



B R A N D

**mace**®

**Shareholder Day July 2, 2020**

Sanjay Singh, Executive Chairman and Gary Medved, CEO/President



## Compelling Investment Thesis

- Iconic brand : Most people know of Mace pepper spray
- Market : Substantial wallet size— owing to a rise in the global need to self-protect using non-lethal ways
- Branding : Promoting our products and its various uses
- Differentiator : Innovation, new products, technologies and licensing the MACE name, strong management team
- Financials : Recent improvements in four wall operating efficiencies leading to strong EBITDA margins



Mace. We invented Social Distancing.

We are *THE BRAND*



# Introduction to Mace Security International, Inc. (OTCQX – MACE)

- Mace Security International, Inc., located in Cleveland, Ohio, is a manufacturer and provider of personal safety and security products to consumer and law enforcement markets worldwide.
- Mace® Brand is the original manufacturer and market leader in the defense spray segment and has over 40 years experience developing aerosol defense spray dispensing technologies for both the consumer and tactical markets around the world. The Company also markets products through the well respected Vigilant (R), Tornado (R), and Takedown (R) Brands.
- Mace® directly distributes and supports its branded products through strategically targeted customer channels that include selected retailers, wholesale distributors, independent dealers, e-commerce channels, and our website, Mace.com.



