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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended November 30, 2025

OR

☐ 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 Capital Market**

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter (May 31, 2025) was approximately $406,511,947 based upon a share valuation of $26.66 per share.

As of February 5, 2026, the Company had 25,309,866 issued and 22,671,283 outstanding shares of common stock.

Documents incorporated by reference: Portions of the Registrant's definitive proxy statement relating to its 2026 annual meeting of shareholders (the "2026 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2026 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (the "Report") and the documents we have filed with the Securities and Exchange Commission (the "SEC") that are incorporated by reference herein contain "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 of 1934, as amended (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 in this Report, other than statements of historical fact, including, without limitation, statements in "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 "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "goals," "sees," "estimates," "projects," "predicts," "intends," "think," "potential," "objectives," "optimistic," "strategy," 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. Our actual results could differ materially from those anticipated in forward-looking statements as a result of certain factors, including matters described in the section titled "Risk Factors." Moreover, new risks regularly emerge and it is not possible for our management to predict all risks, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. All forward-looking statements included in this Report are based on information available to us on the date hereof. Forward-looking statements are also subject to risks and uncertainties related to regulatory classification, enforcement discretion, evolving public sentiment, and changes in laws or interpretations affecting less-lethal security products. Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained throughout this Report and the documents we have filed with the SEC.

Forward-looking statements include, but are not limited to, statements about:

- 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 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 recruit, retain and incentivize key management personnel;
- our ability to design, manufacture, market and sell new products and product lines;
- our ability to integrate the operations and product lines of companies that we acquire;
- risks related to product defects;
- the success of our entry into new markets;
- customer purchase behavior and negative media publicity or public perception of our brand or products;
- risks related to any 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;
- risks related to delayed cash collections or bad debt; and
- risks related to determinations or audits by taxing authorities, changes in government regulations, the impact of existing or future regulation by the U.S. Bureau of Alcohol, Tobacco, and Firearms ("ATF"), import and export regulators, and other federal or state authorities, or changes to the law in key international jurisdictions including Canada and South Africa or our inability to obtain needed exemptions from such existing or future regulation.

Our financial statements are stated in United States dollars ($US) and are prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP").

In this Report, unless otherwise specified, all references to "common stock" refer to our common stock, par value $0.001 per share.

References in this Report to the "Company," "we," "us," or "our" refer to Byrna Technologies Inc. and its subsidiaries (formerly known as Security Devices International, Inc.) unless the context clearly requires otherwise.

TRADEMARK NOTICE

Byrna® is a registered trademark of Byrna Technologies Inc. in the United States. This Report contains references to our trademarks and to trademarks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Report, including logos, artwork and other visual displays, may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names. All other brand names, trademarks, trade names and service marks appearing in this Report are the property of their respective owners. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by any other companies.

PART I

ITEM 1. BUSINESS

Overview

We are a less-lethal self-defense technology company specializing in innovative, next-generation 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 people to safely embrace life. We seek to fulfill our mission by developing easy-to-use self-defense tools that are designed to allow people to live more safely. We are also focused on providing law enforcement and private security customers with less-lethal alternatives to firearms that are intended to reduce the use of lethal force and facilitate trust within the communities they serve.

Since 2023, the Company has modernized its product line, diversified its distribution channels, and implemented technology-driven marketing tools that significantly expand reach and brand engagement. In 2024 and 2025, Byrna launched the Byrna CL™ (Compact Launcher), expanded its law-enforcement-grade Byrna LE™ and LE PRO™ product lines, deployed a proprietary AI-assisted advertising platform, expanded retail distribution through Sportsman's Warehouse and other partners, and opened additional Byrna-branded retail locations. The Company also established Byrna Technologies Canada, a wholly owned subsidiary supporting regulatory compliance, warehousing, marketing, and sales for the Canadian market.

Our product portfolio includes:

- handheld personal security devices and shoulder-fired launchers designed for use by consumers and professional security customers without the need for a background check or firearms license in most U.S. jurisdictions;
- a line of projectiles that are fired by Byrna devices, including chemical irritant, kinetic and inert rounds;
- a line of self-defense aerosol products, including Byrna Bad Guy Repellent™; and
- accessories and related safety products, including the Byrna Banshee™, Byrna Shield™, compressed carbon dioxide (CO_2) canisters, sighting systems, holsters and Byrna-branded apparel.

Our Byrna personal security devices are powerful and effective less-lethal self-defense devices that are powered by CO_2 and fire .68 caliber spherical kinetic and chemical irritant projectiles that are designed to disable a threat from a standoff distance of up to approximately 60 feet, depending on the launcher and the projectile used. We have designed our Byrna devices to function as a platform that can be enhanced, upgraded and customized in a modular fashion with our accessory products. Only Byrna projectiles are approved for use with Byrna launchers, which creates the potential for recurring sales of consumable products.

Our products are sold in both the consumer and security professional markets. In the consumer market, our solutions are designed to provide ordinary civilians with an effective, less-lethal tool to disable, disarm and deter would-be assailants and to escape harm's way. In the professional market, our products are designed to provide domestic and international law enforcement agencies, corrections and custodial officers, private security professionals, private investigators and other professional security users with a practical, less-lethal option to address threats and resolve conflicts without the need to resort to lethal force. Our products can be purchased in most U.S. locations quickly, simply and discreetly, generally without the requirement for a license, background check or waiting period, subject to applicable state and local laws.

Strategic Focus and Products

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 product offerings include handheld CO_2-powered launchers, chemical irritant projectiles, kinetic projectiles, and a variety of accessories. Our flagship product, the Byrna SD, is a compact, ergonomically designed handheld personal security device with the size and form factor of a compact handgun. It is easy to use, has virtually no recoil, and is designed to fire accurately from a standoff distance of up to approximately 60 feet, depending on the projectile used. The Byrna SD utilizes our patented technology and more than 60 custom-designed parts, and features reloadable magazines that hold five or seven .68-caliber projectiles. In 2025, we introduced the Byrna CL™ (Compact Launcher), a compact, lightweight launcher designed specifically for the everyday carry ("EDC") consumer segment. The CL platform incorporates improved ergonomics, simplified operation, enhanced concealability, and utilizes newly developed .61-caliber projectiles. We also expanded our law-enforcement-grade offerings with the Byrna LE™ and Byrna LE PRO™, which feature improved accuracy, higher muzzle velocity, and enhanced duty-grade performance for both law enforcement and advanced civilian consumers. Our projectile portfolio was updated in 2024–2025 to include Eco-Kinetic rounds, updated Max and Pepper chemical irritant formulations, and state-compliant chemical-free variants aligned with evolving legal requirements. Accessories now include premium holsters, optics-integrated attachments, magazines, CO_2 cartridges, and EDC-focused gear bundles tailored to both new and experienced users. The Byrna family of launchers is designed to provide less-lethal alternatives to firearms, effective at significantly greater standoff distances than pepper spray or conductive energy devices, which have recommended maximum ranges of 10 feet and 20 feet, respectively.

Our family of tactical launchers includes the Byrna TCR and Byrna M-4, which continue to meet the needs of law enforcement, private security teams, and other users who require durable, high-capacity less-lethal solutions. The TCR is a compact tactical rifle capable of firing 19 rounds in rapid succession at more than approximately 325 feet per second using a standard 12-gram CO_2 cartridge. The M-4 is a full-sized tactical launcher available in configurations suited for both law enforcement and civilian users, with magazine capacities tailored to situational and jurisdictional requirements. These launchers remain important components of our product portfolio, supporting organizations and individuals seeking effective less-lethal alternatives to traditional firearms.

We continue to offer a full line of professional-grade defensive sprays under the Fox Labs International brand, which is widely recognized among law enforcement and security professionals for its strength and reliability. These formulations are also marketed to consumers through our e-commerce and dealer channels under the Byrna Bad Guy Repellent™ line, providing civilians access to high-quality chemical irritant sprays that meet professional standards. The Fox Labs product line remains an important complement to our launcher platform, expanding our presence in both the professional and consumer self-defense markets.

In January 2023, we acquired a 51% ownership interest in Byrna LATAM S.A. ("Byrna LATAM"), a corporate joint venture formed to expand our operations and presence in South American markets. On August 19, 2024, we sold our 51% ownership interest to Fusady S.A., an affiliate of Bersa S.A. ("Fusady") for $1 (the "LATAM Share Purchase Agreement") and entered into an exclusive distribution, manufacturing and licensing agreement with Byrna LATAM (the "LATAM Licensing Agreement"). See Note 6, "Transactions with Byrna LATAM" to our consolidated financial statements for additional information.

We offer a broad portfolio of projectiles designed for self-defense, professional use, and training. Our chemical irritant projectiles include Byrna Max, which contains a pepper and tear-gas blend, and Byrna Pepper, which contains a pepper and PAVA blend. These projectiles produce a burning sensation on an assailant's eyes and skin and

temporarily impair respiratory function, providing fast-acting, incapacitating effects. Our Byrna Kinetic rounds are hard-plastic impact projectiles suitable for self-defense or training, while our Byrna Pro Training rounds contain inert powder to simulate chemical irritant use in controlled environments. In addition, we offer our Eco-Kinetic line of projectiles, which are fully biodegradable, environmentally safe, and engineered for high accuracy, making them suitable for both recreational shooting and safety-focused training. For users requiring extended range and compatibility with common law enforcement platforms, we also offer a less-lethal 12-gauge kinetic round featuring patented fin-stabilized technology designed to be fired from most 12-gauge shotguns with a standard cylinder or improved-cylinder bore choke, providing increased speed and accuracy at distances of up to 100 feet. To support the Byrna CL™ Compact Launcher, we introduced newly developed .61-caliber projectiles engineered specifically for the EDC ("everyday carry") market, offering enhanced concealability, lighter weight, and optimized performance in the CL platform.

