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Byrna Technologies Inc. (NASDAQ: BYRN)

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Neutral: Q1 Revenue Better than Expected.

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Byrna pre-released Q1 revenue of \$16.7 million, far above our \$11.8 million estimate. We have increased our estimates for the quarter and the year; however, the shares are still trading at a significant premium to the group and at the end of its historical range.

The company's new marketing strategy continues to exceed expectations. The company indicated Q1 revenue, typically down from Q4 results, will be \$16.7 million, 7% higher than Q4. We have increased our Q1 revenue from \$11.8 million to \$16.7 million and our fiscal year 2024 estimate from \$53.9 million to \$66.6 million.

Fiscal 2023 was a transition year for Byrna's marketing strategy as the company responded to the opaque and arbitrary policies of its social media partners, by redirecting its marketing spend to more targeted digital advertising and endorsements from select influencers such as Sean Hannity, Jeanine Pirro and Glenn Beck. The result has been a rapid turnaround in sales.

The better-than-expected revenue is almost entirely due to better results from Byrna.com. For the quarter, the company indicated Q1 revenue from Byrna.com was \$10.2 million. We had forecast a 25% seasonal decline from Q4 to \$6.8 million, but the company's new marketing strategy overcame the typical q/q decline. In Q1, revenue from Byrna.com, grew 11%. Revenue from Amazon for the quarter was \$2.6 million, down 15% from Q4, more in line with the typical q/q decline.

We expect the strong revenue growth to continue from these higher levels for the remainder of this fiscal year and return to a more sustainable double-digit rate in fiscal 2025.

The shares trade at 3.9x our FTM sales estimate, a significant premium to the group median of 1.52x. The EV/Sales multiple is also near the high mark since December 2021.

Current Price	\$13.00		
Price Target	NA		
Estimates	F2023A	F2024E	F2025E
Revenues (\$Ms)	\$ 42.6	\$ 66.6	\$ 72.6
1Q February	\$ 8.4	\$ 16.7	\$ 16.7
2Q May	\$ 11.5	\$ 15.2	\$ 17.0
3Q August	\$ 7.1	\$ 16.4	\$ 18.4
4Q November	\$ 15.6	\$ 18.3	\$ 20.5
	F2023A	F2024E	F2025E
EBITDA (\$Ms)	\$ (1.1)	\$ 4.4	\$ 6.8
1Q February	\$ (0.3)	\$ 1.4	\$ 1.4
2Q May	\$ 0.9	\$ 0.7	\$ 1.6
3Q August	\$ (2.0)	\$ 1.2	\$ 2.1
4Q November	\$ 0.3	\$ 1.1	\$ 1.7
EV/Sales	NM	4.0 x	3.7 x
EV/EBITDA	NM	60.8 x	39.2 x
Stock Data			
52-Week Range	\$2.19	-	\$14.27
Shares Outstanding (mil.)	22.0		
Market Capitalization (mil.)	\$286		
Enterprise Value (mil.)	\$267		
Debt to Capital	4%		
Cash & Equivalents (mil.)	\$20.5		
Cash/Sh.	\$0.93		
Average Three Months Trading Volume (K)	49		
Insider Ownership	22.5%		
Institutional Ownership	25.9%		
Short interest (mil.)	3.6%		
Dividend / Yield	\$0.00/0.0%		



Q1 Revenue

The table below shows Q1 revenue by channel for Byrna compared to our estimates.

