-US	Wrap Technologies, Inc.	2.84			110.3				
	Median			13.5			1.39		7.4
BYRN-US	Byrna Technologies Inc.	\$ 5.12	\$ (0.30)	(16.9)	\$ 100.9	\$ 43.8	2.30	\$ 2.1	47.8

Source: FactSet and Dawson James Securities estimates

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

	30-Nov-20 FY2020	30-Nov-21 FY2021	30-Nov-22 FY2022A	28-Feb-23 FQ1 23A	31-May-23 FQ2 23A	31-Aug-23 FQ3 23A	30-Nov-23 FQ4 23E	30-Nov-23 FY2023E	30-Nov-24 FY2024E
Revenue	\$ 16,566	\$ 42,160	\$ 48,036	\$ 8,411	\$ 11,508	\$ 7,085	\$ 11,470	\$ 38,474	\$ 44,069
COGS	9,058	19,270	21,758	3,165	5,309	3,927	5,333	17,734	20,492
Gross Profit	7,508	22,890	26,278	5,246	6,199	3,158	6,136	20,739	23,577
	45.3%	54.3%	54.7%	62.4%	53.9%	44.6%	53.5%	53.9%	53.5%
Opex	11,817	26,181	33,733	7,240	7,015	7,267	7,267	28,789	30,521
Operating Income	\$ (4,309)	\$ (3,291)	\$ (7,455)	\$ (1,994)	\$ (816)	\$ (4,109)	\$ (1,131)	\$ (8,050)	\$ (6,945)
Interest & Other, total	(7,952)	(152)	(196)	(218)	(283)	(109)	(7)	(517)	(28)
Pretax Income	(12,261)	(3,443)	(7,651)	(2,212)	(1,099)	(4,218)	(1,138)	(8,567)	(6,973)
Taxes	293	(160)	234	(59)	17	(124)	(57)	(223)	(349)
Net Income	\$ (12,553)	\$ (3,283)	\$ (7,885)	\$ (2,153)	\$ (1,116)	\$ (4,094)	\$ (1,081)	\$ (8,344)	\$ (6,624)
Preferred Dividends	\$ -	1,043	0	\$ -	\$ -	\$ -	\$ -	0	0
Net to Common	\$ (12,553)	\$ (4,326)	\$ (7,885)	\$ (2,153)	\$ (1,116)	\$ (4,094)	\$ (1,081)	\$ (8,344)	\$ (6,624)
Basic Shares	12,679	19,610	22,364	21,860	21,866	21,960	21,977	21,916	22,088
Diluted Shares	12,679	19,610	22,364	21,860	21,866	21,960	21,977	21,916	22,088
Basic EPS	\$ (0.98)	\$ (0.22)	\$ (0.35)	\$ (0.10)	\$ (0.05)	\$ (0.19)	\$ (0.05)	\$ (0.38)	\$ (0.30)
Diluted EPS	\$ (0.98)	\$ (0.22)	\$ (0.35)	\$ (0.10)	\$ (0.05)	\$ (0.19)	\$ (0.05)	\$ (0.38)	\$ (0.30)
D&A	242	487	855	276	306	339	544	1,465	2,176
Stock/Incentive Comp	1,252	3,150	5,424	1,464	1,487	1,738	1,738	6,427	6,952
Other	0	1,300	557	0	0	600	0	600	0
EBITDA	(2,814)	1,646	(619)	(254)	977	(1,432)	1,151	442	2,183
Margin	-17.0%	3.9%	-1.3%	-3.0%	8.5%	-20.2%	10.0%	1.1%	5.0%

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

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

	30-Nov-20 FY2020A	30-Nov-21 FY2021A	30-Nov-22 FY2022A	30-Nov-23 FY2023E	30-Nov-24 FY2024E
Cash & ST Investments	3,175	56,308	20,068	14,895	21,310
Restricted Cash	6,389	92	0	0	0
A/R	834	1,658	5,915	5,735	6,651
Inventory	4,817	6,613	15,462	17,067	13,021
Prepaid Expenses & Other	1,391	1,490	1,200	1,559	1,808
Current Assets	\$ 16,606	\$ 66,161	\$ 42,645	\$ 39,256	\$ 42,789
Patent rights	811	3,668	3,872	3,583	3,340
Deposits for equipment	619	1,293	2,269	1,520	1,520
Right-of-use asset	1,200	1,086	2,424	1,747	1,059
PP&E	1,220	1,972	3,309	3,488	2,888
Goodwill	651	816	2,258	2,258	2,258
Restricted Cash	92	0	0	0	0
Investment in JV	0	0	0	0	0
Loan to JV	0	0	0	1,451	1,451
Other	17	318	272	330	383
Total Assets	\$ 21,216	\$ 75,314	\$ 57,049	\$ 53,633	\$ 55,688
A/P	6,629	6,996	7,708	7,379	8,557
Operating Lease	258	463	757	653	653
Deferred revenue	4,902	720	458	1,054	1,222
Convertible notes	0	0	0	0	0
Notes payable	75	0	0	0	0
Accrued Interest	0	0	0	0	0
Current Liabilities	\$ 11,864	\$ 8,179	\$ 8,923	\$ 9,086	\$ 10,432
Convertible N/P	0	0	0	0	0
NP	115	0	0	0	0
Deferred revenue	0	405	340	225	261
Operating Lease	828	632	1,792	1,367	1,367
Equity	8,409	66,098	45,994	42,955	43,628
Total Liabilities & Equity	\$ 21,216	\$ 75,314	\$ 57,049	\$ 53,633	\$ 55,688
Net Income	(12,553)	(3,283)	(7,885)	(8,344)	(6,624)
Depreciation	242	487	855	1,465	2,176
Stock and Incentive Comp	1,252	3,150	5,424	6,427	6,952
Other	8,873	63	814	1,914	(17)
Working Capital	4,723	(4,854)	(13,034)	(3,674)	4,228
Operating CF	\$ 2,538	\$ (4,437)	\$ (13,826)	\$ (2,212)	\$ 6,715
Capx	(1,426)	(1,700)	(3,253)	(492)	(600)
Acquisitions	(489)	(4,044)	(1,883)	0	0
Other	(80)	(138)	0	(2,076)	0
Investing Activities	\$ (1,995)	\$ (5,882)	\$ (5,136)	\$ (2,568)	\$ (600)
Equity	7,714	57,333	(17,500)	(381)	300
Debt	54	(81)	456	0	0
Financing	\$ 7,768	\$ 57,252	\$ (17,044)	\$ (381)	\$ 300
FX	\$ 171	\$ (189)	\$ (326)	\$ 88	\$ -
Change in Cash	\$ 8,482	\$ 46,744	\$ (36,332)	\$ (5,073)	\$ 6,415

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 – February 10, 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
 Rating Change – Neutral – September 27, 2023 – Price Target NA
 Update – Neutral – October 16, 2023 – Price Target NA
 Update – Neutral – November 15, 2023 – Price Target NA

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- 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.

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Current as of 14-Nov-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	61.76%	3	8.80%
Market Perform (Neutral)	13	38.24%	2	5.90%
Market Underperform (Sell)	0	0%	0	0.00%
Total	34	100%	5	14.70%

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