Additionally, we offer the Byrna Shield, a ballistic-rated backpack that can be fitted with multiple armor panels and utilizes a patented deployment system to protect the wearer from both the front and back. We also market a range of accessories that allow our users to customize, carry, load, power and maintain their Byrna launchers. These accessories include laser sights, flashlight attachments, spare magazines, barrel extensions, holsters and CO2 cartridges. Finally, we offer our customers apparel featuring the Byrna brand and emphasizing our Live Safe motto. Together, our projectiles, accessories and apparel provide us with an attractive source of ongoing revenue from our base of Byrna owners.

Marketing and Sales

We sell our products into the consumer market through the Byrna e-commerce store, the Side Hustle dealer program, premier dealers, Amazon, and a network of more than 1,300 local, regional, and national outdoor and sporting-goods retailers, either directly or through distributors. In the professional security market, we promote product adoption through our Train the Trainer program, which provides instruction to police and security officers on proper use-of-force protocols and de-escalation practices.

International sales are fulfilled primarily through select distribution partners with expertise in their respective markets. International revenue represented 10.0% of total revenue in fiscal 2025 and 8.0% in fiscal 2024. We believe there is an opportunity to expand our international sales mix due to increasing interest from foreign law-enforcement agencies in less-lethal secondary security devices and de-escalation solutions.

Historically, our marketing efforts relied on e-commerce and digital advertising—including promotional specials and banner advertisements—to drive brand awareness and online traffic. Beginning in 2024, we expanded this model by establishing a large-scale influencer network focused on personal safety, outdoor activities, and women's self-defense. We also deployed a proprietary AI-assisted advertising system designed to automate creative generation, audience targeting, content iteration, and bid optimization, resulting in improved marketing efficiency and reduced customer-acquisition costs.

Our current marketing strategy includes continued engagement with influencers in relevant segments, participation in public discussions relating to firearm regulation and school safety as they pertain to less-lethal security solutions, support for police training initiatives, and expanded digital-marketing capabilities. In addition to digital channels, we utilize national and regional television advertising, talk-radio placements, and long-form broadcast integrations to increase brand awareness, particularly given advertising limitations affecting less-lethal and personal-security products on major social-media platforms.

In 2024, we launched a nationally recognized television and digital campaign referred to internally as the "Banana" campaign. Using humor and a non-threatening visual metaphor, the campaign communicated Byrna's core value proposition as an effective personal-security solution without the legal, moral, or emotional consequences associated with lethal force. The campaign generated more than 60 million organic views across television, streaming, and digital channels and materially increased brand recognition and consumer engagement while remaining compliant with advertising restrictions applicable to personal-security products.

These broadcast initiatives were supported by talk-radio endorsements, podcast integrations, and long-form interviews with nationally syndicated personalities, enabling more in-depth discussion of less-lethal alternatives, de-escalation, and responsible personal protection. This approach has expanded our reach to demographics less accessible through traditional digital advertising and strengthened brand trust and credibility.

Beginning in 2024, we integrated these broadcast efforts with our AI-driven advertising system to automate creative testing, audience targeting, content optimization, and media buying across digital and streaming platforms. This system enables rapid message testing, improved conversion rates, and lower customer-acquisition costs while ensuring compliance with platform advertising policies.

As a result of this diversified media strategy—combining television, radio, influencer partnerships, and AI-optimized digital campaigns—we have reduced reliance on traditional social-media advertising while increasing brand awareness, marketing efficiency, and customer-acquisition performance.

Manufacturing, Suppliers and Distribution

We operate two manufacturing facilities in Fort Wayne, Indiana, consisting of a 30,000-square-foot facility and a 10,000-square-foot facility. We previously operated a 20,000-square-foot facility in Pretoria, South Africa; however, manufacturing operations at that location were discontinued during the third quarter of fiscal 2025. Our U.S. facilities support production for domestic demand and utilize a labor-intensive manufacturing model involving skilled manual assembly of precision components. Following the cessation of South African operations, all active production has been consolidated within our U.S. manufacturing footprint. Based on the current capacity of these facilities, we believe we have sufficient production capability to meet anticipated demand based on current forecasts for at least the next two years, and that additional capacity can be secured on commercially reasonable terms if required.

We test 100% of our products at our production facilities prior to shipment to confirm that they meet defined quality and performance standards. We also conduct long-term testing of our launchers during product development. In-field quality performance is measured in part by customer return rates.

Our Byrna SD, LE, and CL launchers incorporate a substantial number of individual components, including custom-designed parts. We source these components from third-party suppliers located in the United States and abroad. Historically, we sole-sourced projectiles from South Africa; however, we have since established internal U.S. manufacturing capability for projectiles, which has improved quality control, enhanced supply reliability, and reduced dependency on external suppliers.

Beginning in 2024, we expanded our retail distribution footprint. We entered into a national retail partnership with Sportsman's Warehouse, making Byrna launchers and accessories available in select stores across the United States. Additional regional and independent retailers increased distribution coverage in key domestic markets. We also opened several Byrna-branded retail stores in states including Nevada, Florida, and Texas. These locations provide in-store demonstrations, training, and merchandising, and support both product-education and direct-sales functions. Collectively, these initiatives advance Byrna's evolution into an omnichannel distributor incorporating direct-to-consumer sales, national retailers, specialty dealers, and Byrna-operated locations.

Research and Development

Our research and development ("R&D") activities are conducted primarily at our headquarters in Andover, Massachusetts. These activities focus on the design, testing, and improvement of less-lethal personal security devices, associated projectiles, and launcher technologies. Our R&D team consists of specialists in mechanical engineering, precision manufacturing, CO_2-powered propulsion systems, and advanced materials.

Since 2023, we have continued to expand our development pipeline with both new product platforms and enhancements to existing models. Our R&D efforts supported the successful commercial launch of the **Byrna Compact Launcher ("CL") ** in April 2025, a product conceived, designed, and manufactured in the United States and incorporating approximately 90% U.S.-sourced components. The CL represents a new platform developed through multi-year engineering initiatives focusing on improved portability, energy efficiency, and compact CO_2-powered propulsion, delivering approximately 400 feet-per-second muzzle velocity in a form factor 38% smaller by overall volume than the Byrna SD and 44% smaller by overall volume than the Byrna LE. The integration of new .61-caliber proprietary projectiles, produced at our ammunition facility in Fort Wayne, Indiana, required coordinated launcher and ammunition co-development efforts.

We also continue to invest in the development of new projectile technologies. This includes our 12-gauge less-lethal kinetic round, designed with patented fin-tailed stabilization technology to enhance accuracy at distances exceeding 100 feet, powered solely by a primer rather than gunpowder, and engineered for reduced noise and recoil relative to traditional shotgun rounds. R&D activities further include refinement of clamshell sabot designs, frangible projectile structures, and integration of future payload variants.

In addition to launcher and projectile development, we have initiated R&D programs targeting next-generation system capabilities. As referenced in industry coverage, our ongoing R&D strategy includes investments in AI-enabled training, simulation, and system optimization concepts, as well as smart projectile technologies intended to potentially enhance accuracy, expand platform compatibility, and support future product differentiation. These initiatives align with broader market trends favoring more precise, low-risk personal defense solutions.

To support these programs, we continue to evaluate performance metrics such as muzzle velocity consistency, cold-weather reliability, CO_2 utilization efficiency, improved trigger performance, ergonomics, and integration of enhanced sighting systems. All new product platforms and substantial design modifications undergo staged prototype testing, long-term launcher durability testing, and validation of component manufacturability at scale.

In connection with our "Made in America" domestic sourcing initiative, we have expanded R&D collaboration with U.S. suppliers, particularly following the establishment of a dedicated ammunition production facility in Fort Wayne, Indiana, which enables accelerated iteration cycles for new projectile designs and improved quality control.

Our R&D efforts are intended to support a continued cadence of new product introductions, including enhancements to the Byrna SD, Byrna LE, and Byrna CL platforms; expanded projectile offerings across multiple calibers; and future launcher concepts that emphasize reliability, concealability, and ease of use for both consumer and professional markets.

Intellectual Property

Our ability to compete effectively depends in part on protecting our proprietary technology and maintaining adequate intellectual property rights. We rely on a combination of patent, trademark, copyright, and trade secret laws, as well as contractual protections, including confidentiality agreements, licenses, and intellectual property assignment agreements. Our patent expirations range from 2032 to 2038. We maintain policies requiring certain employees, contractors, consultants, and other third parties to execute confidentiality and proprietary-rights agreements, as appropriate, to safeguard access to our proprietary information.

We hold a portfolio of issued utility and design patents and currently have several additional patent applications, including provisional filings, under active prosecution. Our trademark portfolio includes multiple registered marks, as well as additional marks that are pending registration.

In June 2025, the Company acquired two Federal Firearms Licenses, each effective June 1, 2025 and expiring July 1, 2028. These licenses support our ability to conduct certain regulated firearms-related activities primarily in connection with our product development, testing, and compliance functions.

