

REFINITIV

DELTA REPORT

10-Q

BYRN - BYRNA TECHNOLOGIES INC.

10-Q - FEBRUARY 29, 2024 COMPARED TO 10-Q - AUGUST 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1437

■ CHANGES	205
■ DELETIONS	650
■ ADDITIONS	582

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **August 31, 2023** **February 29, 2024**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. **333-132456**

Byrna Technologies Inc.

(Exact name of registrant as specified in its charter)

Delaware

71-1050654

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification No.)

100 Burtt Road, Suite 115

Andover, MA 01810

(Address of Principal Executive Offices, including zip code)

(978) 868-5011

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001, par value per share	BYRN	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

As of October 10, 2023, April 1, 2024, the Company had 24,143,014 24,924,389 issued and 21,977,027 22,736,497 outstanding shares of common stock.

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PART 1 – FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

BYRNA TECHNOLOGIES INC.

Condensed Consolidated Balance Sheets

(Amounts in thousands, except share and per share data)

	August 31,		November 30,		February 29,		November 30,									
	2023		2022		2024		2023									
	Unaudited				Unaudited											
ASSETS																
CURRENT ASSETS																
Cash and cash equivalents	\$ 13,654		\$ 20,068		\$ 24,176		\$ 20,498									
Accounts receivable, net	3,642		5,915		1,536		2,945									
Inventory, net	16,687		15,462		12,128		13,890									
Prepaid expenses and other current assets	963		1,200		1,131		868									
Total current assets	34,946		42,645		38,971		38,201									
LONG TERM ASSETS																
Intangible assets, net	3,655		3,872		3,510		3,583									
Deposits for equipment	1,520		2,269		1,269		1,163									
Right-of-use asset, net	1,919		2,424		1,688		1,805									
Property and equipment, net	3,638		3,309		3,591		3,803									
Goodwill	2,258		2,258		2,258		2,258									
Loan to joint venture	1,451		—		1,431		1,473									
Other assets	204		272		24		28									
TOTAL ASSETS	\$ 49,591		\$ 57,049		\$ 52,742		\$ 52,314									
LIABILITIES																
CURRENT LIABILITIES																
Accounts payable and accrued liabilities	\$ 4,558		\$ 7,708		\$ 5,131		\$ 6,158									
Operating lease liabilities, current	653		757		641		644									
Deferred revenue, current	651		458		2,595		1,844									
Total current liabilities	5,862		8,923		8,367		8,646									
LONG TERM LIABILITIES																
Deferred revenue, non-current	139		340		71		91									
Operating lease liabilities, non-current	1,367		1,792		1,135		1,258									
Total liabilities	7,368		11,055		9,573		9,995									
COMMITMENTS AND CONTINGENCIES (NOTE 21)																
COMMITMENTS AND CONTINGENCIES (NOTE 18)																
STOCKHOLDERS' EQUITY																
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued	—		—		—		—									
Common stock, \$0.001 par value, 50,000,000 shares authorized. 24,143,014 shares issued and 21,977,027 shares outstanding as of August 31, 2023 and, 24,018,612 shares issued and 21,852,625 outstanding as of November 30, 2022	24		23													

Common stock, \$0.001 par value, 50,000,000 shares authorized. 24,375,754 shares issued and 22,209,767 shares outstanding as of February 29, 2024 and, 24,168,014 shares issued and 22,002,027 outstanding as of November 30, 2023	24	24
Additional paid-in capital	129,707	125,474
Treasury stock (2,165,987 shares purchased as of August 31, 2023 and November 30, 2022)	(17,500)	(17,500)
Treasury stock (2,165,987 shares purchased as of February 29, 2024 and November 30, 2023)		(17,500) (17,500)
Accumulated deficit	(68,747)	(61,383) (69,558) (69,575)
Accumulated other comprehensive loss	(1,261)	(620) (1,171) (1,056)
Total Stockholders' Equity	42,223	45,994 43,169 42,319
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 49,591	\$ 57,049 \$ 52,742 \$ 52,314

See accompanying notes to the unaudited condensed consolidated financial statements.

BYRNA TECHNOLOGIES INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(Amounts in thousands except share and per share data)

(Unaudited)

	For the Three Months Ended		For the Nine Months Ended		For the Three Months Ended	
	August 31,		August 31,		February 29,	February 28,
	2023	2022	2023	2022	2024	2023
Net revenue	\$ 7,085	\$ 12,422	\$ 27,004	\$ 32,018	\$ 16,654	\$ 8,411
Cost of goods sold	3,927	5,545	12,402	14,403	7,015	3,165
Gross profit	3,158	6,877	14,602	17,615	9,639	5,246
Operating expenses	7,267	8,283	21,522	25,045	9,803	7,240
LOSS FROM OPERATIONS	(4,109)	(1,406)	(6,920)	(7,430)	(164)	(1,994)
OTHER INCOME (EXPENSE)						
Foreign currency transaction gain (loss)	(54)	28	(238)	(67)		
Interest income (expense)	239	(3)	525	10		
Foreign currency transaction loss					(58)	(136)
Interest income					280	143
Loss from joint venture	(287)	—	(625)	—	(42)	(167)
Other expenses	(7)	(3)	(270)	(183)		
LOSS BEFORE INCOME TAXES	(4,218)	(1,384)	(7,528)	(7,670)		
Income tax (provision) benefit	124	(150)	165	(82)		
NET LOSS	(4,094)	(1,534)	(7,363)	(7,752)		
Other income (expense)					1	(58)
INCOME (LOSS) BEFORE INCOME TAXES					17	(2,212)
Income tax benefit					—	59
NET INCOME (LOSS)					17	(2,153)
Foreign currency translation adjustment for the period	585	(639)	(641)	(624)	(115)	(585)
COMPREHENSIVE LOSS	\$ (3,509)	\$ (2,173)	\$ (8,004)	\$ (8,376)	\$ (98)	\$ (2,738)
Net loss per share – basic and diluted	\$ (0.19)	\$ (0.07)	\$ (0.34)	\$ (0.34)		

Weighted-average number of common shares outstanding - basic and diluted	21,960,163	21,751,879	21,895,815	22,704,565
Basic net income (loss) per share			\$ 0.00	\$ (0.10)
Diluted net income (loss) per share			\$ 0.00	\$ (0.10)
Weighted-average number of common shares outstanding - basic			22,035,249	21,860,200
Weighted-average number of common shares outstanding - diluted			22,838,827	21,860,200

See accompanying notes to the unaudited condensed consolidated financial statements.

BYRNA TECHNOLOGIES INC.

Condensed Consolidated Statements of Cash Flows

(Amounts in thousands)

(Unaudited)

	For the Nine Months Ended		For the Three Months Ended	
	August 31,		February 29,	February 28,
	2023	2022		
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	\$ (7,363)	\$ (7,752)		
Adjustments to reconcile net loss to net cash used in operating activities:				
Net income (loss) for the period			\$ 17	\$ (2,153)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Stock-based compensation expense	4,689	4,061	938	1,464
Depreciation and amortization	921	638	338	276
Provision for inventory	648	—		
Amortization of debt issuance costs			4	—
Operating lease costs	505	360	117	362
Loss from joint venture	625	—	42	167
Impairment loss	176	—		
Changes in assets and liabilities:				
Accounts receivable	1,968	(1,003)	1,409	1,487
Deferred revenue	(8)	167	731	525
Inventory	(2,317)	(8,917)	1,762	(2,896)
Prepaid expenses and other current assets	182	(85)	(263)	(418)
Other assets	(97)	142	—	13
Accounts payable and accrued liabilities	(3,027)	(151)	(1,027)	(1,823)
Operating lease liabilities	(530)	(244)	(126)	(375)
NET CASH USED IN OPERATING ACTIVITIES	(3,628)	(12,784)		
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			3,942	(3,371)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(342)	(2,232)	(171)	(206)
Equity method investment in joint venture	(520)	—	—	(520)
Purchase of patent rights	—	(44)	—	
Cash paid for asset acquisition, net of cash acquired	—	(1,933)	—	
Loan to joint venture	(1,556)	—	—	(1,556)

NET CASH USED IN INVESTING ACTIVITIES	(2,418)	(4,209)	(171)	(2,282)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from stock option exercises	—	457	10	—
Repurchase of common stock	—	(15,000)		
Payment of taxes withheld on issuance of restricted stock units	(456)	—		
NET CASH USED IN FINANCING ACTIVITIES	(456)	(14,543)		
NET CASH PROVIDED BY FINANCING ACTIVITIES		10	—	
Effects of foreign currency exchange rate changes	88	(407)	(103)	11
NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	(6,414)	(31,943)		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD			3,678	(5,642)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	20,068	56,400	20,498	20,068
CASH AND CASH EQUIVALENTS END OF PERIOD	\$ 13,654	\$ 24,457	\$ 24,176	\$ 14,426

See accompanying notes to the unaudited condensed consolidated financial statements.

BYRNA TECHNOLOGIES INC.

Condensed Consolidated Statements of Changes in Stockholders' Equity

For the Three and Nine Months Ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023

(Amounts in thousands except share numbers)

(Unaudited)

	Accumulated									
	Common Stock		Additional		Treasury		Other			
	Shares	\$	Capital	Stock	Shares	\$	Deficit	Loss	Total	
Balance, May 31, 2023	24,032,248	\$ 23	\$ 128,425	(2,165,987)	\$ (17,500)	\$ (64,653)	\$ (1,846)	\$ 44,449		
Stock-based compensation	—	—	1,738	—	—	—	—	—		1,738
Issuance of common stock pursuant to vesting of restricted stock units	110,766	1	(456)	—	—	—	—	—		(455)
Net loss	—	—	—	—	—	—	(4,094)	—		(4,094)
Foreign currency translation	—	—	—	—	—	—	—	585		585
Balance, August 31, 2023	<u>24,143,014</u>	<u>\$ 24</u>	<u>\$ 129,707</u>	<u>(2,165,987)</u>	<u>\$ (17,500)</u>	<u>\$ (68,747)</u>	<u>\$ (1,261)</u>	<u>\$ 42,223</u>		
Balance, May 31, 2022	24,008,219	\$ 23	\$ 120,375	(1,779,958)	\$ (15,000)	\$ (59,716)	\$ (1)	\$ 45,681		
Issuance of common stock pursuant to vesting of restricted stock units	8,393	—	—	—	—	—	—	—		—
Stock-based compensation	—	—	2,689	—	—	—	—	—		2,689
Settlement of obligation to grant stock options	—	—	1,043	—	—	—	—	—		1,043
Net loss	—	—	—	—	—	—	(1,534)	—		(1,534)
Foreign currency translation	—	—	—	—	—	—	—	(639)		(639)
Balance, August 31, 2022	<u>24,016,612</u>	<u>\$ 23</u>	<u>\$ 124,107</u>	<u>(1,779,958)</u>	<u>\$ (15,000)</u>	<u>\$ (61,250)</u>	<u>\$ (640)</u>	<u>\$ 47,240</u>		