# Current Product Lineup

## Personal Alarms



## Pepper Guns



## Stun Guns



## Pepper Spray



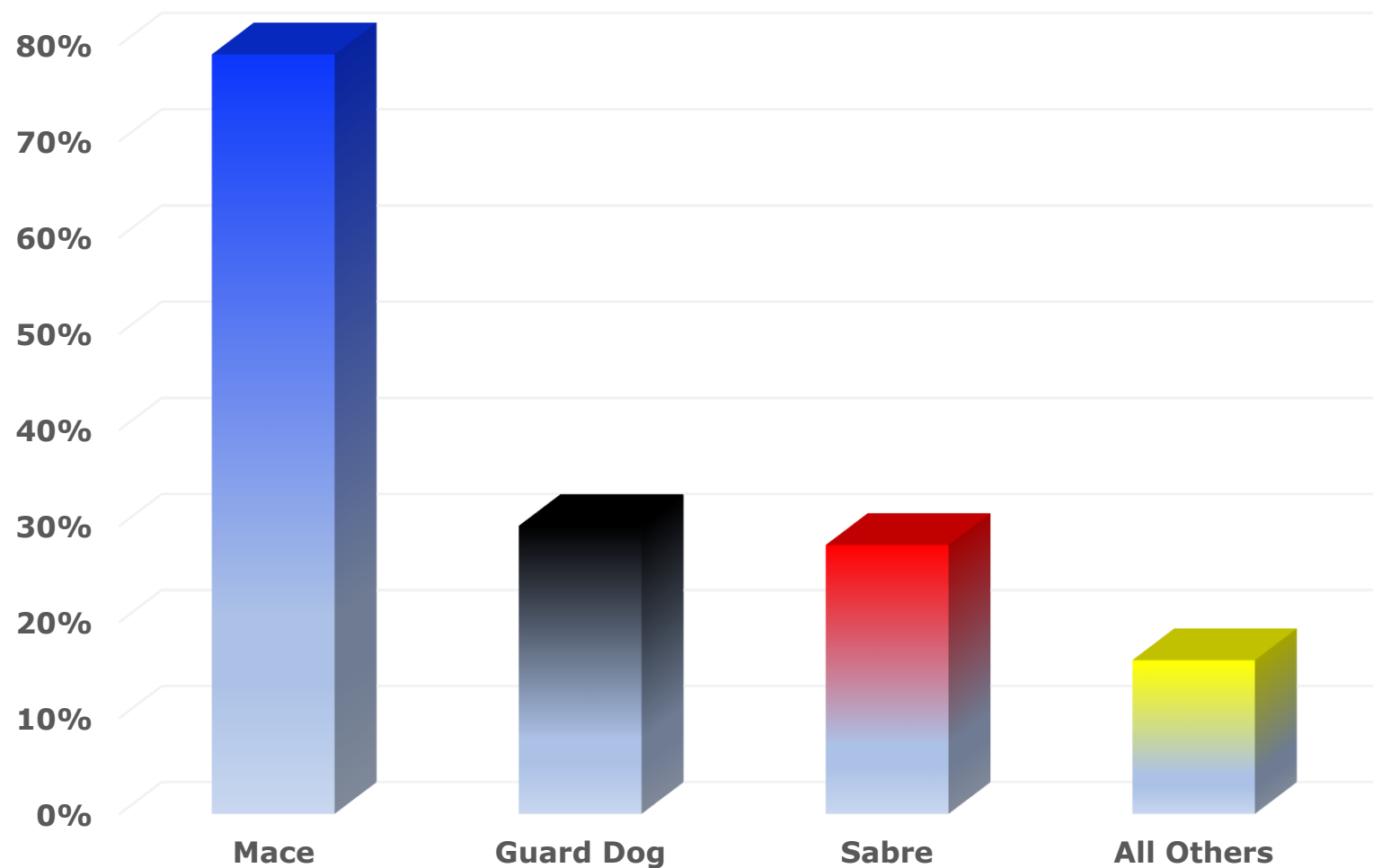
## Pepper Gel





# Brand Awareness

(Among Male Buyers, Armed Women, and Unarmed Women)