Competition

Our less-lethal security products compete with manufacturers of:

- conductive energy devices, including Axon Enterprise, Inc., which sells the TASER device;
- other handheld CO2-powered launchers of chemical irritant projectiles, including United Tactical Systems, LLC, which sells products under the PepperBall brand; and
- remote restraint devices, including Wrap Technologies, Inc.

In addition, manufacturers of traditional firearms may introduce products competitive with ours. Many of our existing and potential competitors benefit from strong brand recognition, broad product lines, well-established distribution, loyal resellers and customers and significant financial resources. We expect to encounter new competitors as the less-lethal security market grows and as we enter new markets both domestically and internationally. We believe our Byrna line of products is competitive in terms of price, quality, appearance, features, performance and reliability, but we must continue to innovate and increase brand awareness in order to stay competitive.

Regulatory Matters

The manufacture, sale, and purchase of weapons, ammunition, and explosives are subject to extensive federal, state, local, and foreign laws. We are also subject to the rules and regulations of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF") and various state and international agencies that regulate the manufacture, export, import, distribution, and sale of ammunition and explosives. Such regulations may adversely affect demand for our products by imposing limitations that increase costs, restrict permissible distribution channels, or limit the availability of our products.

In order to manufacture, sell, import, and export our 40mm products and certain related components, we are required to obtain and maintain several Federal Firearms License ("FFL") and Federal Explosive License ("FEL") permits.

Our launcher products—including the Byrna SD, Byrna LE, TCR, M4, and our newest product, the Byrna CL launched in 2025—use CO_2 to propel projectiles and do not use gunpowder or other explosives. As a result, these launchers are not currently classified as "firearms" under applicable BATF regulations. However, they remain subject to certain state and local restrictions applicable to "pepper spray," "tear gas," or other chemical-irritant devices. Changes in applicable laws, new legislative or

regulatory actions, or re-characterization of any of our launchers or projectiles as firearms or other regulated devices could affect our ability to manufacture or sell these products, limit the markets in which they may be sold, or increase compliance costs. Similarly, changes in domestic or international laws governing civilian or law-enforcement use of chemical irritants could reduce demand for our products or restrict access to certain markets.

We are subject, both directly and indirectly, to the adverse impact of existing and potential future government regulation of our products, technology, operations and markets. For example, the development, production, (re-)exportation, importation, and transfer of our products and technology is subject to U.S. and foreign export control, sanctions, customs, import and anti-boycott laws and regulations, including the Export Administration Regulations (the "EAR") (collectively, "Trade Control Laws"). If one or more of our products or technology, or the parts and components we buy from others, are or become subject to the International Traffic in Arms Regulations (the "ITAR") or national security controls or other controls under the EAR, this could significantly impact our operations, for example by severely limiting our ability to sell, (re-)export, or otherwise transfer our products and technology, or to release controlled technology to foreign person employees (as defined under applicable Trade Control Laws) or others in the United States or abroad. We may not be able to obtain licenses and other authorizations required under the applicable Trade Control Laws. The failure to satisfy the requirements under the Trade Control Laws, including the failure or inability to obtain necessary licenses or qualify for license exceptions, could delay or prevent the development, production, (re-)export, import, and/or in-country transfer of our products and technology, which could adversely affect our revenues and profitability.

Failure by us, our employees, or others working on our behalf to comply with the applicable Trade Control Laws could result in administrative, civil, or criminal liabilities, including fines, suspension, debarment from bidding for or performing government contracts, or suspension of our export privileges, which could have a material adverse effect on us. We transact with suppliers and others who are exposed to similar risks. Violations of the Trade Control Laws or other applicable laws and regulations could materially adversely affect our products, technology, brand, growth efforts, employees, and business.

In addition, our failure to comply with applicable rules and regulations may result in the limitation of our growth or business activities and could result in the revocation of licenses necessary for our business. The importation of materials and components we use in manufacturing our products and export of finished goods are also subject to extensive federal and international laws and regulations. The handling of our technical data and the international sale of our products may also be regulated by the U.S. Department of State and Department of Commerce. These agencies can impose civil and criminal penalties, including preventing us from exporting our products, for failure to comply with applicable laws and regulations.

We believe that existing federal, state, and local legislation relating to the regulation of firearms and ammunition has not had a material adverse effect on our sales of products to date. However, the regulation of firearms and ammunition may become more restrictive in the future, and any such developments might have a material adverse effect on our business, operating results, financial condition, and cash flows.

Human Capital

As of February 1, 2026, we had 159 employees. We believe that our employee relations are good, and that our human capital meets the needs of our business. None of our employees are represented by a collective bargaining agreement, and we have never experienced any material work stoppage. Our future performance depends significantly upon the continued service of our key engineering, technical and senior management personnel, and our continued ability to attract and retain skilled employees.

Environmental Compliance

Our facilities are subject to federal, state, local and foreign environmental laws and regulations. Compliance with these provisions has not had, nor do we expect such compliance will have, any material adverse effect upon our capital expenditures, earnings, or competitive position. We believe that we are not currently subject to any material costs for compliance with any environmental laws.

Corporate History

We were incorporated in Delaware on March 1, 2005 under the name Security Devices International Inc. On February 26, 2020, we filed an amendment to our Certificate of Incorporation with the Secretary of State of Delaware changing our name, effective March 4, 2020, to Byrna Technologies Inc. Effective December 19, 2019, we dissolved our wholly-owned subsidiary Security Devices International Canada Corp ("SDICC").

We currently have two wholly-owned subsidiaries, Byrna South Africa (Pty) Ltd ("Byrna South Africa") and Byrna Technologies Canada, Inc. ("Byrna Canada").

Manufacturing operations at Byrna South Africa were discontinued during the third quarter of fiscal 2025, and the lease for the facility expired in December 2025. All manufacturing activities have been consolidated at our Fort Wayne, Indiana facilities. Although Byrna South Africa remains a legal entity, it does not currently conduct active manufacturing operations.

On March 24, 2025, we incorporated Byrna Technologies Canada Ltd. under the laws of the Province of Ontario, Canada, in order to facilitate our ability to conduct business in Canada.

ITEM 1A. RISK FACTORS

Summary of Risk Factors

Below is a summary of the principal factors that make an investment in our common stock speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading "Risk Factors" and should be carefully considered, together with other information in this Report and our other filings with the SEC before making an investment decision regarding our common stock.

- ***We have a limited operating history on which you can evaluate our business.***
- ***We have a history of operating losses during prior periods and we cannot guarantee that we will be able to sustain profitability.***
- ***If we are unable to successfully implement our business plan for the sale of our products, our revenue growth could be slower than we expect and our business, operating results and financial condition could be adversely affected.***
- ***We may not be able to effectively manage our future growth.***
- ***Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop. Also, high-profile incidents involving the use or alleged misuse of our products, whether or not such use complies with applicable law or our intended use guidelines, could result in reputational harm, increased regulatory scrutiny, civil litigation, or reduced demand for our products.***
- ***Restrictions imposed by advertising and social media platforms that we use may result in decreased sales and market presence.***
- ***The failure to attract and retain key personnel could have an adverse effect on our operating results.***
- ***Executive Officer Transition***
- ***Leadership Succession and Executive Management Transitions Could Adversely Affect Our Operations***
- ***We depend on the sale of our personal security devices.***
- ***Sale of our personal security devices and kits depends on the continued availability of our ammunition, some of which is dependent on sole source suppliers.***
- ***Our business depends on maintaining and strengthening our brand and generating and maintaining demand for our products, and a reduction in such demand could harm our results of operations.***
- ***We are dependent on our relationships with key third-party suppliers for our business.***
- ***We are dependent on the quality of parts supplied by and quality controls of our third-party suppliers.***
- ***Higher costs or unavailability of components, freight, materials and accessories, including ammunition, could adversely affect our financial results.***
- ***If we deliver products with defects, we may be subject to product recalls or negative publicity, our credibility may be harmed, market acceptance of our products may decline, and we may be exposed to liability.***

- ***The markets for security products and less-lethal defense technology are in a state of technological change which could have a material adverse impact on our business, financial condition and results of operations.***
- ***The less-lethal defense technology industry and security products markets are highly competitive and our success depends upon our ability to effectively compete with numerous worldwide businesses.***
- ***We are subject to extensive regulation and could incur fines, penalties and other costs and liabilities under such requirements.***
- ***Changes in government policies and legislation could adversely affect our financial results.***
- ***Health and safety risks could expose us to potential liability and adversely affect our operating results and financial condition.***
- ***Our directors, executive officers, and significant stockholders may be able to influence us.***
- ***If our analyst coverage decreases or results in negative reports about our business, our stock price and trading volume could decline.***
- ***We do not intend to pay dividends on our common stock for the foreseeable future.***
- ***Any future litigation could have a material adverse impact on our results of operations, financial condition and liquidity.***
- ***Tariffs, sanctions, restrictions on imports or other trade barriers between the United States and various countries, most significantly China, Canada and Mexico, may impact our revenue and results of operations.***
- ***Data privacy and security laws and regulations in the jurisdictions in which we do business could increase the cost of our operations and subject us to possible sanctions and other penalties.***
- ***Substantial future sales, or the perception or anticipation of future sales, of shares of our common stock could cause our stock price to decline.***
- ***The ongoing requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain executive management and qualified board members.***
- ***Matters relating to the employment market and prevailing wage standards may adversely affect our business.***

Risk Factors

Investing in our common stock involves a high degree of risk. These risks include, but are not limited to, those described below, each of which may be relevant to an investment decision. If any of the following risks or other risks actually occur, our business, financial condition, results of operations, and future prospects could be materially harmed. In that event, the market price of our common stock could decline, and you could lose part or all of your investment. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. Certain statements contained in the risk factors below are forward-looking statements, and our actual results may differ materially from those expressed or implied by such statements.