	Additional						Treasury		Accumulated			Additional		Treasury		
	Common Stock		Paid-in		Stock		Accumulated	Other	Comprehensive	Total	Common Stock		Paid-in		Stock	
	Shares	\$	Capital	Shares	\$	Deficit	Loss			Shares	\$	Capital	Shares	\$		
Balance, November 30, 2023										24,168,014	\$ 24	\$ 130,426	(2,165,987)	\$ (17		
Stock-based compensation										—	—	938	—	—		
Issuance of common stock pursuant to exercise of stock options										167,967	—	10	—	—		
Issuance of common stock pursuant to vesting of restricted stock units										39,773	—	—	—	—		
Net income										—	—	—	—	—		
Foreign currency translation										—	—	—	—	—		
Balance, February 29, 2024										24,375,754	\$ 24	\$ 131,374	(2,165,987)	\$ (17		
Balance, November 30, 2022	24,018,612	\$ 23	\$ 125,474	(2,165,987)	\$ (17,500)	\$ (61,383)	\$ (620)	\$ 45,994		24,018,612	\$ 23	\$ 125,474	(2,165,987)	\$ (17		
Issuance of common stock pursuant to vesting of restricted stock units										13,636	—	—	—	—		
Stock-based compensation	—	—	4,689	—	—	—	—	—	4,689	—	—	1,464	—	—		
Issuance of common stock pursuant to vesting of restricted stock units	124,402	1	(456)	—	—	—	—	—	(457)							
Net loss	—	—	—	—	—	(7,363)	—	(7,363)	—	—	—	—	—	—		
Foreign currency translation	—	—	—	—	—	—	—	(641)	(641)	—	—	—	—	—		
Balance, August 31, 2023	24,143,014	\$ 24	\$ 129,707	(2,165,987)	\$ (17,500)	\$ (68,747)	\$ (1,261)	\$ 42,223								

Balance,								
November 30, 2021	23,754,096	\$ 23	\$ 119,589	—	\$ —	\$ (53,498)	\$ (16)	\$ 66,098
Issuance of common stock pursuant to exercise of stock options	250,250	—	457	—	—	—	—	457
Issuance of common stock pursuant to settlement of restricted stock units	12,266	—	—	—	—	—	—	—
Settlement of obligation to grant stock options	—	1,043	—	—	—	—	1,043	1,043
Reclassification of stock-based compensation plan modification	—	—	(1,043)	—	—	—	—	(1,043)
Stock-based compensation	—	—	4,061	—	—	—	—	4,061
Repurchase of common shares under Stock Buyback Plan	—	—	—	(1,779,958)	(15,000)	—	—	(15,000)
Net loss	—	—	—	—	—	(7,752)	—	(7,752)
Foreign currency translation	—	—	—	—	—	—	(624)	(624)
Balance, August 31, 2022	24,016,612	\$ 23	\$ 124,107	(1,779,958)	\$ (15,000)	\$ (61,250)	\$ (640)	\$ 47,240
Balance, February 28, 2023	—	—	—	—	—	—	—	—
	24,032,248	\$ 23	\$ 126,938	(2,165,987)	\$ (17)	—	—	—

See accompanying notes to the unaudited condensed consolidated financial statements.

BYRNA TECHNOLOGIES INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended **August 31, 2023** **February 29, 2024** and **2022** **February 28, 2023**

1. NATURE OF OPERATIONS

Byrna Technologies Inc. (the "Company" or "Byrna") is a **non-lethal defense** technology company, specializing in next generation **solutions** **alternatives to traditional firearms** without the risk of taking a life. The Company's launchers can be used for **self-defense** and **personal security** situations that do by consumers in all 50 states without a firearms license, subject to local regulations. The Company also sell accessories, pepper sprays, and other personal safety tools. Most of the sales are to consumers in the

United States via our Company e-commerce site, the Amazon storefront, or the brick and mortar location in Las Vegas, and through retailers, including big box stores. The Company's products also may be sold to private security and public security officers. Since 2020, the Company have not require manufactured or sold any products to or for use by the use of lethal force. Byrna personal security devices are non-lethal self-defense devices that are powered by CO2 and fire .68 caliber spherical kinetic and chemical irritant projectiles. The Company added pepper sprays to its non-lethal defense product line with an acquisition in May 2022. See Note 7, "Acquisitions" for additional information. These products are sold in both the consumer and security professional markets, military. The Company operates two manufacturing facilities, a 30,000 square foot facility in located in Fort Wayne, Indiana and a 20,000 square foot manufacturing facility located in Pretoria, South Africa.

On January 10, 2023, the Company created a new joint venture with Fusady S.A. ("Fusady") located in Uruguay, to expand the Company's operations and presence in South American markets. The Company holds 51% of the stock in the joint venture entity, Uldawer S.A. (soon to be renamed "Byrna LATAM"), Byrna LATAM, and the remaining 49% of stock in Byrna LATAM is held by Fusady. See Note 8, "Investment in Joint Venture" for additional information.

The Company was incorporated under the laws of the state of Delaware on March 1, 2005.

2. OPERATIONS AND MANAGEMENT PLANS

From inception to August 31, 2023 February 29, 2024, the Company has incurred an accumulated deficit of \$68.7 million, approximately \$69.6 million. The Company has funded operations through the issuance of common stock. The Company generated \$27.0 million in revenue and a nominal amount of net loss of \$7.4 million income for the nine three months ended August 31, 2023 February 29, 2024. The Company is expected to continue to incur significant losses before the Company's revenues are sufficient to sustain its operations. The Company's future success is dependent upon its ability to continue to raise sufficient capital or generate adequate revenues, to cover its ongoing operating expenses, and also to continue to develop and be able to profitably market its products.

Management projects that all cash needs will be met beyond one year from the time these financial statements are issued.

3. BASIS OF PRESENTATION

These condensed consolidated financial statements as of August 31, 2023 and for the three and nine months ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023 include the accounts of the Company and its subsidiaries. These condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles in the United States of America ("GAAP"); however, such information reflects all adjustments consisting solely of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods. All significant intercompany accounts and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto together with management's discussion and analysis of financial condition and results of operations contained in the Company's annual report on Form 10-K for the year ended November 30, 2022 2023. In the opinion of management, the accompanying unaudited condensed consolidated financial statements, the results of its operations for the three and nine months ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023, and its cash flows for the nine three months ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023 are not necessarily indicative of results to be expected for the full year. Certain prior year amounts have been reclassified to conform to the current year presentation.

4. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and any such differences may be material to our condensed consolidated financial statements. Significant estimates include assumptions about stock-based compensation expense, valuation for deferred tax assets, incremental borrowing rate on leases, valuation and carrying value of goodwill and other identifiable intangible assets, useful life of long-lived assets, inventory reserves, and allowance for sales returns, credit losses.

5. RECENT ACCOUNTING GUIDANCE

Accounting Guidance Issued But Not Adopted

In January 2017, The Company considers the Financial applicability and impact of all Accounting Standards Board Updates ("FASB") issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04" ASUs"). The FASB issued the update ASUs not discussed below were assessed and determined to simplify the measurement of goodwill by eliminating step be either 2 not from the goodwill impairment test. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. ASU 2017-04 will be effective for the Company so long as it remains a smaller reporting company in its first quarter of 2024. Early adoption is permitted. The Company is currently evaluating the applicable or are expected to have minimal impact of adopting this update on the condensed consolidated financial statements. The Company does not expect the standard to have an impact on its consolidated financial statements. The Company expects the adoption of this update to simplify its annual goodwill impairment testing process, by eliminating the need to estimate the implied fair value of a reporting unit's goodwill, if its respective carrying value exceeds fair value.

Recently Adopted Accounting Pronouncement

In 2016, the FASB Financial Accounting Standards Board issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). The guidance changes the impairment model used to measure credit losses for most financial assets. A new forward-looking expected credit loss model will replace the existing incurred credit loss model and will impact the Company's accounts and other receivables, including the loan receivable from Byrna LATAM receivables. This is expected to generally result in earlier recognition of allowances for credit losses. The Company adopted ASU 2016-13 will on December 1, 2023 and it did not have a material impact on the Company's financial statements.

Accounting Pronouncement Issued but Not Adopted

In 2023, the FASB issued ASU 2023-09 – Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). This update standardizes categories for the effective tax rate reconciliation, requires disaggregation of income taxes and additional income tax-related disclosures. This update is required to be effective for the Company for fiscal periods beginning in after December 2023 15, 2025. since it The Company is a smaller reporting company, evaluating the effect that ASU 2023-09 will have on its financial statements and disclosures.

ASU 2023-07: Segment Reporting Topic 280 - Improvements to Reportable Segment Disclosures. This update requires expanded annual and interim disclosures for significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. This update will be effective for fiscal years beginning after December 15, 2024, and is to be applied retrospectively to all periods presented in the financial statements. Early adoption is permitted. The Company believes is evaluating the adoption of effect that ASU 2016 2023-13 07 will have on its financial statements and disclosures and believes it will not a material impact on the Company's consolidated financial statements.

On March 21, 2024, the FASB issued Accounting Standards Update (ASU) 2024-01, Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards, which provides illustrative guidance to help entities determine whether profits interest and similar awards should be accounted for as share-based payment arrangements within the scope of FASB Accounting Standards Codification (FASB ASC) 718, Compensation—Stock Compensation. The Company believe it will not have a material impact on the condensed Company's consolidated financial statements.

6. GOODWILL

Goodwill resulting from a business combination is not amortized but is reviewed for impairment annually or more frequently when events or changes in circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company has the option to perform a qualitative assessment over goodwill when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit or to bypass the qualitative assessment in any period and proceed directly to performing the quantitative goodwill impairment test. If the Company concludes, based on the qualitative assessment, that the carrying value of a reporting unit would more likely than not exceed its fair value, a quantitative assessment is performed which is based upon a comparison of the reporting unit's fair value to its carrying value. The fair values used in this evaluation are estimated by the Company based upon future discounted cash flow projections for the reporting unit. An impairment charge is recognized for any amount by which the carrying amount of goodwill exceeds its fair value.

The Company performs its annual review for impairment during the third quarter of each year. The Company assesses goodwill for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment, referred to as a component. The Company's operations constitute a single reporting unit and goodwill is assessed for impairment at the Company as a whole. At August 31, 2023, the Company determined that there was no impairment of goodwill.

7. ACQUISITIONS

Business Combination

Fox Labs International

On May 25, 2022, the Company acquired Fox Labs International, a producer of defensive pepper sprays, catering primarily to law enforcement and other security professionals (domestically and internationally). The cash consideration was \$2.2 million. There were no acquisition-related expenses. As part of the transaction, the Company acquired 10 trademarks. The Company classified and designated identifiable assets acquired and assessed and determined the useful lives of the acquired intangible assets subject to amortization.

The estimated fair values of assets acquired and liabilities assumed on May 25, 2022 are as follows (in thousands):

Cash	\$	300
Accounts receivable		38
Inventory		36
Trademarks		360
Customer list intangible		70
Accounts payable		(59)
Deferred revenue		(14)
Goodwill		1,442
Total acquired assets	\$	2,173

8. INVESTMENT IN JOINT VENTURE

In January 2023, the Company acquired a 51% ownership interest in Byrna LATAM, a corporate joint venture formed to expand the Company's operations and presence in South American markets, for \$0.5 million. The Company accounts for the investment in the joint venture using the equity method since the Company does not have voting control of Byrna LATAM. Additionally, the Company does not have substantive participating rights that would result in the Company having control of Byrna LATAM.