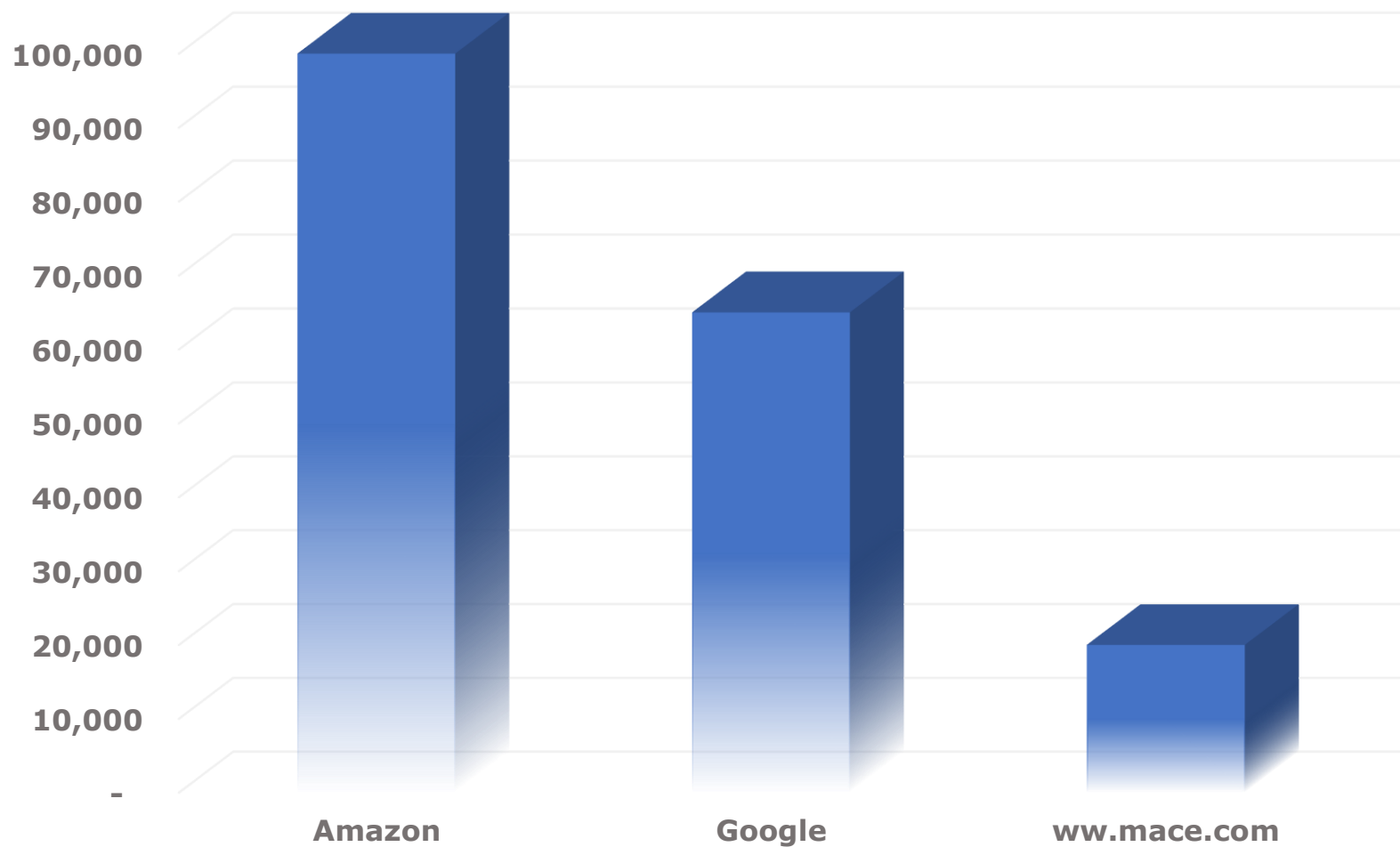
# Brand Comparison

|            | Strong Brand Recognition | Original & Authentic | Product Innovator | Quality Level | Retail Price Point  | Retail Margin | DTC Sales Leader | Amazon Sales Leader |
|------------|--------------------------|----------------------|-------------------|---------------|---------------------|---------------|------------------|---------------------|
| Mace Brand | ✓                        | ✓                    | ✓                 | High          | Premium             | High          | ✓                | ✗                   |
| Sabre      | ✗                        | ✗                    | ✗                 | Medium        | Opening Price Point | Medium        | ✗                | ✓                   |
| Others     | ✗                        | ✗                    | ✗                 | Med-Low       | Med-Low             | Med-Low       | O.K.             | O.K.                |