Risks Related to Our Business

We have a limited operating history on which you can evaluate our business.

Although our corporate entity has existed since 2005, we have only been manufacturing and selling the Byrna launchers, our largest source of revenue, since April 2019. Moreover, we have introduced several new products during the past few years, including product lines acquired through acquisitions and sourced from third-party manufacturers with whom we had no prior experience. As a result, our business may be subject to many of the problems, expenses, delays, and risks inherent in the rapid growth of a relatively new business and the integration of key personnel and infrastructure.

We have a history of operating losses during prior periods, and we cannot guarantee that we will be able to sustain profitability.

We have a history of operating losses during prior periods, although we recorded net income for the years ended November 30, 2025, and November 30, 2024. However, we have recorded net losses during prior fiscal years. Our accumulated deficit at November 30, 2025, was $47.1 million. While we achieved profitability during the two most recently completed fiscal years, there can be no assurance that we will not experience net losses in the future and there can be no assurance of continued profitability.

If we are unable to successfully implement our business plan for the sale of our products, our revenue growth could be slower than we expect and our business, operating results and financial condition could be adversely affected.

There can be no assurance that our revenues or revenue growth can be sustained and revenues are not expected to grow at the rates experienced in certain prior years. Revenue growth that we have achieved or may achieve may not be indicative of future operating results. The Byrna line of personal security devices are relatively new products and their long-term adoption by the U.S. consumer market, and by potential other markets including law enforcement, private security, and international markets, remains unknown. We have experienced product development and production delays, unanticipated costs associated with the development and manufacture of new products, constraints on material and component availability and pricing, air freight availability and costs, volatile demand levels related to unexpected publicity and civil unrest, and backlogs and order cancellations from our inability to timely fulfill orders (and cancellations of orders). Given our limited sales history, number of new products introduced and planned, these types of factors and events may continue to affect the long term success and growth of our business and ability to sustain our revenues or revenue growth. Further, performance failures, new legislation or regulation, competition, or negative publicity could stall or prevent the success of existing and new products in the market and our generation of revenue. In addition, we have increased and may increase further our operating expenses in order to fund increases in our manufacturing, distribution, and sales and marketing efforts and increase our administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not followed by timely increases in our revenues, our business, operating results, margins, growth rates, and financial condition may be materially adversely affected.

We may not be able to effectively manage our future growth.

We have experienced rapid growth in our headcount and operations over the last several years, integration of which will continue to place significant demands on our management and our operational and financial infrastructure. Additional growth in the future could increase that demand. We have a limited history operating our business at its current scale. We may experience difficulties in managing this growth and building the appropriate processes and controls. Continued growth (including our expansion in Fort Wayne, international expansion, and growth associated with new product introductions and marketing campaigns) may increase the strain on our resources, and we could experience operating difficulties, including difficulties in sourcing, logistics, recruiting, maintaining internal controls, marketing, designing innovative products, and meeting consumer needs. If we do not adapt to meet these evolving challenges, the strength of our brand may erode, the quality of our products may suffer, we may not be able to deliver products on a timely basis to our customers, and our corporate culture may be harmed.

We must effectively integrate, develop and motivate a large number of employees in various locations around the United States and internationally, and we must maintain the beneficial aspects of our corporate culture. We intend to continue to make substantial investments in research and development, marketing and sales, our general and administrative organizations, and our international operations. To attract top talent, we have had to offer, and believe we may need to improve and will need to continue to offer, highly competitive compensation packages before we can validate the productivity of those employees. In addition, fluctuations in the price of our common stock can make it more difficult or costly to use equity compensation to motivate, incentivize and retain our employees. We face significant competition for talent from other high-growth companies, which include both publicly traded and privately-held companies. The risks of over-hiring or over-compensating employees and the challenges of integrating a rapidly growing employee base into our corporate culture may increase our expenses. We may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs and successfully integrate our new hires, our efficiency and ability to meet our forecasts and our employee morale, productivity and retention could suffer, and our business and operating results could be adversely affected.

As we grow our business, slower growing or reduced demand for our products, increased competition, a decrease in the growth rate of our overall market, failure to develop and successfully market new products, or the maturation of our business or market could harm our business. We expect to make significant investments in research and development and sales and marketing, expand our operations and infrastructure, design and develop or acquire new products, and enhance our existing products. If our sales do not increase at a sufficient rate to offset these increases in our operating expenses, our margins and profitability may decline in future periods.

Additionally, if we do not effectively manage the growth of our business and operations, the quality of our products and customer service could suffer, which could negatively affect our brand, operating results and overall business. We have made changes in the past, and will make changes in the future, to our features, products and services that our customers or potential customers may not like, find useful or agree with. We may also decide to discontinue certain features, products or services, or charge for certain features, products or services that are currently free or increase fees for any of our features, products or services. In addition, they may choose to take other types of action against us such as organizing boycotts or protests focused on our company, our products or any of our services, or filing lawsuits against us. Any of these actions could negatively impact our customer growth, engagement and our brand, which would harm our business. To effectively manage this growth, we will need to continue to improve our operational, financial and management controls, and our reporting systems and procedures by, among other things:

- improving our information technology infrastructure to maintain and improve ease of use, access by consumers, and information security;
- enhancing information and communication systems to ensure that our employees and offices are well-coordinated and can effectively communicate with each other and our growing base of retail customers, vendors, and suppliers;

- enhancing our internal controls to ensure the security of our data and timely and accurate reporting of all of our operations; and
- appropriately documenting our information technology systems and our business and control processes.

Continuing systems enhancements and improvements are likely to require significant capital expenditures and allocation of valuable management and employee resources. If we fail to implement these improvements in a timely manner or effectively, our ability to manage our expected growth and comply with the rules and regulations that are applicable to publicly reporting companies will be impaired.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.

We may be subject to proceedings or claims that may arise in the ordinary course of the business, which could include product and service warranty claims, which could be substantial. If our products fail to perform as warranted and we fail to quickly resolve product quality or performance issues in a timely manner, our reputation may be tarnished, potential sales may be lost, and we may be forced to pay damages. The occurrence of product defects and the inability to correct errors could result in the delay or loss of market acceptance of our products, material warranty expense, diversion of technological and other resources from our product development efforts, and the loss of credibility with customers, manufacturer's representatives, distributors, dealers and end-users, any of which could have a material adverse effect on our business, operating results and financial conditions.

Our products are used in activities and situations that inherently involve a risk of personal injury. Our products expose us to potential product liability, warranty liability, and personal injury claims and litigation relating to the use or misuse of our products, including allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product or activities associated with the product, negligence, and strict liability. In addition, our products may be used or alleged to be misused in high-profile incidents involving civilians or law enforcement personnel. Even where such use is lawful or consistent with our product guidelines, these incidents may attract significant media attention, public criticism, or political scrutiny. Such events could lead to calls for increased regulation or bans on our products, loss of consumer or institutional trust, termination of distribution relationships, increased litigation risk, or damage to our brand and reputation, any of which could materially adversely affect our business. If successful, any such claims could have a material adverse effect on our business, operating results, and financial condition. Defects in our products may result in a loss of sales, recall expenses, delay in market acceptance, and damage to our reputation and increased warranty costs, which could have a material adverse effect on our business, operating results, and financial condition. In addition, our reputation may be adversely affected by such claims, whether or not successful, including potential negative publicity about our products.

We maintain general liability insurance that includes product liability coverage in amounts that we believe are appropriate for our business, but there is no assurance that we will be able to maintain such insurance on acceptable terms, if at all, in the future and product liability claims may exceed the amount of insurance coverage.

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. During 2023, certain advertising and social media platforms prohibited or significantly restricted advertising of Byrna products, which restrictions largely remain in place. 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. In addition, many of these platforms rely on automated systems, algorithms, or discretionary enforcement practices that may deprioritize, restrict, or remove our content without notice or clear explanation. We often have limited ability to appeal or reverse such decisions. Changes in platform policies, content moderation standards, or algorithms could occur rapidly and without warning, and could disproportionately impact our ability to reach customers, drive traffic to our e-commerce channels, or maintain brand visibility.

The failure to attract and retain key personnel could have an adverse effect on our operating results.

Our success depends substantially on the efforts and abilities of our senior management and key personnel. The competition for qualified management and key personnel is intense. The loss of services of one or more of our key employees or the inability to hire, train, and retain additional key personnel could delay the development and sale of our products, disrupt our business, and interfere with our ability to execute our business plan.

In addition, our ability to maintain our competitive position is dependent to a large degree on the efforts and skills of our senior management team, including Bryan Ganz, our President, Chief Executive Officer and member of the Board of Directors, and Lauri Kearnes, our Chief Financial Officer, and other members of our senior management team. The loss of the services of one or more of our key personnel could materially and adversely affect our operations.

Executive Officer Transition.

On January 29, 2026, the Company announced that its Chief Operating Officer notified the Company of his decision to voluntarily depart to pursue another professional opportunity, effective February 17, 2026. The departure was not the result of any disagreement with the Company on any matter relating to its operations, policies, or practices. The Company is in the process of transitioning the COO's responsibilities to other members of senior management while it conducts a search for a permanent replacement. Additional information regarding this transition is set forth in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 29, 2026.

Leadership Succession and Executive Management Transitions Could Adversely Affect Our Operations.