Investments in equity method investees are those for which the Company has the ability to exercise significant influence or exercise joint control with other investors but does not control and is not the primary beneficiary. Under this method of accounting, the Company's investment is recorded initially at cost and subsequently adjusted for its proportionate share of the net earnings or losses. The Company's share of net income or net loss in Byrna LATAM can have a significant impact on the reported equity method investment activity and the carrying value on the investment. In the event that net losses of Byrna LATAM reduce the equity method investment carrying amount to zero, additional net losses may be recorded if other investments, which are not accounted for under the equity method, are at-risk even if the Company has not committed to provide financial support to Byrna LATAM. The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. The Company recorded its share of the joint venture's loss during the three and ninemonths ended August 31, 2023 February 29,2024 of \$0.3 less than \$0.1 million and \$0.6 million, respectively, in the Consolidated Statements of Operations and Comprehensive Loss as other expense, loss from joint venture. The carrying value of the Company's investment in the joint venture at August 31, February 29,2024 and November 30, 2023 is \$0 million and is recorded as investment in joint venture at zero in the Consolidated Balance Sheet Sheets.

In January 2023, the Company loaned \$1.6 million to Byrna LATAM. The loan bears interest at a rate equal to Secured Overnight Financing Rate ("SOFR") plus 3.0%. The interest rate on the loan was 8.3% as of August 31, 2023 February 29,2024. The loan amount must be repaid within five years from the date of the loan, or January 10, 2028. Interest income related to the loan receivable totaled \$0.04 million was \$0.1 million for the three months ended February 29,2024, and \$0.08 million for the three and ninemonths ended August 31, February 28, 2023, respectively, and is included in interest income in the Condensed Consolidated Statements of Operations and Comprehensive Loss. The loan receivable is recorded as loan to joint venture in the Consolidated Balance Sheet. During the three and nine months ended August 31, 2023, the cumulative net losses of Byrna LATAM exceeded the equity method investment by \$0.1 million. The carrying basis of the loan receivable was reduced by the \$0.1 million excess loss from \$1.6 million to \$1.5 million. Sheets.

9.8. REVENUE, DEFERRED REVENUE AND ACCOUNTS RECEIVABLE

The Company generates most of its revenue through the e-commerce portals to consumers, as well as wholesale distribution of its products and accessories to dealers/distributors and sales retail stores. The Company also sells products to large end-users such as retail stores, private security companies and law enforcement agencies, agencies. Since winding down the legacy 40mm business in 2019 and through e-commerce portals to consumers.2020, the Company does not manufacture or sell any products regulated by the BATF or for military applications. Revenue is recognized upon transfer of control of goods to the customer, which generally occurs when title to goods is passed and risk of loss transfers to the customer. Depending on the contract terms, transfer of control is upon shipment of goods to or upon the customer's pick-up of the goods. Payment terms to customers other than e-commerce customers are generally 30-60 days for established customers, whereas new wholesale and large end-user customers have prepaid terms for their first order. The amount of revenue recognized is net of returns and discounts that the Company offers to its customers. Products purchased include a standard warranty that cannot be purchased separately. This allows customers to return defective products for repair or replacement within one year of sale. The Company also sells an extended warranty for the same terms over three years. The extended 3-year warranty can be purchased separately from the product and is classified as a service warranty. Since a warranty for the first year after sale is included and non-separable from all launcher purchases, the Company considers this extended warranty to represent a service obligation during the second and third years after sale. Therefore, the Company accumulates billings of these transactions on the balance sheet as deferred revenue, to be recognized on a straight-line basis during the second and third year after sale. The Company recognizes an estimated reserve based on its analysis of historical experience, and an evaluation of current market conditions.

The Company **also has** offers e-commerce customers a 14-day **money back** guarantee, which allows for a full refund of the purchase price, excluding shipping charges, within 14 days from the date of delivery. The right of return creates a variable component to the transaction price and needs to be considered for any possible constraints. The Company estimates returns using the expected value method, as there will likely be a range of potential return amounts. The Company's reserve for returns under the 14-day money back guarantee for the three **and nine** months ended **August 31, 2023** **February 29, 2024** and **2022** **February 28, 2023** were immaterial.

The Company **sells** **does not offer a money-back guarantee** to dealers **and** **retailers** for whom there is no money back guarantee but **who** **or** **retailers**. **These customers** may request a return or credit for unforeseen reasons or who may have agreed discounts or allowances to be netted from amounts invoiced. **The** **According**, **the** Company reserves for returns, discounts and allowances based on past performance and on agreement terms and reports revenue net of the estimated reserve. The Company's reserve for returns, discounts, and allowances for the three **and nine** months ended **August 31, 2023** **February 29, 2024** and **2022** **February 28, 2023** were immaterial.

The Company accounts for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated products. Shipping and handling costs associated with the distribution of finished products to customers, are recorded in operating expenses in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss and are recognized when the product is shipped to the customer.

Included as cost of goods sold are costs associated with the production and procurement of products, such as labor and overhead, inbound freight costs, manufacturing depreciation, purchasing and receiving costs, and inspection costs.

Accounts Receivable

The Company records accounts receivables due from dealers/distributors, large end-users such as retail stores, security companies, and law enforcement agencies. Accounts receivable, net of allowances, **was** **\$3.6** **was** **\$1.5** million, **\$4.2** million, **\$5.9** million, **\$2.5** million, **\$2.9** million and **\$1.7** million **\$5.9** million as of **August 31, 2023** **February 29, 2024**, **May 31, 2023**, **November 30, 2022**, **May 31, 2022**, **2023** and **November 30, 2021**, **2022**, respectively.

An Allowance for Expected Credit Losses

The Company estimates the balance of its allowance for **doubtful accounts receivable** is maintained **expected credit losses**. In determining the amount of the allowance for **potential** credit losses, the Company considers historical collectability based upon management's assessment on past due status and makes judgments about the creditworthiness of customers based on ongoing credit evaluations. The Company also considers customer-specific information, current market conditions, and reasonable and supportable forecasts of future economic conditions. Account balances are written off against the expected collectability of all accounts receivables. The allowance for **doubtful accounts** was approximately **\$0.05** million, **\$0.01** million, **\$0.01** million, **\$0.01** million, and **\$0.01** million as when it is determined that the receivable will not be recovered. As of **August 31, 2023** **February 29, 2024**, **May 31, 2023**, **November 30, 2022**, **May 31, 2022**, **2023** and **November 30, 2021**, **2022**, the total allowance for credit losses recorded was **\$0.5** million, **\$0.5** million and less than **\$0.0** million, respectively.

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Deferred Revenue

The balance of deferred revenue, which **primarily relates** **relate to** **unfulfilled e-commerce orders** and amounts to be recognized under extended 3-year service warranty as of **August 31, 2023** **February 29, 2024** and **February 28, 2023** was **\$2.7** million and **2022** totaled **\$1.3** million, respectively, and **\$1.9** million and **\$0.8** million and **\$1.3** million, respectively. The balance was **\$0.6** million and **\$0.4** million as of **May 31, 2023**, **November 30, 2022** and **2022**, respectively. The balance was **\$1.3** million and **\$1.1** million as of the years ended **November 30, 2022** and **November 30, 2021**, respectively. The Company **amount** **recognized** in **revenue** **included** in the beginning balance of deferred revenue totaling **\$0.4** million and **\$0.5** million during for the three **and nine** months ended **August 31, 2023** **February**, respectively, and **\$0.02** million and **\$0.03** million during **three** **2024** and **nine** **February 28, 2023** months ended **August 31, 2022**, respectively, was less than **\$0.1** million for both periods.

Revenue Disaggregation

The following table presents disaggregation of the Company's revenue by distribution channel (in thousands):

Distribution channel	Three Months Ended		Nine Months Ended	
	August 31,		August 31,	
	2023	2022	2023	2022
Wholesale (dealer/distributors)	\$ 2,327	\$ 4,312	\$ 9,295	\$ 10
E-commerce	4,758	8,110	17,709	21

Total	\$ 7,085	\$ 12,422	\$ 27,004	\$ 32
Three Months Ended				
	February 29,	February 28,		
Distribution channel	2024	2023		
Wholesale (dealer/distributors)	\$ 3,553	\$ 2,039		
E-commerce (direct to consumers)	13,101	6,372		
Total	<u><u>\$ 16,654</u></u>	<u><u>\$ 8,411</u></u>		

9. INVENTORY

The following table summarizes inventory (in thousands):

	February 29,		November 30,	
	2024		2023	
	Raw materials	\$ 6,979	Raw materials	\$ 7,543
Work in process		1,895		2,439
Finished goods		3,254		3,908
Total		<u><u>\$ 12,128</u></u>		<u><u>\$ 13,890</u></u>

10. PROPERTY AND EQUIPMENT

The following table summarizes cost and accumulated depreciation (in thousands):

	August 31,		November 30,		February		November	
	2023		2022		29,	30,		
	2023	\$ 818	2022	\$ 328	\$ 814	2024	\$ 817	
Computer equipment and software		818		328	\$ 814		\$ 817	
Furniture and fixtures		268		392	272		273	
Leasehold improvements		990		910	987		989	
Machinery and equipment		2,980		2,531	3,478		3,425	
		5,056		4,161	5,551		5,504	
Less: accumulated depreciation		1,418		852	1,960		1,701	
Total		<u><u>\$ 3,638</u></u>		<u><u>\$ 3,309</u></u>	<u><u>\$ 3,591</u></u>		<u><u>\$ 3,803</u></u>	

The Company recognized approximately \$0.7 million and \$0.4 million in depreciation expense during the nine months ended August 31, 2023 and 2022, respectively. The Company recognized approximately \$0.3 million and \$0.2 million in depreciation expense during the three months ended August 31, 2023 February 29, 2024 and February 28, 2023, respectively. Depreciation expense is presented in the operating expenses and within cost of goods sold in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss.

Management identified certain property and equipment items that are no longer being used in production. The Company recorded an impairment loss during the nine months ended August 31, 2023 and 2022 for certain machinery and equipment assets that are no longer in use totaling \$0.2 million in the other expenses line in the accompanying Condensed Consolidated Statement of Operations and Comprehensive Loss.

At August 31, 2023 February 29, 2024 and November 30, 2022 2023, the Company had deposits of \$1.5 million \$1.3 million and \$2.3 million \$1.2 million, respectively, with vendors primarily for supply of machinery (molds) and equipment where the vendors have not completed the supply of these assets and is presented as Deposits for equipment in the Condensed Consolidated Balance Sheets.