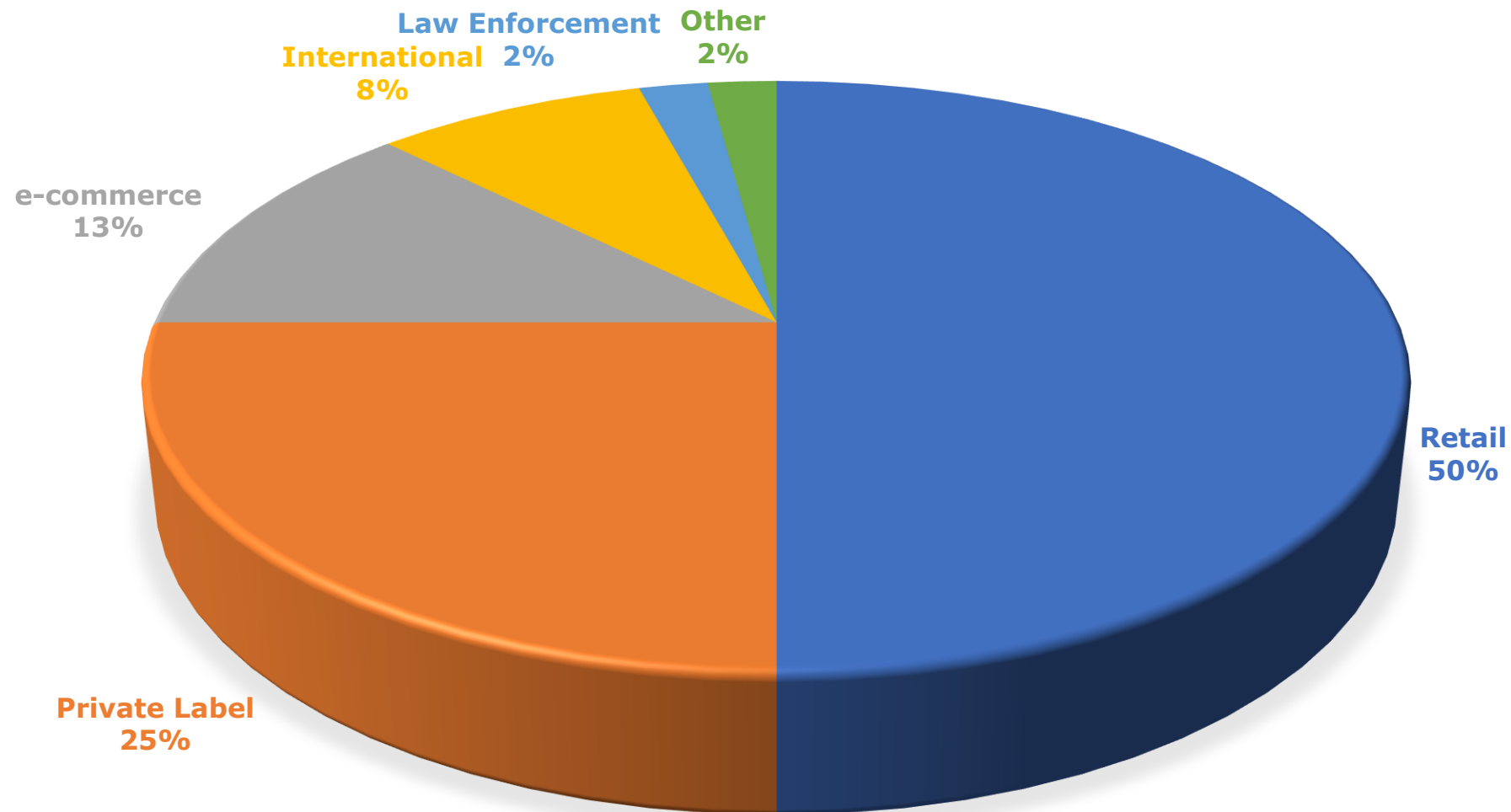
# Brand Awareness

(Searches per Month for "Mace")





# Current Sales Distribution





## *LOGISTICS/SUPPLY CHAIN ADVANTAGES*

- Global sourcing of unique products provides competitive edge
- Multiple domestic sources providing raw materials
- Proprietary formulas and product design
- Significant in-house packaging and product design expertise
- Manufacturing is non capital-intensive, and low investment in manufacturing facilities (leased building/machinery)



**We are *THE BRAND***

- Iconic Brand with Superior Brand Name Recognition
  - 80% Brand Name Recognition
  - Leader in Search Terms
- Opportunity to License Brand Name
  - Safety Products
  - Safety Technologies

# Favorable Climate for Non-Lethal Personal Safety and Security Products



# Trends in the US

- For the past 20 years 22-29% of US adults were victims of crime
- Every year nearly 10,000 women on college campuses are victims of forcible sex offenses
- 61% of women check the back seat of their car before driving away
- 31% of women avoid walking by boys or men
- Nearly 20% of women using an online dating site are threatened with physical harm
- And more...

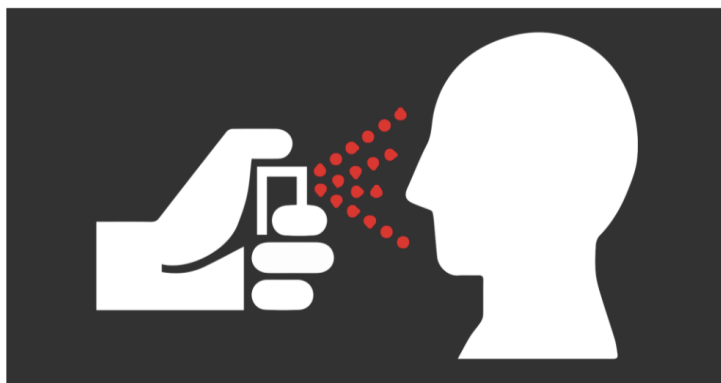


# Preferred PPD

Pepper spray is the most commonly reported type of PPD being carried during an attack.



*In instances when a PPD was used during an attack for self-defense, nearly 50% of the time, pepper spray was what the survivors had on them for protection. Roughly 1 in 5 times, a firearm was used for self-defense. Stun guns and whistles were very rarely used by participants.*