The Company is currently managing and expects to continue managing significant executive leadership transitions. Our Chief Operating Officer's employment will end on February 17, 2026, as previously disclosed in a Current Report on Form 8-K filed on January 29, 2026, and the position has not yet been permanently filled. In addition, the employment agreement of our Chief Executive Officer expires in 2026, and the Company is evaluating its leadership succession plans. If we are not successful in recruiting, onboarding and retaining qualified executive leadership, or if we fail to manage these transitions effectively, we could experience operational disruption, delays in executing our strategic initiatives, loss of institutional knowledge, adverse impacts on employee retention and engagement, and negative perceptions among customers, suppliers and investors. Any such events could materially and adversely affect our business, financial condition and results of operations.

We depend on the sale of our personal security devices.

Although we do sell certain other products and we expect to introduce new products, including products being developed and products acquired in connection with acquisitions, our revenue has been derived mainly from the sale of the Byrna SD, its successor, the Byrna LE, and, more recently, the Byrna CL. The sale of such personal security devices is influenced by a variety of economic, social, and political factors, including without limitation the level of confidence of consumers in our products and in the security and reliability of online shopping and e-commerce on which we significantly rely, which may result in volatile sales. Sales of the Byrna SD and Byrna CL, including ammunition and accessories, represent most of our revenue. There can be no assurances of continued demand for the Byrna SD and Byrna CL, and any change in the factors that impact demand and sales that are likely to materially and adversely affect our prospects.

Sale of our personal security devices and kits depends on the continued availability of our ammunition, some of which is dependent on sole source suppliers.

Our introductory product is purchased most often as a "kit" including the Byrna SD and CL launchers and samples of our various projectiles. Unavailability of projectiles could delay shipment of kits and materially and adversely affect our operations. Moreover, our "razor/razor blade model" which anticipates future orders of ammunition from the owners of our personal security devices could be materially impacted by the unavailability of projectiles. See *"We are dependent on our relationships with key third-party suppliers for our business"* below. We have experienced actual and threatened shortages of our projectiles and third-party products due to pandemic related factors that affected our suppliers as well as competition and other business specific considerations. Such situations may require a quick pivot on our packaging or bundling of products, marketing or product mix, including, in certain circumstances, legal action. There are human capital and monetary costs associated with such adaptations, and there is no guarantee that we will be able to successfully meet such challenges in the future or that they will not materially increase costs of production or operations and negatively impact our financial results.

Our business depends on maintaining and strengthening our brand and generating and maintaining demand for our products, and a reduction in such demand could harm our results of operations.

The Byrna name and brand image are integral to the growth of our business, as well as to the implementation of our strategies for expanding our business. Our success depends on the value and reputation of our brand, which, in turn, depends on factors such as the quality, design, performance, functionality, and durability of our products, the image of our e-commerce platform and retail presence, our communication activities, including advertising, social media, brand ambassadors, and public relations, and our management of the customer experience, including direct interfaces through customer service. Maintaining, promoting, and positioning our brand are important to expanding our customer base, and will depend largely on the success of our marketing and merchandising efforts and our ability to provide consistent, high quality customer experiences. We intend to make substantial investments in these areas in order to maintain and enhance our brand, however such investments may not be successful. Ineffective marketing, negative publicity, social media advertising restrictions, product diversion to unauthorized distribution channels, product or manufacturing defects, counterfeit products, unfair labor practices, failure to protect the intellectual property rights in our brand, and an inability to provide satisfactory customer service experience as we rapidly expand our business, are some of the potential threats to the strength of our brand, and those and other factors could rapidly and severely diminish customer confidence in us. Furthermore, these factors could cause our customers to lose the personal connection they feel with the Byrna brand. We believe that maintaining and enhancing our brand image in our current markets and in new markets where we have limited brand recognition is important to expanding our customer base. If we are unable to maintain or enhance our brand in current or new markets, our growth strategy and results of operations could be harmed.

We are dependent on our relationships with key third-party suppliers for our business.

We rely on certain third-party suppliers for our business, including sole source suppliers. Our future operating results depend upon our ability to obtain timely delivery of a sufficient amount and a reliable quality of all components on commercially reasonable terms. Failure of a supplier's business or consolidation within the industry could further limit our ability to purchase key components at all (in the case of sole source suppliers) or in sufficient quantities and on commercially reasonable terms. Demands of competitors, including those with larger operations and stronger bargaining power or those that are willing to pay a higher price or to accept lower standards, could also limit our ability to purchase key components in sufficient quantities on commercially reasonable terms. Failure of our suppliers to provide sufficient quantities of components on favorable terms, meet quality standards, or deliver components on a timely basis has occurred in the past due to industry shortages of certain raw materials, and could occur in the future for similar or other reasons. Such failures could delay or stop our production, result in possible lost sales and seriously threaten our liquidity and revenues.

We are dependent on the quality of parts supplied by and quality controls of our third-party suppliers.

Our products contain numerous parts and we rely on third-party suppliers to deliver parts and materials that comply with our specifications. While we test all of our finished products, we do not test all of the components and materials they contain. We use randomized statistical inspection for components and materials and these protocols, while we believe them to be reliable, have inherent limitations and may miss parts that do not meet specifications. If those parts pass our completed launcher testing but subsequently cause failures of the products in which they are installed, we may need to undertake product recalls or implement protocols for improved performance or safety, which could negatively impact our reputation and business. Moreover, if any such part failure resulted in a physical injury, it could also subject us to the risks of potential product liability actions and, if our stock price were impacted, securities class action litigation.

Higher costs or unavailability of components, freight, materials and accessories, including ammunition, could adversely affect our financial results.

Delays in delivery caused by industry allocations, material shortages (such as plastic or resins), or obsolescence have occurred in recent years, including as a result of the COVID-19 pandemic, and may continue and could occur in the future. Such delays may take weeks or months to resolve and may result in increased costs as well as production and product fulfillment delays. In addition, in some cases, parts obsolescence may require a product re-design to ensure quality replacement components. These delays could cause significant delays in manufacturing and loss of sales, leading to adverse effects significantly impacting our financial condition or results of operations and could injure our reputation.

Our freight and import costs and the timely delivery of our products could be adversely impacted by a number of factors which could reduce the profitability of our operations, including: higher fuel costs; port closures; theft in transit; permit or customs clearance issues; increased government regulation or changes for imports of foreign products into the United States; delays created by terrorist attacks or threats, public health issues (including new pandemics and epidemics), national disasters or work stoppages; climate change related effects on the availability of raw materials, the operations of our suppliers, or on transportation systems or routes, and other matters. Any interruption of supply for any material components of our products could significantly delay the shipment of our products and have a material adverse effect on our revenues, profitability and financial condition. Additional compliance with existing or new regulations related to climate change could increase production costs of our suppliers and indirectly lead to increased cost to us of components, materials, or accessories. International or domestic geopolitical or other events, including the imposition of new or increased tariffs and/or quotas by the U.S. government on any of these raw materials or components, could adversely impact the supply and cost of these raw materials or components, and could adversely impact the profitability of our operations. In addition, due to rapidly increasing demand for our products, we have faced significant challenges, including production backlogs and resulting customer complaints. All of the foregoing could negatively impact our financial results.

If we are unable to successfully design and develop or acquire new and appealing products, our business may be harmed.

To maintain and increase sales we must continue to introduce new products and improve or enhance our existing products. The success of our new and enhanced products depends on many factors, including anticipating consumer preferences, finding innovative solutions to consumer problems or acquiring new solutions through mergers and acquisitions, differentiating our products from those of our competitors, and maintaining the strength of our brand. The design and development of our products as well as acquisitions of other businesses are costly and we typically have several products in development at the same time. Problems in the design or quality of our products, or delays in product introduction, may harm our brand, business, financial condition, and results of operations.

Our business could be harmed if we are unable to accurately forecast consumer preferences and retail trends that affect demand for our products.

To ensure adequate inventory supply, we forecast inventory needs and often place orders with our manufacturers before we receive firm orders from our retail partners or customers. If we fail to accurately forecast demand, we may experience excess inventory levels or a shortage of product.

If we underestimate the demand for our products, we or our suppliers may not be able to scale to meet our demand, and this could result in delays in the shipment of our products and our failure to satisfy demand, as well as damage to our reputation and retail partner relationships. If we overestimate the demand for our products, we could face inventory levels in excess of demand, which could result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would

harm our gross margins. In addition, failures to accurately predict the level of demand for our products could cause a decline in sales and harm our results of operations and financial condition.

We rely on a limited number of third parties for shipping, transportation, logistics, marketing and sales of our products and components. A loss of any such third-party relationship might have a material adverse effect on our operating results.

We rely on third parties to ship, transport, and provide logistics for our products and components. Our dependence on a limited number of third parties for these services leaves us vulnerable due to our need to secure these parties' services on favorable terms. Loss of, or an adverse effect on, any of these relationships or failure of any of these third parties to perform as expected could have a material and adverse effect on our operations, sales, revenue, margins, liquidity, reputation and financial and operating results.

If we deliver products with defects, we may be subject to product recalls or negative publicity, our credibility may be harmed, market acceptance of our products may decline, and we may be exposed to liability.

We sell complex products including products that are new to the market and without a long performance history. These products may contain certain design and manufacturing defects including defects in materials and components that we purchase from third parties. There can be no assurance we will be able to detect and fix all defects in the products we sell. Accordingly, our products may experience quality and service problems from time to time that could result in decreased sales and operating margin and harm to our reputation.