11. INVENTORY

The following table summarizes inventory (in thousands):

	August 31,		November 30,	
	2023		2022	
Raw materials	\$ 6,405	Raw materials	\$ 7	
Work in process		1,129		
Finished goods		9,153		7
Total	<u><u>\$ 16,687</u></u>		<u><u>\$ 15</u></u>	

12.11. INTANGIBLE ASSETS

The components of intangible assets were as follows:

	Estimated Useful Lives in Years	Balance at August 31, 2023			Balance at November 30, 2022			Estimated Useful Lives in Years	Balance at February 29, 2024			Balance at N	
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization
Patents	10-17	\$ 3,931	\$ (659)	\$ 3,272	\$ 3,931	\$ (468)	\$ 3,463	10-17	\$ 3,931	\$ (787)	\$ 3,144	\$ 3,931	\$
Trademarks	Indefinite	360	—	360	360	—	360	Indefinite	360	—	360	360	
Customer List	2	70	(47)	23	70	(21)	49	2	70	(64)	6	70	
Total		<u>\$ 4,361</u>	<u>\$ (706)</u>	<u>\$ 3,655</u>	<u>\$ 4,361</u>	<u>\$ (489)</u>	<u>\$ 3,872</u>		<u>\$ 4,361</u>	<u>\$ (851)</u>	<u>\$ 3,510</u>	<u>\$ 4,361</u>	<u>\$</u>

The trademarks have an indefinite life and will be assessed annually for impairment. All other intangible assets are finite-lived.

Intangible assets amortization expenses are recorded within operating expenses in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss. Total intangible assets amortization expense for the nine months ended August 31, 2023 and 2022 were \$0.2 million and \$0.2 million, respectively. Total intangible assets amortization expense for the three months ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023 were \$0.1 million and \$0.1 million, respectively.

Estimated future amortization expense related to intangible assets as of August 31, 2023 February 29, 2024 are as follows (in thousands):

Fiscal Year Ending November 30,			
2023 (three months)		\$ 72	
2024		270	
2024 (nine months)			\$ 197
2025		254	254
2026		254	254
2027		254	254
2028			254
Thereafter		2,191	1,937
Total		<u>\$ 3,295</u>	<u>\$ 3,150</u>

13.12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consist of the following (in thousands):

	August 31,		November 30,		February 29,		November 30,	
	2023	2022	2022	2024	2024	2023	2024	2023
Trade payables	\$ 1,750	\$ 3,804		\$ 3,193	\$ 2,617			
Accrued sales and use tax	690	896		626	834			
Accrued people costs	1,189	1,912		753	2,173			
Accrued professional fees	289	349		224	201			
Other accrued liabilities	640	747		335	333			
Total	<u>\$ 4,558</u>	<u>\$ 7,708</u>		<u>\$ 5,131</u>	<u>\$ 6,158</u>			

14. LINES OF CREDIT

On January 19, 2021, the Company entered into a \$5.0 million revolving line of credit with a bank ("Revolving Note"). The revolving line of credit bears interest at a rate equal to the Wall Street Journal Prime Rate plus 0.50%, subject to a floor of 4.00%. The interest rate on the revolving line of credit was 8.75% as of August 31, 2023. The revolving line of credit is secured by the Company's accounts receivable and inventory. The line of credit is subject to an unused fee of 0.25% paid once annually. The line of credit expires on January 19, 2024.

Also on January 19, 2021, the Company entered into a \$1.5 million equipment financing line of credit with a bank ("Nonrevolving Equipment Line"). The line of credit bears interest at a rate equal to the Wall Street Journal Prime Rate plus 0.50%, subject to a floor of 4.00%. The interest rate on the equipment financing line of credit was 8.75% as of August 31, 2023. The line of credit is secured by the Company's equipment. The line of credit is subject to an unused fee of 0.25% paid once annually. The line of credit expires on January 19, 2024.

As of August 31, 2023, there was no outstanding balance on the Revolving Note and the Company had not drawn on the Nonrevolving Equipment Line during the nine months ended August 31, 2023 and 2022. Debt issuance costs related to the line of credit were less than \$0.1 million presented as part of Other Assets in the Condensed Consolidated Balance Sheets. Amortization of \$0.02 million for the nine months ended August 31, 2023 and 2022 and less than \$0.01 million for the three months ended August 31, 2023 and 2022 is included in Interest expense in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

15. STOCKHOLDERS' EQUITY**Authorized Shares and Increase in Stock Compensation Plan**

At the Company's 2022 annual meeting of stockholders held on June 17, 2022 (the "Annual Meeting"), the Company's stockholders approved a decrease in the amount of authorized common stock from 300,000,000 to 50,000,000. The decrease became effective upon filing of a Certificate of Amendment to the Company's Certificate of Incorporation on June 17, 2022.

Stock Buyback Plan

On February 15, 2022, the Company's Board of Directors approved a plan to buy back up to \$10.0 million worth of shares of the Company's common stock from the open market ("Stock Buyback Plan"). The Company's Stock Buyback Plan was used to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. The Company completed the full \$10.0 million for the repurchases under the Stock Buyback Plan during March 2022.

On April 28, 2022, the Company's Board of Directors approved a plan to buy back up to an additional \$5.0 million worth of shares of the Company's common stock. The Company completed the full \$5.0 million repurchase of shares during May 2022.

On October 6, 2022, the Company's Board of Directors approved a plan to buy back up to an additional \$2.5 million worth of shares of the Company's common stock. The Company completed the full \$2.5 million repurchase of shares during November 2022.

16.13. STOCK-BASED COMPENSATION**2020 Plan**

On October 23, 2020, the Company's Board of Directors approved and on November 19, 2020, the stockholders approved the Byrna Technologies Inc. 2020 Equity Incentive Plan (the "2020 Plan"). The aggregate number of shares of common stock available for issuance in connection with options and other awards granted under the 2020 Plan was 2,500,000. On April 26, 2022, the Company's Board of Directors approved and on June 17, 2022 the Company's stockholders approved the increase of the number of shares of common stock available for issuance under the 2020 Plan by 1,300,000 shares to a total of 3,800,000 shares. The 2020 Plan is administered by the Compensation Committee of the Board. The Compensation Committee determines the persons to whom options to purchase shares of common stock, stock appreciation rights ("SARs"), restricted stock units ("RSUs"), and restricted or unrestricted shares of common stock may be granted. Persons eligible to receive awards under the 2020 Plan are employees, officers, directors, consultants, advisors and other individual service providers of the Company. Awards are at the discretion of the Compensation Committee.

The Company accounts for all stock-based payment awards granted to employees and non-employees as stock-based compensation expense at their grant date fair value. The Company's stock-based payments include stock options, RSUs, and incentive warrants. The measurement date for employee awards is the date of grant, and stock-based compensation costs are recognized as expense over the employees' requisite service period, on a straight-line basis. The measurement date for non-employee awards is generally the date the services were completed, resulting in financial reporting period adjustments to stock-based compensation during either the expected term or the contractual term. Stock-based compensation costs for non-employees are recognized as expense over the vesting period on a straight-line basis. Forfeitures are accounted for as they occur.

The fair value of each grant is estimated on the date of grant by using either the Black-Scholes, Binomial Lattice, or the quoted stock price on the date of grant, unless the awards are subject to market conditions in which case the Company uses the Monte Carlo simulation model. Due to the Company's limited history, the expected term of the Company's stock options granted to employees has been determined utilizing the method as prescribed by the SEC's Staff Accounting Bulletin, Topic 14. The risk-free

interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends on common stock and does not expect to pay any cash dividends in the foreseeable future.

Stock-Based Compensation Expense

Stock-based compensation costs are recognized as expense over the employee's requisite service period, on a straight-line basis. Total stock-based compensation expense was \$4.7 million \$0.9 million and \$4.1 million for the nine months ended August 31, 2023 and 2022, respectively. Total stock-based compensation expense was \$1.7 million and \$2.7 million \$1.5 million for the three months ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023, respectively. Total stock-based compensation expense was recorded in Operating expenses in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss.

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Restricted Stock Units

During the nine three months ended August 31, 2023 February and 2022 29, 2024, the Company granted 9,805 600,000 of the RSU's with a "double trigger" for vesting based on stock price and 376,555 time, as follows: (1) one-third of the RSUs respectively will be triggered when the Company's stock trades above \$6.00 on a 20-day VWAP, the second one-third of the RSUs will be triggered when the Company's stock trades above \$9.00 on a 20-day VWAP, and the final one-third of the RSUs will be triggered when the stock trades above \$12.00 on a 20-day VWAP and (2) the employee must remain employed by the Company for three years from the effective date for the RSUs to vest. In addition, the Company also granted 97,974 time-based RSU's during the three months ended February 29, 2024. Stock-based compensation expense for the RSUs for the nine three months ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023 was \$3.4 \$0.5 million and \$2.4 \$1.0 million, respectively.

The assumptions that the Company recorded stock-based compensation expense used to determine the grant-date fair value of \$1.3 million and \$1.7 million RSU's granted with a double trigger for the RSUs during the three months ended August 31, 2023 February and 2022 29, respectively, 2024 were as follows:

Risk free rate	4
Expected dividends	\$
Expected volatility	
Expected life (in years)	
Market price of the Company's common stock on date of grant	\$ 6

As of August 31, 2023 February 29, 2024, there was \$0.8 \$2.2 million of unrecognized stock-based compensation cost related to unvested RSUs which is expected to be recognized over a weighted average of 1.11.6 years.

The following table summarizes the RSU activity during the nine three months ended August 31, 2023 February 29, 2024:

	RSUs
Unvested and outstanding as of November 30, 2022 November 30, 2023	1,314,909 578,250
Issued	(213,636)
Granted	9,805 697,974
Settled	(39,773)
Forfeited	(611,576 24,417)
Unvested and outstanding at August 31, 2023 February 29, 2024	499,502 1,212,034

Of the 213,686 restricted stock units issued, 89,234 units were returned to the Company in exchange for the Company paying for the payroll withholding taxes. For the nine months ended August 31, 2023, restricted stock units of 124,402, net, were issued.

Stock Options

During the nine months ended August 31, 2023 and 2022, the Company granted options to employees and directors to purchase 249,999 and 994,750 shares of common stock, respectively. The Company recorded stock-based compensation expense for options granted to its employees and directors of \$1.3 million and \$1.7 million during the nine months ended August 31, 2023 and 2022, respectively. The Company recorded stock-based compensation expense for options granted to its employees and directors of \$0.4 million and \$1.7 \$0.5 million during the three months ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023, respectively.

As of August 31, 2023 February 29, 2024, there was \$2.9 million \$3.0 million of unrecognized stock-based compensation cost related to unvested stock options which is expected to be recognized over a weighted average period of 1.8 years.

Stock Option Valuation

The fair value of stock options at the date of grant was estimated using the Black Scholes option pricing model. The expected volatility is based upon historical volatility of the Company's stock. The expected term for the options is based upon observation of actual time elapsed between employees. The assumption that the Company used to

determine the grant-date fair value of stock options granted for the **nine** **three** months ended **August 31, 2023** **February 29, 2024** were as follows:

Risk free rate	3.63% - 3.79%	4.10%
Expected dividends	\$ 0.0	—
Expected volatility	76.1% - 77.0%	75.75%
Expected life (in years)	6.5	6.5
Market price of the Company's common stock on date of grant	\$ 6.35 - 6.37	6.89

The following table summarizes option activity under the 2020 Plan during the **nine** **three** months ended **August 31, 2023** **February 29, 2024**:

	Weighted-Average		
	Exercise Price Per		
	Stock Options	Stock Option	
Outstanding, November 30, 2022	1,297,750	\$ 6.75	
Granted	249,999	8.96	
Forfeited	(95,250)	8.14	
Outstanding, August 31, 2023	1,452,499	\$ 6.96	
Exercisable, August 31, 2023	601,498	\$ 5.01	

	Weighted-Average		
	Exercise Price Per		
	Stock Options	Stock Option	
Outstanding, November 30, 2023	1,384,666	\$ 7.12	
Granted	199,500	6.89	
Exercised	(205,000)	2.06	
Outstanding, February 29, 2024	1,379,166	\$ 8.80	
Exercisable, February 29, 2024	467,257	\$ 8.74	

Of the 205,000 shares issued upon exercise of options, 37,023 options were used due to the exercise was cashless.