	Actual	Estimate
Byrna.com/Amazon	\$12.8	\$9.0
Dealer/Distributor	\$2.2	\$2.0
Fox Labs	\$0.4	\$0.3
International	\$1.3	\$0.4
Total	\$16.7	\$11.8

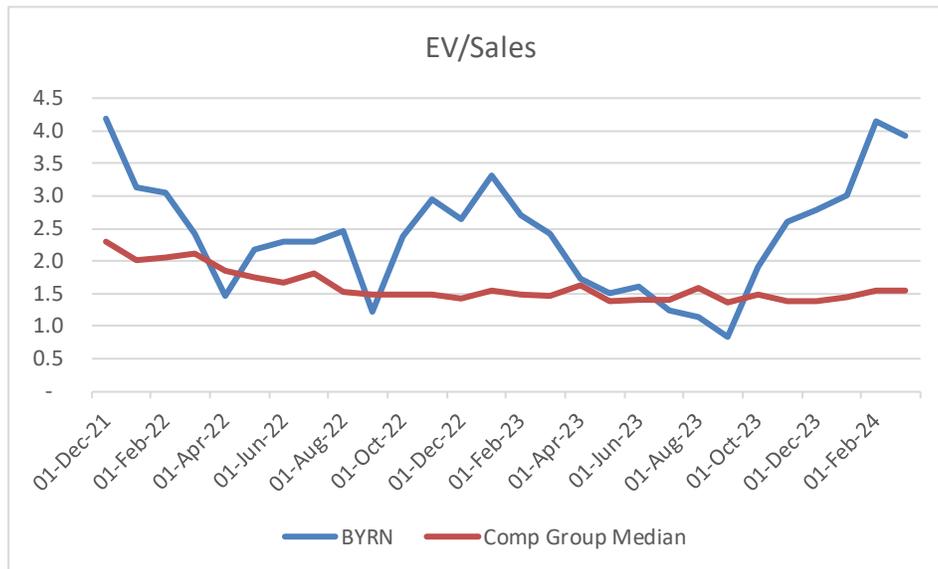
Source: Byrna Technologies Inc. and Dawson James Securities estimates

Valuation

The median EV/Sales for the group is 1.52x, and Byrna is trading at a significant premium to the group as well as a 2-year high relative to its historical valuation.

		Price	EPS	P/E	TEV	FTM Sales	EV/Sales	FTM EBITDA	EV/EBITDA
AOUT-US	American Outdoor Brands, Inc.	\$ 8.42	\$ 0.47	18.1	\$ 119.4	\$ 206.6	0.58	\$ 13.5	8.8
POWW-US	AMMO Inc	2.40	0.11	22.5	238.8	156.7	1.52	28.0	8.5
AXON-US	Axon Enterprise Inc	316.73	4.60	68.9	23,106.2	2,000.4	11.55	459.7	50.3
SSTI-US	SoundThinking, Inc.	16.56	(0.19)	NM	204.9	106.7	1.92	20.5	10.0
SWBI-US	Smith & Wesson Brands, Inc.	13.45	0.78	17.3	660.8	536.4	1.23	89.2	7.4
RGR-US	Sturm, Ruger & Company, Inc.	43.42	3.05	14.2	635.3	566.5	1.12	90.8	7.0
VTSI-US	VirTra, Inc.	9.09	0.71	12.8	92.7	40.3	2.30	13.1	7.1
WRAP-US	Wrap Technologies, Inc.	3.19			125.7				
	Median			17.7			1.52		8.5
BYRN-US	Byrna Technologies Inc.	\$ 12.97	\$ 0.01	1,772.9	\$ 266.7	\$ 68.2	3.91	\$ 5.0	52.9