Our business relationships with third parties could cause us to expend significant resources and incur substantial business risk with no assurance of financial return.

We rely upon business relationships for the manufacturing and distribution of certain products. Our business depends upon our ability to manufacture and sell our products to our customers. We currently do not have the capabilities to manufacture some of our products and product components on our own and are required to enter into agreements with third parties of such services. We also rely upon third parties for materials and components, as well as shipping, certain marketing and sales-related services. There can be no assurance that such business relationships can be maintained, will be extended or renewed, or will achieve their goals. If we are unable to enter into business relationships for distribution and sales or if any of our current business relationships are terminated or fail to achieve their goals, our business, operating results and financial condition could be materially adversely affected.

Our business depends on our ability to prevent or mitigate the effects of a cybersecurity attack.

Our information technology systems, including third-party run e-commerce and payment service systems, may be subject to cyber-attacks, security breaches or computer hacking including a ransomware attack encrypting corporate information technology equipment, a directed attack against us or a data breach or cyber incident happening to a third-party network and affecting us. Regardless of our efforts, there may still be a breach, and the costs to eliminate, mitigate or address the threats and vulnerabilities before or after a cyber-incident could be significant. Any such breaches or attacks could result in interruptions, delays or cessation of operations and loss of existing or potential suppliers or customers. In addition, breaches of our information technology systems or security measures (including those of our third-party partners) and the unauthorized dissemination of sensitive personal, proprietary or confidential information about our business, our business partners, customers or other third parties could expose us to significant potential liability and reputational harm, materially damage our customer and business partner relationships, and subject us to significant reputational, financial, legal, and operational consequences. Moreover, any such breach or attack could result in litigation against us by customers or other third parties whose data is compromised by any such attack. Despite the implementation of security measures and controls, we cannot assure that our cybersecurity risk management program will prevent, detect, or mitigate all cybersecurity incidents. Any such incident could go undetected for a period of time and could result in regulatory investigations, mandatory disclosures, private litigation, disruption of operations, loss of data, or significant remediation and response costs. Any of these outcomes could materially adversely affect our business, financial condition, and results of operations.

Conducting our operations through current or future joint ventures could expose us to risks and uncertainties, many of which are outside of our control, and such risks could have a material adverse effect on our business, financial condition, results of operations and cash flows.

With respect to any joint venture that we may enter into in the future, any differences in views among the joint venture participants may result in delayed decisions or in failures to agree on major issues. We would also not be able to control the actions of any future joint venture partners, including any nonperformance, default or bankruptcy of our future joint venture partners. As a result, we could be unable to control the quality of products produced by any future joint venture or achieve consistency of product quality as compared with our other operations. In addition to net sales and market share, this may have a material negative impact on our brand and how it is perceived thereafter. Moreover, if our partners also fail to invest in the joint venture in the manner that is anticipated or otherwise fail to meet their contractual obligations, any future joint venture may be unable to adequately perform and conduct its operations, requiring us to make additional investments or perform additional services to ensure the adequate performance and delivery of products and/or services to the joint venture's customers, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As we seek to expand our business globally, growth opportunities may be impacted by greater political, economic and social uncertainty and the continuing and accelerating globalization of businesses could significantly change the dynamics of our competition, customer base and product offerings.

Our efforts to grow our business depend in part upon access to, and our success in developing, market share and operating profitably in additional geographic markets including but not limited to international markets outside the United States. In some cases, countries in these regions have greater political and economic volatility, greater vulnerability to infrastructure and labor disruptions and differing local customer product preferences and requirements than our other markets. Operating and seeking to expand business in a number of different regions and countries exposes us to multiple and potentially conflicting cultural practices, business practices and legal and regulatory requirements that are subject to change, including those related to tariffs and trade barriers, investments, property ownership rights, taxation and repatriation of earnings and advanced technologies. Such expansion efforts may also use capital and other of our resources that could be invested in other areas. Expanding business operations globally also increases exposure to currency fluctuations which can materially affect our financial results. Although we are taking measures to adapt to these changing circumstances, our business, financial condition, results of operations and cash flows could be materially adversely affected should these efforts prove unsuccessful.

Sales transacted at our retail stores may be paid for with cash which increases the risk of theft and related legal liability.

Customers purchasing products at our retail locations may choose to pay in cash. Though cash receipts are expected to be immaterial in amount and are deposited promptly, acceptance of cash by our employees and possession of cash on our premises increase the risk of theft and potential related legal liabilities.

Risks Related to Our Industry

The markets for security products and less-lethal defense technology are in a state of technological change which could have a material adverse impact on our business, financial condition and results of operations.

The markets for security products and less-lethal defense technology, in which our products and services are included, are associated with rapidly changing technology, which could result in product obsolescence or short product life cycles. Accordingly, our success is dependent upon our ability to anticipate technological and other changes and to successfully identify, obtain, develop and market new products that satisfy evolving customer requirements. There can be no assurance that we will successfully develop new products or enhance and improve our existing products or that any new products and enhanced and improved existing products will achieve market acceptance. Further, there can be no assurance that competitors will not market products that have perceived advantages over our products or which render the products currently sold by us obsolete or less marketable.

We must commit significant resources to developing new products before knowing whether our investments will result in products the market will accept. To remain competitive, we may be required to invest significantly greater resources then currently anticipated in research and development and product enhancement efforts.

The less-lethal defense technology industry and security products markets are highly competitive, and our success depends upon our ability to effectively compete with numerous worldwide businesses.

We face competition from a number of businesses, including global businesses, many of which have substantially greater financial resources, operating scale, and a broader range of product offerings than we do. In the law enforcement market, in particular, we face competitors who have long-term, established relationships with security professionals who subscribe to an integrated suite of their products, some of which offer features that our current products do not support, and who may have made substantial investments in their hardware, creating a barrier to entry for our competing product. Such competition could adversely affect our ability to win new contracts and sales and renew existing contracts. We operate in a period of intense competition in some key markets, which could affect the profitability of the contracts and sales we do win. If we cannot successfully compete in our industry and business segments, our business, financial condition and results of operations could suffer.

Further expansion of sales of our product to law enforcement and other governmental or quasi-governmental entities may require expenditure of resources and lengthen our sale cycle.

Generally, entities such as law enforcement and other governmental or quasi-governmental entities consider a wide range of issues before committing to purchase less-lethal defense products, including product benefits, training costs, the cost to use our products in addition to, or in place of, other products, budget constraints and product reliability, safety and efficacy. Such considerations may result in a sales cycle that is longer than and different from sales process related to dealers and consumers. Adverse publicity surrounding our products or the safety of such products also could lengthen our sales cycle with these customers. In addition, if we continue to expand sales of our products to these customers, we could encounter challenges related to funding of law enforcement and other governmental and quasi-governmental entities generally, states and municipalities that fund such entities and any future changes in public sentiment around police funding. We may incur substantial selling costs and expend significant effort in connection with the evaluation of our products by such potential customers before they place an order. If these potential customers do not ultimately purchase our products, we will have expended significant resources and received no revenue in return.

Our performance is influenced by a variety of economic, social, and political factors.

Our performance is influenced by a variety of economic, social, and political factors. General economic conditions and consumer spending patterns can negatively impact our operating results. Economic uncertainty, unfavorable employment levels, declines in consumer confidence, increases in consumer debt levels, increased commodity prices, and other economic factors may affect consumer spending on discretionary items and adversely affect the demand for our products. In times of economic uncertainty, consumers tend to defer expenditures for discretionary items, which could negatively affect demand for our products. Any substantial deterioration in general economic conditions that diminish consumer confidence or discretionary income could reduce our sales and adversely affect our operating results.

Political and social factors can affect our performance. Concerns about political trends, as well as firearm-related incidents, incidents involving less lethal weapons including pepper spray and chemical irritant rounds, and social reaction thereto, and legislature and policy shifts resulting from elections can affect the demand for our products. In addition, speculation about control of firearms, firearm products, and ammunition at the federal, state, and local level and heightened fears of terrorism and crime can affect consumer demand for our products. Often, such concerns result in an increase in near-term consumer demand and subsequent softening of demand when such concerns subside. Inventory levels in excess of customer demand may negatively impact operating results and cash flow.

Federal and state legislatures frequently consider legislation relating to the regulation of CO2 fired launchers. If such legislation develops, we could find it difficult, expensive, or even impossible to comply with them, impeding new product development and distribution of existing products. Conversely, new legislation could increase the demand for less-lethal weapons beyond our current forecasts and strain or exceed production capability, which could harm our reputation and adversely impact our business.

Risks Related to Regulation

We are subject to extensive regulation and could incur fines, penalties and other costs and liabilities under such requirements.

We are subject to numerous federal, state and local environmental, health and safety legislation and other applicable regulations, laws, and measures relating to the manufacture and sale of our products. There can be no assurance that we will not experience difficulties in complying with applicable regulations as they change over time, or that our compliance efforts (or failure to comply with applicable requirements) will not have a material adverse effect on our results of operations, business, prospects and financial condition. Our continued compliance with present and changing future laws could restrict our ability to sell our products and expand our operations.

Changes in government policies and legislation could adversely affect our financial results.