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17.14. EARNINGS PER SHARE

For the **three** and **nine** months ended **August 31, 2023** **February 29, 2024**, the Company recorded net **loss** available to **income**, as such, used **diluted weighted-average** **common shareholders** **shares outstanding** when calculating **diluted income per share** for the **three** months ended **February 29, 2024**. Stock options and RSUs that could potentially dilute basic earnings per share ("EPS") in the future are included in the computation of **diluted income per share**.

For the **three** months ended **February 28, 2023**, the Company recorded **net loss**. As such, because the dilution from potential common shares was **antidilutive**, the Company used **basic weighted-average common shares outstanding**, rather than **diluted weighted-average common shares outstanding** when calculating **diluted loss per share** for the **three** months ended **February 28, 2023**. Stock options and RSUs that could potentially dilute basic EPS in the future that were not and **nine months ended August 31, 2023 and 2022**, included in the computation of **diluted loss per share** were as follows:

For the Three Months
Ended
February 28,

	2023	
Stock Options		1,514,416
Restricted stock units		1,263,565
Total		2,777,981

The following table sets forth the allocation of net **loss** income (**loss**) for the three and ninemonths ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023, respectively:

	For the Three Months Ended		For the Nine Months Ended	
	August 31,		August 31,	
	2023	2022	2023	2022
Net loss available to common shareholders	\$ (4,094)	\$ (1,534)	\$ (7,363)	\$ (7)
Weighted-average number of shares used in computing net loss per share, basic and diluted	21,960,163	21,751,879	21,895,815	22,704
Net loss per share - basic	\$ (0.19)	\$ (0.07)	\$ (0.34)	\$ (0)

	For the Three Months Ended	
	February 29,	
	2024	2023
Net income (loss)	\$ 17	\$ (2,153)
Weighted-average number of shares used in computing net income (loss) per share, basic	22,035,249	21,860,200
Net income (loss) per share - basic	\$ -	\$ (0.10)
Weighted-average number of shares used in computing net income (loss) per share, diluted	22,838,827	21,860,200
Net income (loss) per share - diluted	\$ 0.00	\$ (0.10)

The Company's potential dilutive securities, which may include stock options and unvested restricted stock units have been excluded from following table reconciles the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used in the calculation of basic EPS to calculate both basic and the weighted-average common shares outstanding used in the calculation of diluted net loss per share attributable to common stockholders is EPS for the same three months ended February 29, 2024:

	For the Three Months Ended	
	February 29,	February 28,
	2024	2023
Weighted-average common shares outstanding- basic	22,035,249	21,860,200
Assumed conversion of:		
Dilutive stock options	37,014	—
Dilutive RSUs	766,564	—
Weighted-average common share outstanding- diluted	22,838,827	21,860,200

The following potential common shares, presented based on amounts outstanding at each period end, were excluded from the calculation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	For the Three Months Ended		For the Nine Months Ended		For the Three Months Ended	
	August 31,		August 31,		February 29,	February 28,
	2023	2022	2023	2022	2024	2023
Options	1,452,499	1,310,783	1,452,499	1,310,783	1,130,166	1,514,416
RSUs	499,502	1,154,659	499,502	1,154,659	301,667	1,263,565

Total	1,952,001	2,465,442	1,952,001	2,540,442	1,431,833	2,777,981
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18.15. RELATED PARTY TRANSACTIONS

The following transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

The Company ~~paid royalties~~ terminated the royalty payments to the Company's Chief Technology Officer ("CTO") for sales on fintail projectiles. The Company expensed \$0.01 million former CTO in December 2021 and \$0 for royalties due to the Company's CTO granted 200,000 RSUs during the nine months fiscal year ended August 31, 2023 and 2022, respectively, and expensed less than \$0.01 million and \$0 due to the Company's CTO during the three months ended August 31, 2023 and 2022, respectively. Balances payable to the CTO for royalties were \$0.01 million and \$0 as of August 31, 2023 and November 30, 2022 respectively.

In January 2022, the Company and the CTO agreed in exchange to waive all future rights and entitlements under a certain purchase to the former CTO. During the fiscal year ended November 30, 2023, the Company and sale agreement, including without limitation any right, title, or interest the former CTO agreed to immediately accelerate the 200,000 RSUs, which resulted in the intellectual property or royalty fees except for those on the fintail projectiles \$0.5 million in December 2021 in exchange for 200,000 RSUs. Refer to Note 21, "Commitments and Contingencies - Royalty Payments," for additional information. accelerated stock compensation expense.

The Company subleases office premises at its Massachusetts headquarters to a corporation owned and controlled by the Chief Executive Officer ("CEO") of the Company beginning July 1, 2020, with no stated termination date. Sublease payments received were \$0.06 million and \$0.03 million for the nine months ended August 31, 2023 and 2022, respectively. Sublease payments received were less than \$0.01 million a nominal amount for the three months ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023, respectively.

Fusady is owned, in equal 25% shares, by four individual investors. These four individuals also each own 25% of Bersa S.A. Bersa S.A. is a distributor of the Company's products in Argentina. The Company's There were no sales to Bersa S.A. were during the three months ended February 29, 2029 and less than \$0.06 million and \$0.1 million for the three and nine months ended August 31, 2023 February 28, 2023, respectively. As of February 29, 2024, the Company had accounts receivable which are due within one year of \$0 and \$1.6 million as of August 31, 2023, from Bersa S.A. of \$2.2 million and \$4.0 million as of August 31, 2023 and November 30, 2022 2023, respectively.

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19.16. LEASES

Operating Leases

The Company has operating leases for real estate in the United States and South Africa and does not have any finance leases.

In 2019, the Company entered into a real estate lease for office space in Andover, Massachusetts. In August 2021, the lease was amended to include additional space and extend the term of the existing space by one year. The new lease expiration date is February 29, 2028. The base rent is approximately \$0.02 million per month.

The Company leases office and warehouse space in South Africa that expires in December 2024. The base rent is approximately \$0.07 million per month.

The Company leases warehouse and manufacturing space in Fort Wayne, Indiana. The lease expires on July 31, 2025. The base rent is approximately \$0.01 million per month. Commencing in August 2022, the Company sub-leases the former Fort Wayne facility. The amount received from the sub-lease is immaterial. In November 2021, the Company entered into a lease which commenced in August 2022. The lease expires on July 31, 2027. The base rent is approximately \$0.02 million per month.

The Company also leases office space in Las Vegas, Nevada, which expires on January 31, 2027. The base rent is less than \$0.01 million per month.

Certain of the Company's leases contain options to renew and extend lease terms and options to terminate leases early. Reflected in the right-of-use asset and lease liability on the Company's balance sheets are the periods provided by renewal and extension options that the Company is reasonably certain to exercise, as well as the periods provided by termination options that the Company is reasonably certain to not exercise.

As of For the August 31, 2023 three months ended February 29, 2024 and 2022 February 28, 2023, the elements of lease expense were as follows (in thousands):

Three Months Ended	Nine Months Ended	Three Months Ended	Three Months Ended
August 31, 2023	August 31, 2023	February 29, 2024	February 28, 2023

Lease Cost:						
Operating lease cost	\$ 165	\$ 499	\$ 160	\$ 161		
Short-term lease cost	1	9	-	4		
Total lease cost	\$ 166	\$ 508	\$ 160	\$ 165		
Other Information:						
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 166	\$ 516	\$ 169	\$ 162		
Operating lease liabilities arising from obtaining right-of-use assets	\$ —	\$ —	\$ —	\$ —		
Operating Leases:						
Weighted-average remaining lease term (in years)		3.8	3.2	5.1		
Weighted-average discount rate	9.3%	9.1%	9.6%	9.6%		

Future lease payments under non-cancelable operating leases as of **August 31, 2023** **February 29, 2024** are as follows (in thousands):

Fiscal Year Ending November 30,			
2023 (three months)		\$ 165	
2024		680	
2024 (nine months)		\$ 510	
2025		584	584
2026		527	527
2027		263	394
Thereafter		184	
2028		53	
Total lease payments		2,403	2,068
Less: imputed interest		383	292
Present value of operating lease liabilities		\$ 2,020	\$ 1,776
Operating lease liabilities, current		\$ 653	\$ 641
Operating lease liabilities, non-current		\$ 1,367	\$ 1,135

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20.17. INCOME TAXES

For the three months ended February 29, 2024, the Company recorded a nominal amount of income tax expense. For the three months ended **August 31, February 28, 2023, and 2022**, the Company recorded an income tax expense (benefit) of **\$0.1 million and \$0.2 million, respectively**. For the three months ended **August 31, 2023** **February 29, 2024** and **2022** **February 28, 2023**, the effective tax rate was **2.8% 0.0%** and **10.8% 2.7%**, respectively. For the nine months ended **August 31, 2023** and **2022**, the Company recorded an income tax expense (benefit) of **(\$0.2) million and \$0.08 million, respectively**. For the nine months ended **August 31, 2023** and **2022**, the effective tax rate was **2.2% and 1.1%**, respectively. The Company's tax rate differs from the statutory rate of 21.0% due to the effects of state taxes net of federal benefit, the foreign tax rate differential as a result of Byrnia South Africa, effects of permanent non-deductible expenses, the recording of a valuation allowance against the deferred tax assets generated in the current period, and other effects.

21.18. COMMITMENTS AND CONTINGENCIES

Royalty Payment

Pursuant to the Purchase and Sale Agreement, dated April 13, 2018, and further amended on December 19, 2019, the Company was committed to a minimum royalty payment of \$0.03 million per year. Royalties on CO2 pistols were to be paid for so long as patents remain effective beginning at 2 ½% of the agreed upon net price of \$167.60 ("Stipulated Net Price") for the first year and reduced by 0.1% each year thereafter until it reaches 1%. For each substantially new product in this category, the rate would begin again at 2 ½% effective. Royalties on the fintail projectiles (and any improved versions thereof) will be paid so long as patents remain effective at a rate of 4% of the agreed upon Stipulated Net Price for fintail projectile products.