Pepper Spray – 47%



Firearm - 21%



Stun Gun - 12%



Knife - 10%



Whistle/Alarm - 4%



Baseball Bat - 3%



Other - 8%



# Making You Safe in Your Community

# Huge Untapped Market and The Fear Gap



# Addressable Market - USA

**Home  
Sphere  
(Fear Gap)**

128M households in America

**Professional  
Sphere  
(Fear Gap)**

5.6M employer firms in USA  
99.7% are less than 500 employees

**Social  
Sphere**

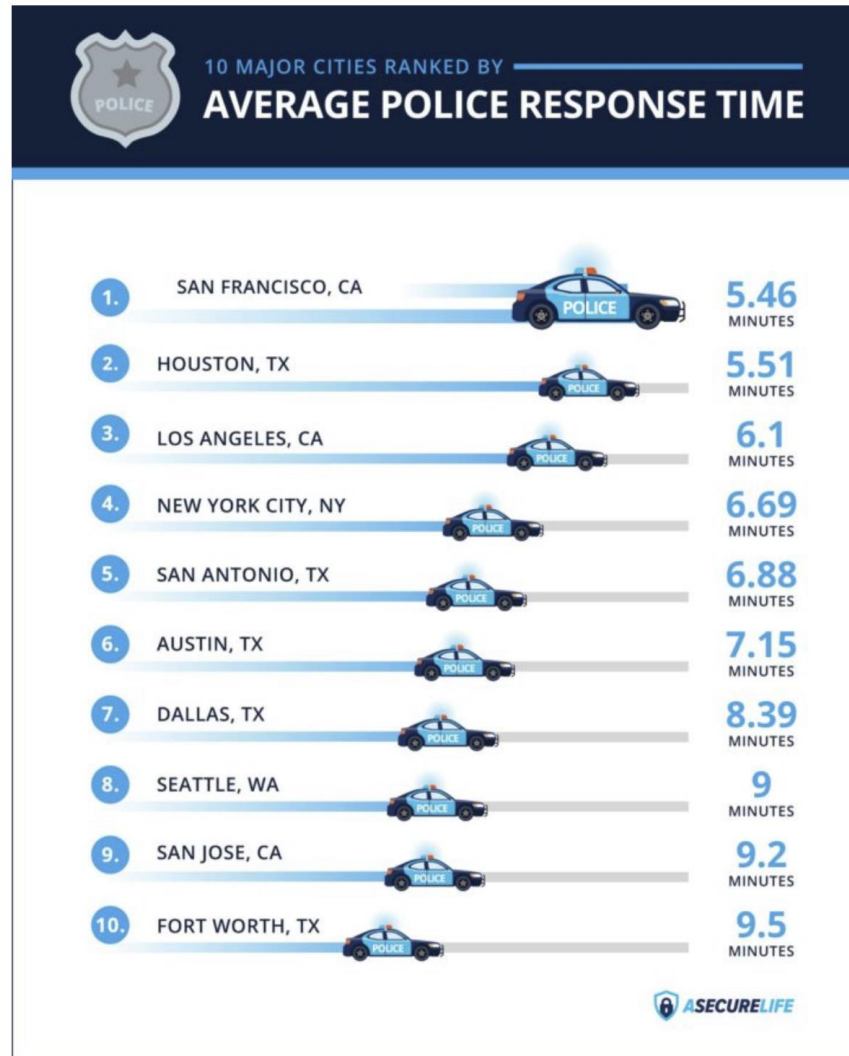
209M+ citizens over the age of 18

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# Consumer Insight Survey

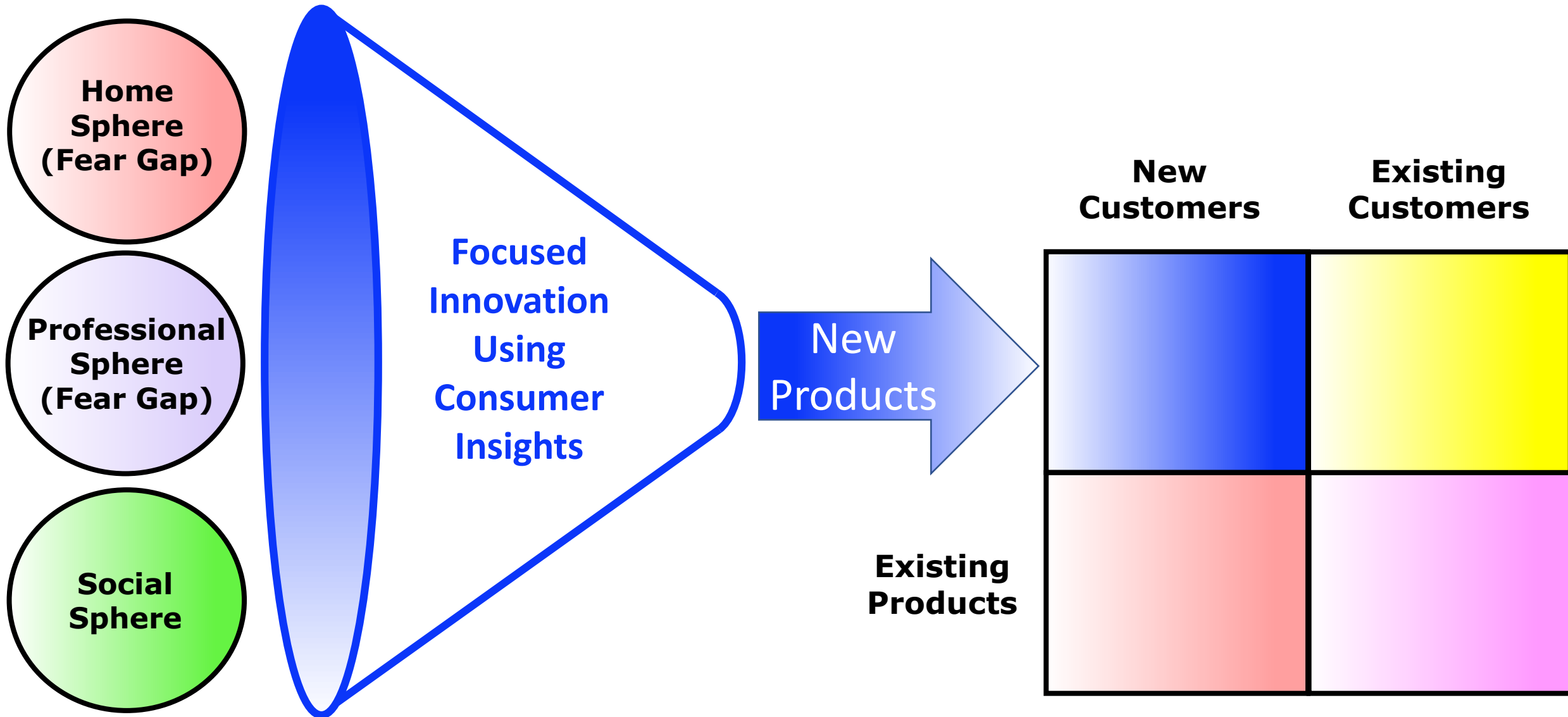
- Conducted nationwide by Nottingham-Spirk 1Q20
- Insights used for product & content development
- Key Insights
  - Target Demographics Identified
  - Awareness & Educational Opportunities
  - Product Design Elements

Innovative New  
Product Growth



# Innovation:

Products that are patentable, relevant, and value-add to the end user