The manufacture, sale, purchase, possession and use of devices that may be treated as weapons, including CO2 powered launchers and chemical irritant devices, are subject to federal, state, local, and foreign laws. If such regulation becomes more expansive in the future, it could have a material adverse effect on our business, operating results, financial condition, and cash flows. Our products are relatively new and may be subject to certain laws and regulations, including those related to CO2 powered launchers, "pepper spray" or "tear gas" devices, and future legislation or regulation. New legislation, regulations, or changes to or new interpretations of existing regulations could impact our ability to manufacture or sell products and our projectiles, or limit their market, which could impact our cost of sales and demand for Byrna products. Similarly, changes in laws related to the domestic or international use of chemical irritants by civilians or law enforcement could impact both our cost of sales and the size of the addressable market.

We may be subject, both directly and indirectly, to the adverse impact of existing and potential future government regulation of our products, technology, operations and markets. For example, the development, production, (re-)exportation, importation, and transfer of our products and technology is subject to U.S. and foreign export control, sanctions, customs, import and anti-boycott laws and regulations, including the EAR (collectively, "Trade Control Laws"). If one or more of our products or technology, or the parts and components we buy from others, are or become subject to the International Traffic in Arms Regulations (the "ITAR") or national security controls or other controls under the EAR, this could significantly impact our operations, for example by severely limiting our ability to sell, (re-)export, or otherwise transfer our products and technology, or to release controlled technology to foreign person employees or others in the U.S. or abroad. We may not be able to obtain licenses and other authorizations required under the applicable Trade Control Laws. The failure to satisfy the requirements under the Trade Control Laws, including the failure or inability to obtain necessary licenses or qualify for license exceptions, could delay or prevent the development, production, (re-)export, import, and/or in-country transfer of our products and technology, which could adversely affect our revenues and profitability.

Failure by us, our employees, or others working on our behalf to comply with the applicable Trade Control Laws could result in administrative, civil, or criminal liabilities, including fines, suspension, debarment from bidding for or performing government contracts, or suspension of our export privileges, which could have a material adverse effect on us. We transact with suppliers and others who are exposed to similar risks. Violations of the Trade Control Laws or other applicable laws and regulations could materially adversely affect our products, technology, brand, growth efforts, employees, and business.

Health and safety risks could expose us to potential liability and adversely affect our operating results and financial condition.

Health and safety issues related to our products may arise that could lead to litigation or other action against us, to regulation of certain of our product components, or to negative publicity. We may be required to modify our technology and may not be able to do so. We may also be required to pay damages that may adversely affect our financial condition. Even if these concerns prove to be baseless, the resulting negative publicity could affect our ability to market certain of our products and, in turn, could harm our business and results from operations.

We are exposed to operating hazards and uninsured risks that could adversely impact our operating results and financial condition.

Our business is subject to a number of risks and hazards including loss of parts or finished goods in inventory or shipment, labor disputes and changes in the regulatory environment. Such occurrences could delay or halt production or sale of goods, result in damage to equipment, personal injury or death, monetary losses and possible legal liability. Although we currently maintain freight and inventory insurance and general liability insurance in amounts which we consider appropriate for our busienss, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or we may elect in the future not to insure against such liabilities due to high premium costs or other reasons, in which event we could incur significant costs that could have a materially adverse effect upon our financial position.

Failure to comply with the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation, and export controls and trade sanctions, could result in fines or criminal penalties if we expand our business abroad.

We, our business partners, and the industries in which we operate are subject to continuing scrutiny by regulators, other governmental authorities and private sector entities or individuals in the United States, South Africa, South America, the European Union, China, and other jurisdictions, which may lead to enforcement actions, adverse changes to our business practices, fines and penalties, or the assertion of private litigation claims and damages that could be material. For example, the expansion of our business internationally exposes us to export controls, trade sanctions import and export clearance requirements, customs, tariffs, anti-corruption legislation, anti-boycott requirements and other obligations and restrictions imposed by the United States and other governments. The U.S. Departments of Justice, Commerce, Treasury, State, U.S. Customs and Border Protection, and other U.S. and foreign agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against companies for violations of export controls, trade sanctions, import and export clearance requirements, customs regulations, anti-corruption legislation, including the Foreign Corrupt Practices Act, anti-boycott requirements and other federal statutes, sanctions and regulations and, increasingly, similar or more restrictive foreign laws, rules and regulations, which may also apply to us. By virtue of these laws and regulations, and under laws and regulations in other jurisdictions, we may be obliged to limit our business activities, we may incur costs for becoming and staying compliant, and we may be subject to enforcement actions or penalties for noncompliance, including fines, suspension, debarment from bidding for or performing government contracts, or suspension of our export privileges, which could materially adversely affect our business, operations, products, technology, brand, growth efforts, employees, and business partners. In recent years, U.S. and foreign governments have increased their oversight and enforcement activities with respect to these laws and we expect the relevant agencies to continue to increase these activities. A violation of these laws, sanctions or regulations could result in restrictions on our exports, civil and criminal fines or penalties and could adversely impact our business, operating results, and financial condition. There can be no assurance that the risk management and compliance programs we adopt will mitigate legal and compliance risks.

If our independent suppliers and manufacturing partners do not comply with ethical business practices or with applicable laws and regulations, our reputation, business, and results of operations would be harmed.

Our reputation and our customers' willingness to purchase our products depend in part on our suppliers', manufacturers', and retail partners' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses. We do not exercise control over our suppliers, manufacturers, and retail partners and cannot guarantee their compliance with ethical and lawful business practices. If our suppliers, manufacturers, or retail partners fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image could be harmed and we could be exposed to litigation and additional costs that would harm our business, reputation, and results of operations.

Risks Related to our Intellectual Property

If we are unable to protect our intellectual property, we may lose a competitive advantage or incur substantial litigation costs to protect our rights.

Our future success depends upon our proprietary technology. Our protective measures, including patent and trade secret protection and nondisclosure agreements, may prove inadequate to protect our proprietary rights. The right to stop others from misusing our trademarks, service marks, patents, designs and copyright in commerce depends to some extent on our ability to show evidence of enforcement of our rights against such misuse in commerce. Our efforts to stop improper use, if insufficient, may lead to loss of trademark and service mark rights, brand loyalty, and notoriety among our customers and prospective customers. The scope of any patent that we have or may obtain may not prevent others from developing and selling competing products. The validity and breadth of claims covered in technology patents involve complex legal and factual questions, and the resolution of such claims may be highly uncertain, and expensive. In addition, our patents may be held invalid upon challenge, or others may claim rights in or ownership of our patents.

We may be subject to intellectual property infringement claims, which could cause us to incur litigation costs and divert management attention from our business.

While we believe that our products and intellectual property do not infringe upon the proprietary rights of third parties and undertake efforts to design around existing third-party patents or designs that we are aware of, a substantial portion of our commercial success depends upon us not infringing the intellectual property rights of others. We may become subject to claims by third parties that our technology infringes their intellectual property rights. Although all reasonable efforts are made to avoid third-party patents, there is no assurance that, were a lawsuit to be brought by a third party, we would prevail. We may also become subject to these claims through indemnities that we provide to manufacturer's representatives, distributors, dealers, retail partners, and certain service providers and consultants.

Any intellectual property infringement claims against us, with or without merit, could be costly and time-consuming to defend and divert our management's attention from our business. If our products were found to infringe a third party's proprietary rights, we could be required to enter into costly royalty or licensing agreements to be able to sell our products, and any allegation of infringement could cause certain reputational damage for us and the Byrna brand. Royalty and licensing agreements, if required, may not be available on terms acceptable to us or at all.

Risks Related to our Securities

We may not maintain qualification for listing on Nasdaq in the future, which may impair your ability to sell your shares.

Our common stock is currently listed on the Nasdaq Capital Market. The Nasdaq Capital Market requires listed companies to meet certain listing criteria including corporate governance requirements (such as Board of Director independence), and quantitative listing standards (such as minimum bid price, total value of publicly held shares, and in some cases total stockholders' equity and market capitalization requirements, and other thresholds). If for any reason our common stock does not maintain eligibility for listing on the Nasdaq Capital Market, it could be subject to delisting, in which case our common stock would be quoted elsewhere, such as one of the OTC markets, which are generally considered less liquid and more volatile than a national securities exchange. Loss of our Nasdaq listing could mean that certain institutional investors could no longer hold or purchase our stock, and as a result, a purchaser of our common stock may find it more difficult to dispose of, or to obtain accurate quotations as to the price of their shares. This could materially and adversely affect the liquidity of our common stock.

The market price of our common stock may be volatile, which could result in substantial losses for purchasers.

The market price for our common stock has been and may continue to be volatile in response to factors including the following:

- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in our financial or operational estimates or projections;
- conditions in markets generally;
- changes in the economic performance or market valuations of companies similar to ours; and
- general economic or political conditions in the United States or elsewhere.

In addition, if we are unable to successfully meet investor expectations, even if by only a small margin, there could be significant impact on the market price of our common stock.

In some cases, following periods of volatility in the market price of a company's securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our business operations and reputation.

Our directors, executive officers, and significant stockholders may be able to influence us.

Our directors, executive officers, and other holders of more than 5% of our common stock, together with their affiliates, currently own a significant percentage of our outstanding common stock. As a result, these stockholders may have the ability to influence the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation, or sale of all or substantially all of our assets. In addition, these stockholders, acting together, may be able to influence the management and affairs of our company. Accordingly, this concentration of ownership might decrease the market price of our common stock by:

- delaying, deferring, or preventing a change in control of the company;
- impeding a merger, consolidation, takeover, or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the company.

If our analyst coverage decreases or results in negative reports about our business, our stock price and trading volume could decline.