Source: FactSet and Dawson James Securities estimates



Source: FactSet and Dawson James Securities estimates

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

	30-Nov-21 FY2021	30-Nov-22 FY2022A	30-Nov-23 FY2023A	28-Feb-24 FQ1 24E	31-May-24 FQ2 24E	31-Aug-24 FQ3 24E	30-Nov-24 FQ4 24E	30-Nov-24 FY2024E	30-Nov-25 FY2025E
Revenue	\$ 42,160	\$ 48,036	\$ 42,644	\$ 16,651	\$ 15,184	\$ 16,434	\$ 18,309	\$ 66,578	\$ 72,573
COGS	19,270	21,758	18,997	7,160	6,529	7,067	7,873	28,629	31,206
Gross Profit	22,890	26,278	23,647	9,491	8,655	9,367	10,436	37,949	41,366
	54.3%	54.7%	55.5%	57.0%	57.0%	57.0%	57.0%	57.0%	57.0%
Opex	26,181	33,733	31,437	9,342	9,200	9,383	10,547	38,472	39,663
Operating Income	\$ (3,291)	\$ (7,455)	\$ (7,790)	\$ 149	\$ (545)	\$ (16)	\$ (111)	\$ (523)	\$ 1,703
Interest & Other, total	(152)	(196)	(237)	27	27	27	27	108	108
Pretax Income	(3,443)	(7,651)	(8,027)	176	(518)	11	(84)	(415)	1,811
Taxes	(160)	234	165	9	(26)	1	(4)	(21)	91
Net Income	\$ (3,283)	\$ (7,885)	\$ (8,192)	\$ 167	\$ (492)	\$ 10	\$ (80)	\$ (394)	\$ 1,721
Preferred Dividends	1,043	0	0	-	-	-	-	0	0
Net to Common	\$ (4,326)	\$ (7,885)	\$ (8,192)	\$ 167	\$ (492)	\$ 10	\$ (80)	\$ (394)	\$ 1,721
Basic Shares	19,610	22,364	21,920	21,860	22,040	22,115	22,190	22,051	22,276
Diluted Shares	19,610	22,364	21,920	21,960	22,040	22,215	22,190	22,051	22,376
Basic EPS	\$ (0.22)	\$ (0.35)	\$ (0.37)	\$ 0.01	\$ (0.02)	\$ 0.00	\$ (0.00)	\$ (0.02)	\$ 0.08
Diluted EPS	\$ (0.22)	\$ (0.35)	\$ (0.37)	\$ 0.01	\$ (0.02)	\$ 0.00	\$ (0.00)	\$ (0.02)	\$ 0.08
D&A	487	855	1,262	544	544	544	544	2,176	2,236
Stock/Incentive Comp	3,150	5,424	5,375	686	686	686	686	2,744	2,881
Other	1,300	557	82	0	0	0	0	0	0
EBITDA	1,646	(619)	(1,071)	1,379	685	1,214	1,119	4,397	6,820
Margin	3.9%	-1.3%	-2.5%	8.3%	4.5%	7.4%	6.1%	6.6%	9.4%