# New Retail and Digital Strategies



# Retail: Consumer-Centric

Launched Spring 2020

- Full Product Continuum introduced (showing double-digit growth)
- Packaging and Product Refresh
- Price Point Strategy – use of Tornado Brand

**Goal: Develop a Personal Safety Category at the Retail Level (currently none exists)**



# Product Line Refresh



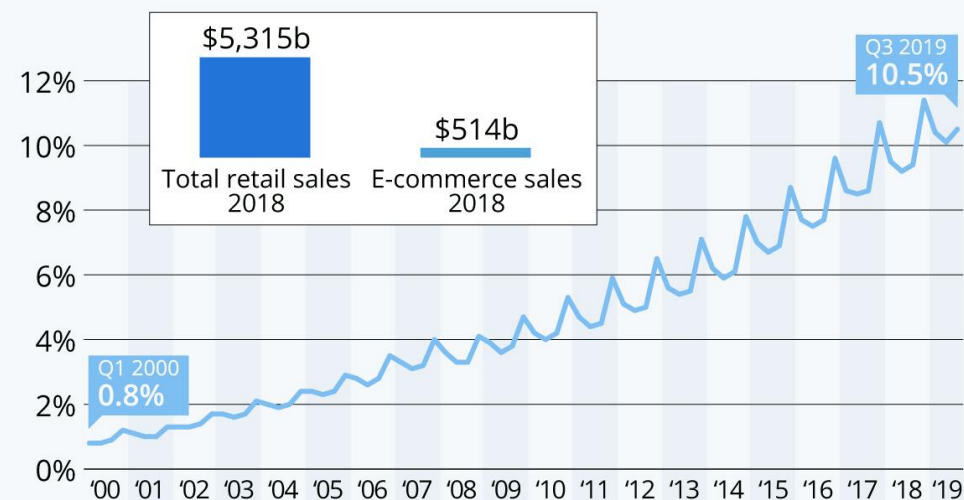


# Digital Marketplace Opportunity

E-commerce gross margins are typically 1.5 to 2X retail

## The Rise of E-Commerce in the United States

E-Commerce sales as a percentage of total retail sales in the United States\*



\* not seasonally adjusted  
Source: U.S. Census Bureau



statista



# Digital: Content Development

- On-going:
  - Amazon content
  - Website buildout
- Awareness & Education content – 2Q20
  - Personal Safety
  - Personal Safety Products
  - Personal Safety Products Brands
- Introduce New Content across all platforms
  - [www.mace.com](http://www.mace.com)
  - Social Media
  - Google
  - Amazon