On January 7, 2022, the Company and the its former CTO agreed to waive all future rights and entitlements under such agreement, including without limitation any right, title, or interest in the intellectual property or royalty fees except for those on the fintail projectiles. In exchange for the royalty termination, the Company agreed to grant 200,000 RSU's under the on 2020 August 3, 2022, which then vests in two Plan. The RSU's had an original vest date of years from January 7, 2024, 2022. On In June 7, 2023, the Company and the former CTO agreed to immediately accelerate the vesting of the 200,000 RSUs which resulted in \$0.5 million in accelerated stock compensation expense recorded during and the three and nine months ended August 31, 2023 and 2022. The Company recognized stock compensation expense of \$0.9 \$1.0 million and \$0.6 associated with the RSUs during the nine months year ended August 31, 2023 November 30, 2023 and 2022, respectively. The Company recognized stock compensation expense of \$0.5 million and \$0.6 associated with the RSUs during the three months ended August 31, 2023 and 2022, respectively. The Company expensed \$0.01 million and \$0 for royalties due to the Company's CTO during the three and nine months ended August 31, 2023 and 2022 respectively.

Legal Proceedings

In the ordinary course of our business, the Company may be subject to certain other legal actions and claims, including product liability, consumer, commercial, tax and governmental matters, which may arise from time to time. The Company does not believe it is currently a party to any pending legal proceedings. Notwithstanding, legal proceedings are subject to inherent uncertainties, and an unfavorable outcome could include monetary damages, and excessive verdicts can result from litigation, and as such, could result in a material adverse impact on the Company's business, financial position, results of operations, and/or cash flows. Additionally, although the Company has specific insurance for certain potential risks, the Company may in the future incur judgments or enter into settlements of claims which may have a material adverse impact on the Company's business, financial position, results of operations, and/or cash flows.

22.19. SEGMENT AND GEOGRAPHICAL DISCLOSURES

The CEO, who is also the Chief Operating Decision Maker, evaluates the business as a single entity, which includes reviewing financial information and making business decisions based on the overall results of the business. As such, the Company's operations constitute a single operating segment and one reportable segment.

The tables below summarize the Company's revenue for the three and ninemonths ended August 31, 2023 February 29, 2024 and 2022 February 28, 2023, respectively, by geographic region (in thousands):

Revenue:						
Three Months Ended	U.S.	South Africa	Europe/South America/Asia	Canada	Total	
August 31, 2023	\$ 6,784	\$ 115	\$ 32	\$ 154	\$ 7	
August 31, 2022	10,347	704	1,342	29		12
Nine Months Ended	U.S.	South Africa	Europe/South America/Asia	Canada	Total	
August 31, 2023	\$ 24,780	\$ 326	\$ 1,239	\$ 659	\$ 27	
August 31, 2022	27,140	2,061	2,765	52		32

Revenue:						
Three Months Ended	U.S./Mexico	South Africa	Europe/South America/Asia	Canada	Total	
February 29, 2024	\$ 15,538	\$ 63	\$ 517	\$ 536	\$ 16	
February 28, 2023	7,857	33	125	396		8

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23.20. FINANCIAL INSTRUMENTS

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

i) Currency Risk

The Company held its cash balances within banks in the U.S. in U.S. dollars and with banks in South Africa in U.S. dollars and South African rand. The Company's operations are conducted in the U.S. and South Africa. The value of the South African rand against the U.S. dollar may fluctuate with changes in economic conditions.

During the three and ninemonths ended **August 31, 2023** **February 29, 2024**, in comparison to the prior year period, the U.S. dollar was weaker in relation to the South African rand, and upon the translation of the Company's subsidiaries' revenues, expenses, assets and liabilities held in South African rand **respectively. As a result, and the Company recorded a translation adjustment loss of \$0.6 \$0.1 million and \$0.6 million related to the South African rand during the nine months ended August 31, 2023 and 2022, respectively. The Company recorded a translation adjustment gain of \$0.6 million and a loss of \$0.6 million related to the South African rand during the three months ended August 31, 2023** **February 29, 2024** and **2022** **February 28, 2023**, respectively.

The Company's South African subsidiary revenues, cost of goods sold, operating costs and capital expenditures are denominated in South African rand. Consequently, fluctuations in the U.S. dollar exchange rate against the South African rand increases the volatility of sales, cost of goods sold and operating costs and overall net earnings when translated into U.S. dollars. The Company is not using any forward or option contracts to fix the foreign exchange rates. Using a 10% fluctuation in the U.S. exchange rate, the impact on the loss and stockholders' equity (**deficit**) is not material.

ii) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that potentially subject the Company to credit risk consist of cash, cash equivalents, accounts receivable, and the loan receivable from Byrna LATAM. The Company maintains cash with high credit quality financial institutions located in the U.S. and South Africa. The Company maintains cash and cash equivalent balances with financial institutions in the U.S. in excess of amounts insured by the Federal Deposit Insurance Corporation.

The Company **provides** is exposed to credit losses on accounts receivable balances. The Company uses a simplified approach to **its customers** calculate a general provision for credit losses. An allowance is calculated for each aging "bucket," based on the risk profile of that bucket. The Company revisit the reserve periodically, but no less than quarterly, with the same analytical approach in order to determine if the **normal course** allowance needs to be increased or decreased, based calculation of its operations. It carries out, on a continuing basis, credit checks on its customers. **each aging bucket.**

The Company loaned \$1.6 million to Byrna LATAM, which was formed in January 2023 as a joint venture in South America. The **ability to collect** **Company will determine if an estimate for a credit loss on the this loan depends on is needed by considering the financial operations position** of Byrna **LATAM**. LATAM, the current economic environment, collections on our accounts receivable balances with Byrna LATAM, as well reasonableness and supportable forecasts to support the payment of this loan. The Company will review these factors quarterly to determine if any adjustments are needed.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References in this quarterly report on Form 10-Q (the "Quarterly Report") to "we," "us" or the "Company" refer to Byrna Technologies Inc. References to our "management" or our "management team" refer to our officers and directors. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Exchange Act that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Quarterly Report including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "may," "estimate," "seek" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important risk factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of our Annual Report on Form 10-K for the year ended **November 30, 2022** **November 30, 2023** filed with the U.S. Securities and Exchange Commission (the "SEC") on **February 9, 2023** **February 14, 2024** (the **2022** **2023** 10-K"), the Company's subsequent filings with the SEC, which can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, we disclaim any intention or obligation to update or revise any forward-looking statements

whether as a result of new information, future events or otherwise, including but not limited to our ability to design, introduce and sell new products, services and features, the impact of any regulatory proceedings or litigation, our ability to protect our intellectual property and compete with existing and new products, the impact of stock compensation expense, dividends, warrant exercises and related accounting, impairment expense and income tax expense on our financial results, our ability to manage our supply chain and avoid production delays, shortages or other factors, including product mix, cost of parts and materials and cost of labor that may impact our gross margins, our ability to retain and incentivize key management personnel, product defects, the success of our entry to new markets, customer purchase behavior and negative media publicity or public perception of our brand or products, restrictions or prohibitions imposed by advertising platforms, loss of customer data, breach of security or an extended outage related to our e-commerce storefronts, including a breach or outage by our third party cloud based storage providers, exposure to international operational risks, delayed cash collections or bad debt, determinations or audits by taxing authorities, changes in government regulations, the impact of existing or future regulation by the Bureau of Alcohol, Tobacco, and Firearms, import and export regulators, or other federal or state authority, or changes in international law in key jurisdictions including South America and South Africa or our inability to obtain needed exemptions from such existing or future regulation.

OVERVIEW

The following discussion and analysis is intended to help you understand us, our operations and our financial performance. It should be read in conjunction with our condensed consolidated financial statements and the accompanying notes, which are included in Item 1 of this report.

Byrna Technologies is a designer, manufacturer, retailer and distributor of innovative technological solutions for security situations that do not require the use of lethal force. Our mantra is *Live Safe*, and our core mission is to empower individuals to safely and fully engage in life and adventure. Our design team's directive is to build easy-to-use self-defense tools to enhance the safety of our customers and their loved ones at home and outdoors. We are also focused on developing tools that can be used instead of firearms by professional law enforcement and private security customers to reduce shootings and facilitate trust between police and the communities they seek to serve. Our strategy is to establish Byrna® as a consumer lifestyle brand associated with the confidence people can achieve by knowing they can protect themselves, their loved ones and those around them. We believe we have a significant opportunity to leverage the Byrna brand to expand our product line, broaden our user base and generate increasing sales from new and existing customers.

Our business strategy is twofold: (1) to fulfill the growing demand for less-lethal products in the law enforcement, correctional services, and private security markets and (2) to provide civilians – including those whose work or daily activities may put them at risk of being a victim – with easy access to an effective, non-lethal way to protect themselves and their loved ones from threats to their person or property.

We believe that the United States, along with many other parts of the world, is experiencing a significant spike in the demand for less-lethal products and that the less-lethal market will be one of the faster growing segments of the security market over the next decade. We plan to respond to this demand for less-lethal products through the serial production and distribution of the Byrna® SD and expansion of the Byrna product line.

On January 10, 2023, the Company created a new joint venture with Fusady S.A. ("Fusady") located in Uruguay, to expand the Company's operations and presence in South American markets. The Company holds 51% of the stock in the joint venture entity, **Uldawer S.A. (soon to be renamed "Byrna LATAM")**, **Byrna LATAM**, and the remaining 49% of stock in Byrna LATAM is held by Fusady.

RESULTS OF OPERATIONS

Three months ended **August 31, 2023 **February 29, 2024** as compared to three months ended **August 31, 2022** **February 28, 2023**:**

Net Revenue

Revenues were **\$7.1** **\$16.7** million in the **third** **first** quarter of **2023** **2024** which represents a decrease an increase of **\$5.3** **\$8.2** million as compared to the prior year period revenues of **\$12.4** **\$8.4** million. The decrease was primarily attributed Due to challenges transformational shift in our advertising strategy in September 2023, our direct-to-consumer marketing efforts, resulting from advertising bans on social media platforms, and reduced international sales to South Africa, Asia, and Latin America. E-commerce sales, revenues through our website and Amazon decreased **\$3.3** million for the three months ended February 29, 2024 increased **\$6.7** million to **\$4.8** million during the third quarter of 2023 **\$12.8** million from **\$8.1** million during the third quarter of 2022. **\$6.1** million in prior year period. Sales to our domestic dealers/distributors decreased **\$0.1** for the three months ended February 29, 2024 also increased **\$0.7** million or 8.7% to **\$1.7** million during **\$2.2** million from **\$1.5** million in the third quarter 2023 from **\$1.8** million during the third quarter of 2022 prior year period. Sales to customers in Canada also slightly increased **\$0.1** million to **\$0.2** million during **\$0.5** million for the third quarter of 2023 three months ended February 29, 2024 from **\$0.03** million during **\$0.4** million in the third quarter of 2022 prior year period. In addition, Fox Labs, which we acquired on May 25, 2022, increased sales

decreased by \$0.1 million to \$0.3 million during the third quarter of 2023 from \$0.4 million during the third quarter of 2022 prior year period. International sales (other than Canada), which are characterized by infrequent but very large orders, decreased by \$1.8 million from \$2.0 million to \$0.6 million during the first quarter of 2022 to \$0.2 million during 2024 from \$0.2 million in the third quarter of 2023 prior year period.

Cost of Goods Sold

Cost of goods sold was \$3.9 million in the third first quarter of 2023 compared to \$5.5 million in the prior year period. This \$1.6 million decrease is due to the decrease in sales volume, offset by increases in reserves for excess and obsolete inventory of \$0.6 million.