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

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

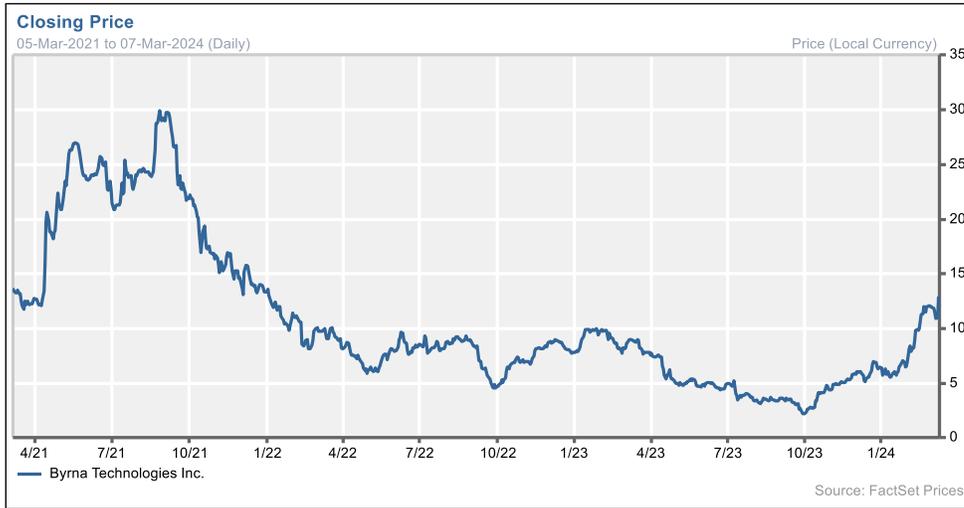
	30-Nov-21 FY2021A	30-Nov-22 FY2022A	30-Nov-23 FY2023A	30-Nov-24 FY2024E	30-Nov-25 FY2025E
Cash & ST Investments	56,308	20,068	20,498	22,551	50,317
Restricted Cash	92	0	0	0	0
A/R	1,658	5,915	2,945	3,662	0
Inventory	6,613	15,462	13,890	16,574	0
Prepaid Expenses & Other	1,490	1,200	868	1,016	1,136
Current Assets	\$ 66,161	\$ 42,645	\$ 38,201	\$ 43,803	\$ 51,453
Deposits for equipment	1,293	2,269	1,163	1,163	1,163
Right-of-use asset	1,086	2,424	1,805	1,059	371
PP&E	1,972	3,309	3,803	3,203	2,543
Intangible assets	3,668	3,872	3,583	3,340	3,096
Goodwill	816	2,258	2,258	2,258	2,258
Restricted Cash	0	0	0	0	0
Investment in JV	0	0	0	0	0
Loan to JV	0	0	1,473	1,473	1,473
Other	318	272	28	33	37
Total Assets	\$ 75,314	\$ 57,049	\$ 52,314	\$ 56,332	\$ 62,393
A/P	6,996	7,708	6,158	7,209	8,058
Operating Lease	463	757	644	644	644
Deferred revenue	720	458	1,844	2,159	2,413
Convertible notes	0	0	0	0	0
Notes payable	0	0	0	0	0
Accrued Interest	0	0	0	0	0
Current Liabilities	\$ 8,179	\$ 8,923	\$ 8,646	\$ 10,012	\$ 11,115
Convertible N/P	0	0	0	0	0
NP	0	0	0	0	0
Deferred revenue	405	340	91	107	119
Operating Lease	632	1,792	1,258	1,258	1,258
Equity	66,098	45,994	42,319	44,956	49,902
Total Liabilities & Equity	\$ 75,314	\$ 57,049	\$ 52,314	\$ 56,332	\$ 62,393

	30-Nov-21 FY2021A	30-Nov-22 FY2022A	30-Nov-23 FY2023A	30-Nov-24 FY2024E	30-Nov-25 FY2025E
Net Income	(3,283)	(7,885)	(8,192)	(394)	1,721
Depreciation	487	855	1,262	2,176	2,236
Stock and Incentive Comp	3,150	5,424	5,375	2,744	2,881
Other	63	814	2,751	11	9
Working Capital	(4,854)	(13,034)	2,696	(2,184)	21,220
Operating CF	\$ (4,437)	\$ (13,826)	\$ 3,892	\$ 2,353	\$ 28,066
Capx	(1,700)	(3,253)	(903)	(600)	(600)
Acquisitions	(4,044)	(1,883)	0	0	0
Other	(138)	0	(2,076)	0	0
Investing Activities	\$ (5,882)	\$ (5,136)	\$ (2,979)	\$ (600)	\$ (600)
Equity	57,333	(17,500)	(422)	300	300
Debt	(81)	456	0	0	0
Financing	\$ 57,252	\$ (17,044)	\$ (422)	\$ 300	\$ 300
FX	\$ (189)	\$ (326)	\$ (61)	\$ -	\$ -
Change in Cash	\$ 46,744	\$ (36,332)	\$ 430	\$ 2,053	\$ 27,766

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
- Update – Neutral – February 9, 2024 – Price Target NA
- Update – Neutral – February 15, 2024 – Price Target NA
- Update – Neutral – March 8, 2024 – 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 27-Feb-24

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	20	57.14%	4	11.43%
Market Perform (Neutral)	15	42.86%	2	5.71%
Market Underperform (Sell)	0	0%	0	0.00%
Total	35	100%	6	17.14%

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