**Goal: Become the Personal Safety Expert**



# SWOT Analysis

## Strengths

1. Recognized brand name
2. Strong EBITDA margins now
3. Innovation
4. Experienced mgmt. team
5. NOL Carryforward

## Weaknesses

1. Too many SKUs
2. Order to cash process
3. Intellectual resource-light
4. Late to Amazon and DTC

## Opportunities

1. Need for peace of mind and non-lethal self-protection
2. Branding and Education
3. Sizeable wallet in retail and DTC
4. Tornado – Opening Price Point

## Threats

1. Brand synonymous with pepper spray causing confusion
2. Banning of Pepper Spray



## ***AMPLE ACQUISITION OPPORTUNITIES***

- Recent acquisitions enhanced specific product channels – custom manufacturing, personal alarms, Tornado brand
- Potential roll-ups of customers/distribution channels
- Industry leadership position makes Mace an attractive acquirer

# Attractive Financial Characteristics



# Investment Thesis

- Market leader in Brand Awareness
- Favorable Climate for Non-Lethal Personal Safety and Security Product
- Conservative balance sheet, low capital intensity, access to capital markets
- Lowered break-even point allowing future revenue increases to fall to bottom line
- Transparency in governance and public reporting



## ***CONSERVATIVE CAPITAL STRUCTURE***

As of May 2020

Short-Term Debt (less than 1 year)

\$217 Term Debt

\$600 Bank Revolver

Long-Term Debt (over 1 year)

\$229 Term Debt

\$240 PPP Loan

Total short term and LT debt = \$1,330

Cash on hand ~\$1,300

Interest rates are fixed at  
2-5% and are pre-payable  
without penalty



## Significant Improvement in EBITDA margins

### 2017 - 2019

| US\$ MM       | '17               | '18          | '19          |
|---------------|-------------------|--------------|--------------|
| Sales         | \$9.9             | 11.5         | 10.5         |
| chg. YOY      | 10%               | 15%          | -9%          |
| Gross Margin  | 42.8%             | 36.7%        | 36.2%        |
| SG&A          | \$4.2             | 4.8          | 5.1          |
| <b>EBITDA</b> | <b>( \$0.05 )</b> | <b>(1.5)</b> | <b>(1.2)</b> |
| %             | (0.5% )           | (13.3)       | (11.5)       |

### Quarterly Performance Q1, 2019-Q1, 2020

| US\$ MM       | <u>Q1 '19</u>    | <u>Q2 '19</u> | <u>Q3'19</u>  | <u>Q4'19</u> | <u>Q1'20</u> |
|---------------|------------------|---------------|---------------|--------------|--------------|
| Sales         | \$2.7            | 3.0           | 2.5           | 2.4          | 2.8          |
| Gross Margin  | 38.4%            | 31.2%         | 38.4%         | 37.8%        | 38.7%        |
| SG&A          | \$1.8            | 1.4           | 1.0           | 0.9          | 0.9          |
| <b>EBITDA</b> | <b>( \$0.7 )</b> | <b>(0.5)</b>  | <b>(0.04)</b> | <b>0.05</b>  | <b>0.24</b>  |
| %             | (27% )           | (16.2)        | (1.5)         | 1.9          | 8.6          |



## ***ADDITIONAL INVESTMENT INSIGHTS***

- NOL Analysis: Company has approximately \$56M in tax NOL Carryovers, or \$0.88 per share of (gross) NOL
- Less than \$8M expiring by the end of 2022.
- Additional opportunities to monetize NOL's include licenses or royalties, strategic partnerships, or tax shield for acquisitions
- Mace follows transparent public reporting, and strong governance through a diverse, independent and annually-elected BOD



*Thank You!*