Gross Profit

Gross profit is calculated as total revenue less cost of goods sold and gross margin is calculated as gross profit divided by total revenue. Included as cost of goods sold are costs associated with the production and procurement of products, such as labor and overhead, inbound freight costs, manufacturing depreciation, purchasing and receiving costs, and inspection costs. Gross profit was \$3.2 million in the third first quarter of 2023, or 44.6% of net revenue, as compared to gross profit of approximately \$6.9 million, or 55.4% of net revenue, in the prior year period. The decrease in gross profit as a percentage of sales is primarily due to \$0.6 million the prior year period included a one-time adjustment for higher absorption of charges to fixed costs of goods sold for inventory write-downs and additions to reserves for excess and obsolete inventory recorded during the third quarter of 2023, than our typical quarters.

Operating Expenses

Operating expenses were \$7.3 million in the third first quarter of 2023, a decrease 2024, an increase of \$1.0 million, as compared to the prior year period expenses of \$8.3 million. The decrease is due to managed cost reduction as detailed below.

Marketing expenses decreased by \$1.1 million from \$2.4 million in the third quarter of 2022 to \$1.3 million in the third quarter of 2023. Payroll related costs, including non-cash stock compensation, increased \$0.4 million, from \$4.0 million in the third quarter of 2022 to \$4.4 million in the third quarter of 2023 due to primarily variable expenses which increased in proportion to increase sales volume, \$0.4 million of higher accrued bonus expense driven by improved financial performance and \$0.3 of higher professional fees. This increase was offset by a \$0.4 million increase \$0.5 million decrease in stock-based compensation.

Loss from Operations

The reduction in gross profit, offset partly by the reduction in operating expenses, resulted in an increase in loss from operations of \$2.7 million to \$4.1 million for the third quarter of 2023 compared to \$1.4 million for the third quarter of 2022.

Other Income (Expense)

We recorded \$0.05 million of foreign currency transaction loss during the third quarter of 2023 compared to \$0.02 million of foreign currency transaction gain during the third quarter of 2022. We recorded \$0.2 million of interest income during the third first quarter of 2023 compared to \$0.1 million of interest income in the third first quarter of 2022. We recorded a loss of \$0.3 million from our South American joint venture investment that was formed during the first quarter of 2024 compared to \$0.2 million for the first quarter of 2023.

Income Tax Provision

For the three months ended August 31, 2023 and 2022, we recorded a nominal amount of income tax expense. For the three months ended February 28, 2023 the Company recorded an income tax benefit of \$0.1 million and an income tax expense of \$0.2 million, respectively. For the three months ended August 31, 2023 and 2022, the effective tax rate was 2.8% and 10.8%, respectively. Our Company's tax rate differs from the statutory rate of 21.0% due to the effects of state taxes net of federal benefit, the foreign tax rate differential as a result of Byrna South Africa, effects of permanent non-deductible expenses, the recording of a valuation allowance against the deferred tax assets generated in the current period, and other effects.

Net Loss

Net loss increased by \$2.6 million from \$1.5 million for the third quarter of 2022 to \$4.1 million for the third quarter of 2023.

Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States (GAAP), we provide an additional financial metric that is not prepared in accordance with GAAP (non-GAAP) with presenting non-GAAP adjusted EBITDA. Management uses this non-GAAP financial measure, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate our financial performance. We believe that this non-GAAP financial measure helps us to identify underlying trends in our business that could otherwise be masked by the effect of certain expenses that we exclude in the calculations of the non-GAAP financial measure.

Accordingly, we believe that this non-GAAP financial measure reflects our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business and provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects.

This non-GAAP financial measure does not replace the presentation of our GAAP financial results and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP. There are limitations in the use of non-GAAP measures, because they do not include all the expenses that must be included under GAAP and because they involve the exercise of judgment concerning exclusions of items from the comparable non-GAAP financial measure. In addition, other companies may use other non-GAAP measures to evaluate their performance, or may calculate non-GAAP measures differently, all of which could reduce the usefulness of our non-GAAP financial measure as a tool for comparison.

Adjusted EBITDA

Adjusted EBITDA is defined as net (loss) income as reported in our condensed consolidated statements of operations and comprehensive (loss) income excluding the impact of (i) depreciation and amortization; (ii) income tax provision (benefit); (iii) interest income (expense); (iv) stock-based compensation expense, (v) impairment loss and (vi) **one time, one-time**, non-recurring other expenses or income. Our Adjusted EBITDA measure eliminates potential differences in performance caused by variations in capital structures (affecting finance costs), tax positions, the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). We also exclude certain one-time and non-cash costs. Reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable GAAP measure, is as follows (in thousands):

	For the Three Months Ended	
	August 31,	
	2023	2022
Net loss	\$ (4,094)	\$ (1
Adjustments:		
Interest (income) expense	(239)	
Income tax provision (benefit)	(124)	
Depreciation and amortization	301	
Non-GAAP EBITDA	(4,156)	(1
Stock-based compensation expense	1,738	2
Non-cash incentive compensation expense	—	(1
Severance/Separation	—	
Other expenses	—	
Non-GAAP adjusted EBITDA	\$ (2,418)	\$

Nine months ended August 31, 2023 as compared to nine months ended August 31, 2022:

Net Revenue

Revenues were \$27.0 million in the nine months ended August 31, 2023 which represents a decrease of \$5.0 million or 15.7% as compared to the prior year period revenues of \$32.0 million. The decrease was primarily attributed to challenges in our direct-to-consumer marketing efforts, resulting from advertising bans on social media platforms, and reduced international sales to South Africa, Asia, and Latin America. E-commerce sales, through our website and Amazon, decreased \$3.6 million to \$17.7 million during the nine months ended August 31, 2023 from \$21.3 million during the nine months ended August 31, 2022. Sales to domestic dealers/distributors increased \$0.7 million from \$5.5 million in the nine months ended August 31, 2022 to \$6.2 million in the nine months ended August 31, 2023. Sales to customers in Canada increased to \$0.7 million during the nine months ended August 31, 2023 from \$0.05 million from the prior year. In addition, Fox Labs, which we acquired on May 25, 2022, sales increased to \$0.8 million during the nine months ended 2023 from \$0.4 million during the nine months ended August 31, 2022. International sales, which are characterized by infrequent but very large orders, decreased by \$3.3 million from \$4.8 million during the nine months ended August 31, 2022 to \$1.5 million during the nine months ended August 31, 2023.

Cost of Goods Sold

Cost of goods sold was \$12.4 million in the nine months ended August 31, 2023 compared to \$14.4 million in the prior year period. This \$2.0 million decrease is due to the decrease in sales volume, offset by increases in reserves for excess and obsolete inventory of \$0.6 million.

Gross Profit

Gross profit is calculated as total revenue less cost of goods sold and gross margin is calculated as gross profit divided by total revenue. Included as cost of goods sold are costs associated with the production and procurement of products, such as labor and overhead, inbound freight costs, manufacturing depreciation, purchasing and receiving costs, and inspection costs. Gross profit was \$14.6 million in the nine months ended August 31, 2023, or 54.1% of net revenue, as compared to gross profit of approximately \$17.6 million, or 55.0% of net revenue, in the prior year period. The decrease is attributable to reductions in net revenue and \$0.6 million of charges to costs of goods sold for inventory write-downs and additions to reserves for excess and obsolete inventory recorded during the nine months ended 2023.

Operating Expenses

Operating expenses were \$21.5 million in the nine months ended August 31, 2023, a decrease of \$3.5 million, as compared to the prior year period expenses of \$25.1 million. The decrease is due to a managed cost reduction as detailed below.

Payroll related costs, excluding stock compensation, decreased \$1.0 million from \$8.5 million in the nine months ended August 31, 2022 to \$7.5 million in the nine months ended August 31, 2023 while stock based and related incentive compensation costs increased from \$4.1 million during the nine months ended August 31, 2022 to \$4.7 million during the nine months ended August 31, 2023. Marketing expenses decreased by \$1.8 million from \$3.9 million in the nine months ended August 31, 2022 to \$2.1 million in the nine months ended August 31, 2023. Insurance costs decreased \$0.4 million to \$0.6 million during the nine months ended August 31, 2023 from \$1.0 million during the nine months ended August 31, 2022 due to negotiation of improved contract terms.

Loss from Operations

The reduction in operating expenses, partly offset by the reduction in gross profit, resulted in a decrease in loss from operations of \$0.5 million to \$6.9 million during the nine months ended August 31, 2023 compared to \$7.4 million during the nine months ended August 31, 2022.

Other Income (Expense)

We recorded \$0.2 million of foreign currency transaction loss during the nine months ended August 31, 2023 compared to \$0.07 million of foreign currency transaction loss during the nine months ended August 31, 2022. We recorded \$0.5 million of interest income during the nine months ended August 31, 2023 compared to \$0.01 of interest income in the nine months ended August 31, 2022. We recorded a loss of \$0.6 million from our South American joint venture investment that was formed during the nine months ended August 31, 2023. Other expenses of \$0.3 million during the nine months ended August 31, 2023 and \$0.2 million during the nine months ended August 31, 2022 are primarily related to fixed asset impairment and disposals.

Income Tax Provision

For the nine months ended August 31, 2023 and 2022, we recorded an income tax benefit of \$0.2 million and an income tax expense of \$0.1 million, respectively. For the nine months ended August 31, 2023 and 2022, the effective tax rate was 2.2% and 1.1%, respectively. Our tax rate differs from the statutory rate of 21.0% due to the effects of state taxes net of federal benefit, the foreign tax rate differential as a result of Byrna South Africa, effects of permanent non-deductible expenses, the recording of a valuation allowance against the deferred tax assets generated in the current period, and other effects.

Net Loss

Net loss was \$7.4 million during the nine months ended August 31, 2023, an improvement of \$0.4 million compared to the net loss of \$7.8 million during the nine months ended August 31, 2022.

Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States (GAAP), we provide an additional financial metric that is not prepared in accordance with GAAP (non-GAAP) with presenting non-GAAP adjusted EBITDA. Management uses this non-GAAP financial measure, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate our financial performance. We believe that this non-GAAP financial measure helps us to identify underlying trends in our business that could otherwise be masked by the effect of certain expenses that we exclude in the calculations of the non-GAAP financial measure.

Accordingly, we believe that this non-GAAP financial measure reflects our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business and provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects.

This non-GAAP financial measure does not replace the presentation of our GAAP financial results and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP. There are limitations in the use of non-GAAP measures, because they do not include all the expenses that must be included under GAAP and because they involve the exercise of judgment concerning exclusions of items from the comparable non-GAAP financial measure. In addition, other companies may use other non-GAAP measures to evaluate their performance, or may calculate non-GAAP measures differently, all of which could reduce the usefulness of our non-GAAP financial measure as a tool for comparison.

Adjusted EBITDA

Adjusted EBITDA is defined as net (loss) income as reported in our condensed consolidated statements of operations and comprehensive (loss) income excluding the impact of (i) depreciation and amortization, (ii) income tax provision (benefit); (iii) interest income (expense); (iv) stock-based compensation expense, (v) impairment loss, and (vi) one time, non-recurring other expenses or income. Our Adjusted EBITDA measure eliminates potential differences in performance caused by variations in capital structures (affecting finance costs), tax positions, the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). We also exclude certain one-time and non-cash costs. Reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable GAAP measure, is as follows (in thousands):

	For the Nine Months Ended		For the Three Months Ended	
	August 31,		February 29,	February 28,
	2023	2022		
Net loss	\$ (7,363)	\$ (7,752)	2024	2023
Net income (loss)			\$ 17	\$ (2,153)
Adjustments:				
Interest expense (income)		(525)	(10)	
Income tax provision (benefit)		(165)	82	

Interest income			(280)	(143)
Income tax benefit			—	(59)
Depreciation and amortization	921	638	338	276
Non-GAAP EBITDA	(7,132)	(7,042)	75	(2,079)
Stock-based compensation expense	4,689	4,061	938	1,464
Impairment loss	176	—	—	—
Severance/Separation	52	556	163	—
Other expense	—	183	—	—
Non-GAAP adjusted EBITDA	\$ (2,215)	\$ (2,242)	\$ 1,176	\$ (615)

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Summary

Cash and cash equivalents as of **August 31, 2023** **February 29, 2024** totaled **\$13.7 million** a decrease **\$24.2 million**, an increase of **\$6.4 million** **\$3.7 million** from **\$20.0 million** **\$20.5 million** of cash and cash equivalents as of **November 30, 2022** **November 30, 2023**.

Operating Activities

Cash used in provided by operating activities was **\$3.6 million** **\$3.9 million** for the **nine three** months ended **August 31, 2023** **February 29, 2024** compared to cash used in operations of **\$12.8 million** **\$3.4 million** during the prior year period. Net income was less than **\$0.1 million** compared to net loss was **\$7.4 million** and **\$7.8 million** of **2.2 million** for the three and **nine** months ended **August 31, 2023** **February 29, 2024** and **2022, 2023**, respectively. Significant changes in noncash and working capital activity are as follows:

Non-cash activity includes stock-based and related incentive compensation expenses of **\$4.7 million** **\$0.9 million** for the **nine three** months ended **August 31, 2023** **February 29, 2024** compared to **\$4.1 million** **\$1.5 million** for the **nine three** months ended **August 31, 2022** **February 28, 2023**; depreciation and amortization expense of **\$0.9 million** for the **nine** months ended **August 31, 2023** compared to **\$0.6 million** for the **nine** months ended **August 31, 2022**; provision for inventory of **\$0.6 million** for the **nine** months ended **August 31, 2023** compared to **\$0 million** for the **nine** months ended **August 31, 2022**, operating lease costs of **\$0.5 million** **\$0.1 million** for the **nine three** months ended **August 31, 2023** **February 29, 2024** compared to **\$0.4 million** for the **nine three** months ended **August 31, 2022** **February 28, 2023**, and **\$0.6 million** less than a **\$0.1 million** of joint venture investment loss in the **nine three** months ended **August 31, 2023** **February 29, 2024** compared to **zero** **\$0.2 million** during the **nine three** months ended **August 31, 2022** **February 28, 2023**.

Inventory increased/decreased during the **nine three** months ended **August 31, 2023** **February 29, 2024** by **\$2.3 million** **\$1.8 million** compared to **\$8.9 million** increase of **\$2.9 million** for the **nine three** months ended **August 31, 2022** **February 28, 2023**. Accounts receivable decreased by **\$2.0 million** **\$1.4 million** during the **nine three** months ended **August 31, 2023** **February 29, 2024** as compared to an increase a decrease of **\$1.0 million** **\$1.5 million** for the **nine three** months ended **August 31, 2022** **February 28, 2023**. Accounts payable and accrued liabilities decreased during the **nine three** months ended **August 31, 2023** **February 29, 2024** by **\$3.0 million** **\$1.0 million** compared to **\$0.2 million** **nine** a decrease of **\$1.8 million** for the **three** months ended **August 31, 2022** **February 28, 2023**. Prepaid expenses and other current assets decreased/increased by **\$0.2 million** **\$0.3 million** during the **nine three** months ended **August 31, 2023** **February 29, 2024** compared to an increase a decrease of **\$0.1 million** **\$0.4 million** during the **nine three** months ended **August 31, 2022** **February 28, 2023**. Operating lease liabilities decreased by **\$0.5 million** **\$0.1 million** during the **nine three** months ended **August 31, 2023** **February 29, 2024** compared to a decrease of **\$0.2 million** **\$0.4 million** during the **nine three** months ended **August 31, 2022** **February 28, 2023**. Deferred revenues increased **\$0.7 million** and **\$0.5 million** for the **three** months ended **February 29, 2024**, and **February 28, 2023**, respectively.

Investing Activities

Cash used in investing activities was **\$2.4 million** **\$0.2 million** for the **nine three** months ended **August 31, 2023** **February 29, 2024** compared to **\$4.2 million** **\$2.3 million** for the **nine three** months ended **August 31, 2022** **February 28, 2023**. The current/prior year period investing activities primarily relates to the investment in the joint venture and the corresponding loan. The prior year investing activities relate loan while the current period relates to the purchase/purchases of property and equipment and the Fox Labs acquisition.

Financing Activities

Cash used in financing activities was **\$0.4 million** during the **nine** months ended **August 31, 2023**, compared to cash used of **\$14.5 million** for the **nine** months ended **August 31, 2022**. During the **nine** months ended **August 31, 2023**, the Company paid taxes of **\$0.4 million** related to payroll taxes withheld on the vesting of restricted stock units. The prior year amount was primarily composed of stock repurchased of **\$15.0 million** offset by stock option exercises of **\$0.5 million** during the **nine** months ended **August 31, 2022**, equipment.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 5, "Recent Accounting Guidance," in the Notes to condensed consolidated financial statements included in Item 1 of this report for a discussion of recently issued and adopted accounting standards.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our condensed consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. Our significant accounting policies are outlined in Note 4, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements included in Item 8 of the **2022** **2023** Form 10-K. During the three **and nine** months ended **August 31, 2023** **February 29, 2024**, there were no significant changes to our critical accounting policies from those described in our **2022** **2023** Form 10-K, except as follows. **10-K**.

Investment in Joint Venture

Investments in equity method investees are those for which we have the ability to exercise significant influence but does not control and is not the primary beneficiary. Under this method of accounting, our investment is recorded initially at cost and subsequently adjusted for our proportionate share of the net earnings or losses. We evaluate our equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable.

In January 2023, we acquired a 51% ownership interest in Byrna LATAM, a corporate joint venture formed to expand our operations and presence in South American markets, for \$0.5 million. We account for the investment in the joint venture using the equity method because the Company does not have voting control of Byrna LATAM. Additionally, we do not have substantive participating rights that would result in us having control of Byrna LATAM.

We recorded our share of the joint venture's loss during the three and nine months ended August 31, 2023 of \$0.3 million and \$0.6 million, respectively, in the Consolidated Statements of Operations and Comprehensive Loss as other expense. The carrying value of our investment in the joint venture at August 31, 2023 is \$0 due to losses exceeding original investment. During the three and nine months ended August 31, 2023, the cumulative net losses of Byrna LATAM exceeded the equity method investment by \$0.1 million.

The carrying basis of the loan receivable was reduced by the \$0.1 million excess loss from \$1.6 million to \$1.5 million. In January 2023, we loaned \$1.6 million to Byrna LATAM, which is recorded as loan to joint venture in the Consolidated Balance Sheets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of our disclosure controls and procedures as of **August 31, 2023** **February 29, 2024** pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934. Disclosure controls and procedures are designed to ensure that material information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that material information is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company's CEO and CFO concluded that as of **August 31, 2023** **February 29, 2024**, our disclosure controls and procedures were effective.

Changes in Internal Controls Over Financial Reporting

There were no changes that occurred during the **third** **first** quarter of **2023** **2024** that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business, the Company occasionally becomes involved in various legal proceedings. The results of any such proceedings cannot be predicted with certainty because such matters are inherently uncertain. Significant damages or penalties may be sought in some matters, and some matters may require years to resolve. In our opinion, at this time, any liability from such proceedings would not have a material adverse effect on the business or financial condition of the Company.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this report include the "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended November 30, 2022 November 30, 2023, filed with the SEC on February 9, 2023 February 14, 2024, and in Part II, Item 1A of our Quarterly Report as amended on 10-Q for the fiscal quarter ended May 31, 2023, filed with the SEC on July 11, 2023 March 29, 2024. Except for the risk factor set forth, as of the date of this Report, there have been no material changes to the risk factors disclosed in our 2022 2023 Form 10-K.

Restrictions imposed by advertising and social media platforms that we use may result in decreased sales and market presence.

Our direct-to-consumer sales rely to a significant degree on advertising that we place on advertising platforms, including social media platforms. Recently, Meta has prohibited advertising of any Byrna product and Google has imposed significant restrictions on our ability to advertise on its platform. Any prohibitions or restrictions on advertising imposed by these or other platforms, or any changes in the algorithms used by such platforms, may result in reduced direct-to-consumer sales, reduced traffic to our website and a decreased market presence, which could have a material adverse effect on our business, operating results, and financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5.5. OTHER INFORMATION.

None. On February 21, 2024, Lisa Wager, the Company's Chief Governance Officer and Corporate Secretary, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 41,666 shares of Company common stock between May 21, 2024 and December 31, 2024 subject to certain conditions. On February 21, 2024, Herbert Hughes, the Company's Chairman, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 15,836 shares of Company common stock between May 21, 2024 and December 31, 2024 subject to certain conditions, all of which shares are to be acquired upon the vesting and settlement of restricted stock units awarded on September 5, 2023.

On April 5, 2024, the Company announced that David North, its Chief Financial Officer, would retire later in fiscal year 2024. The Company has engaged a leading executive search firm to identify and secure a successor, and expects to retain Mr. North as a consultant following his retirement.

ITEM 6. EXHIBITS.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

No.	Description of Exhibit
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31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial and Accounting Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer and Principal Financial and Accounting Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished.

SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Byrna Technologies Inc.

Date: [October 12, 2023](#) [April 5, 2024](#)

/s/ Bryan Ganz

Name: Bryan Ganz
Title: Chief Executive Officer, President and Director
(Principal Executive Officer)

Date: [October 12, 2023](#) [April 5, 2024](#)

/s/ David North

Name: David North
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

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Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bryan Ganz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Byrna Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 12, 2023** **April 5, 2024**

By: /s/ Bryan Ganz

Bryan Ganz

Chief Executive Officer, President, and Director
(*Principal Executive Officer*)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David North, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Byrna Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 12, 2023** **April 5, 2024**

By: /s/ David North

David North

Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Byrna Technologies Inc. (the "Company") for the quarter ended **August 31, 2023** **February 29, 2024**, as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: **October 12, 2023** **April 5, 2024**

By: /s/ Bryan Ganz

Bryan Ganz
Chief Executive Officer, President, and Director
(*Principal Executive Officer*)

By: /s/ David North

David North
Chief Financial Officer
(*Principal Financial and Accounting Officer*)

DISCLAIMER

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