The trading market for our common stock will be influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts. We have attracted limited research coverage to date. If coverage of our stock continues to be limited or declines, trading volume may not increase materially which could cause stock price or trading value to decline. Further, if analysts publish information about our common stock who have had relatively little experience with us or our industry, this may affect their ability to accurately forecast our results and make it more likely that we fail to meet their estimates. In the event we obtain additional securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our stock price, our stock price could decline. If one or more of these analysts cease to regularly cover us or fail to publish reports, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Our charter documents and Delaware law could make it more difficult for a third party to acquire us and discourage a takeover.

Our Certificate of Incorporation, as amended, Bylaws, as amended, and Delaware law contain certain provisions that may have the effect of deterring or discouraging, among other things, a non-negotiated tender or exchange offer for shares of common stock, a proxy contest for control of our company, the assumption of control of our company by a holder of a large block of common stock, and the removal of the management of our company. Such provisions also may have the effect of deterring or discouraging a transaction which might otherwise be beneficial to stockholders. Our Certificate of Incorporation, as amended, also may authorize our board of directors, without stockholder approval, to issue one or more series of preferred stock, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of common stock. Delaware law also imposes conditions on certain business combination transactions with "interested stockholders." Our Certificate of Incorporation, as amended, authorizes our Board of Directors to fill vacancies or newly created directorships. A majority of the directors then in office may elect a successor to fill any vacancies or newly created directorships. Such provisions could limit the price that investors might be willing to pay in the future for shares of our common stock and impede the ability of the stockholders to replace management.

The elimination of monetary liability against our directors, officers, and employees under Delaware law and the existence of indemnification rights to our directors, officers, and employees may result in substantial expenditures by us and may discourage lawsuits against our directors, officers, and employees. We also expect to enter into contractual indemnification obligations under employment agreements with our executive officers. The foregoing indemnification obligations could result in our incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which we may be unable to recoup. These provisions and resultant costs may also discourage us from bringing a lawsuit against our directors and officers for breaches of their fiduciary duties and may similarly discourage the filing of derivative litigation by our stockholders against our directors and officers even though such actions, if successful, might otherwise benefit our company and our stockholders.

Our Bylaws, as amended, provide exclusive forum provisions applicable to substantially all disputes between us and our stockholders as well as claims brought under the Securities Act of 1933, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our Bylaws, as amended, provide that the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation; (b) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee, or agent of the Corporation to the Corporation or the Corporation's stockholders; (c) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, the Certificate of Incorporation, or Bylaws; or (d) any action asserting a claim governed by the internal affairs doctrine.

In addition, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint against us asserting a cause of action arising under the Securities Act of 1933, as amended. These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees. Alternatively, if a court were to find the choice of forum provision contained in our governing documents to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions or multiple jurisdictions, which could result in expensive and protracted litigation with potentially conflicting outcomes that could exhaust our insurance coverage leaving us exposed to substantial legal expenses and judgments, or otherwise harm our business, results of operations, and financial condition.

We do not intend to pay dividends on our common stock for the foreseeable future.

We currently intend to retain any future earnings and do not expect to pay any dividends on our common stock in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our Board of Directors may deem relevant. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

General Risk Factors

Any future litigation could have a material adverse impact on our results of operations, financial condition and liquidity.

From time to time, we may be subject to litigation including product liability claims, intellectual property claims, employment-related claims, commercial disputes, regulatory and enforcement action and stockholder class and derivative actions. Risks associated with legal liability are difficult to assess and quantify, and their existence and magnitude can remain unknown for significant periods of time. In addition, our reputation could be adversely affected by negative publicity surrounding such events regardless of whether or not claims against us are successful. A successful claim brought against us in excess of available insurance or not covered by insurance or indemnification agreements, or any claim that results in significant adverse publicity against us, could have a material adverse effect on our business and our reputation. Furthermore, the litigation process can put material or excessive demands on the time of management and employees, interfering with performance of regular responsibilities and stressing or delaying business operations, and the outcome of litigation is inherently uncertain. We can provide no assurances that these matters will not have a material adverse effect on our business.

Our business depends on our ability to prevent or mitigate the effects of commercial crime including theft by employees, forgery and electronic crime.

Our internal protocols and controls cannot prevent all instances of theft, forgery, electronic crime or other criminal activity by dishonest employees or external fraudsters. Our money, securities and other property may be vulnerable to theft, damage, and manipulation both on our premises and in transit through a variety of criminal acts including forgery of authorized signatures on business checks, fraudulent manipulation of our computer systems, those of our third-party partners (including e-commerce and payment service systems), or those of third-party financial institution. Such activities could include an employee or hacker transferring unauthorized funds to an outside account, fraudulent electronic funds transfer instructions sent to our bank, receipt of counterfeit currency, social engineering fraud, or mismanagement or theft by persons handling funds of our qualified employee benefit plan. While we have limited coverage against forgery and employee dishonesty under our general liability policy and persons handling funds for our qualified employee benefit plan will be bonded, we do not currently have a comprehensive commercial crime insurance policy to provide broad protection from financial losses related to business-related crime. Moreover, insofar as we have limited coverage in our general insurance policy, deductibles may apply separately to related losses, a single limit may apply to a series of related losses, such coverage is likely to be inadequate to cover a material theft of this nature, particularly if a series of acts occurs over time prior to being discovered, and such coverage may not cover or be inadequate to cover certain types of losses including such indirect or consequential losses as investigative expense coverage, business interruption, loss of potential income, and legal fees, fines and penalties.

Epidemic and pandemic diseases could have a material adverse effect on our business, financial condition, results of operations, cash flows, and ability to comply with regulatory requirements.

Outbreaks of epidemic, pandemic, or contagious diseases could cause disruptions in our business and the businesses of third parties who we depend upon for materials and manufacturing, marketing and other services. These disruptions could include disruptions in our ability to receive materials, manufacture our products, distribute our products, market our products, or obtain services. These disruptions have in the past caused, and could in the future cause, closures of our facilities or the facilities of our suppliers, manufacturers and dealers, as well as cancellation of events that present significant marketing opportunities such as industry conventions and trade shows. Any disruption of the businesses of our suppliers, manufacturers or dealers would likely impact our sales and operating results. In addition, a significant outbreak of epidemic, pandemic, or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for our products. Any of these events could have a material adverse effect on our business, financial condition, results of operations, or cash flows.

Our revenues and profits depend on the level of customer spending for our products, which is sensitive to general economic conditions and other factors.

Our products are discretionary items for customers. Therefore, the success of our business depends significantly on economic factors and trends in consumer spending. There are a number of factors that influence consumer spending, including actual and perceived economic conditions, consumer confidence, disposable consumer income, consumer credit availability, unemployment, and tax rates in the markets where we sell our products. Consumers also have discretion as to where to spend their disposable income and may choose to purchase other items or services if we do not continue to provide high-quality products at appropriate price points. As global economic conditions continue to be volatile and economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to declines. Any of these factors could harm discretionary consumer spending, resulting in a reduction in demand for our products, decreased prices for our products, and harm to our business and results of operations.

Tariffs, sanctions, restrictions on imports or other trade barriers between the United States and various countries, most significantly China, may impact our revenue and results of operations.

Political changes and trends such as populism, protectionism, economic nationalism and sentiment toward internationally operating companies, and resulting tariffs, export controls, trade sanctions, sanctions blocking statutes, or other trade barriers, or changes to tax or other laws and policies, have been and may continue to be disruptive and costly to our business, and these can interfere with our expanding international sales, supply chain, production costs, customer relationships, and competitive position. For

example, the U.S. government has imposed tariffs on goods from a variety of countries, including China, Canada, Mexico and others. These tariffs currently affect some of the components of our products we import from China and other countries, and we may be required to raise our prices on those products due to the tariffs or share the cost of such tariffs with our customers, which could harm our operating performance. We work closely with third parties who monitor, evaluate and keep us informed about the potential impact of the effective and proposed tariffs as well as other recent changes in foreign trade policy on our supply chain, costs, sales and profitability and seek to implement strategies to mitigate such impact, including reviewing sourcing options and working with our vendors and merchants to seek to minimize product coming from China and other countries both in existing and new product development and select suppliers in low cost regions where tariff issues are less challenging. Notwithstanding these efforts, it is possible that further tariffs may be imposed on our other imports, or that our business will be impacted by retaliatory trade measures taken by China or other countries in response to existing or future tariffs, causing us to raise prices or make changes to our operations, any of which could materially harm our revenue or operating results. Further escalation of specific trade tensions, such as those between the United States and China, or in global trade conflict more broadly could be harmful to global economic growth, and related decreases in confidence or investment activity in the global markets would adversely affect our business performance. We may pursue opportunities in emerging market jurisdictions, where economic, political, and legal risks may be heightened.

Data privacy and security laws and regulations in the jurisdictions in which we do business could increase the cost of our operations and subject us to possible sanctions and other penalties.

Our business is subject to a number of federal, state, local and foreign laws and regulations governing data privacy and security, including with respect to the collection, storage, use, transmission and protection of personal information.

In addition, a number of U.S. states have enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of sensitive personal information, such as social security numbers, financial information and other personal information. For example, all U.S. states have enacted data breach notification laws that require timely notification to individual victims, and at times regulators, if a company has experienced the unauthorized access or acquisition of sensitive personal data. State law developments, which may impose substantial penalties for violations, could impose significant costs for investigations and compliance, allow private class-action litigation and carry significant potential liability for our business.

The interpretation and enforcement of these laws and regulations are uncertain and subject to change, and it may require substantial costs to assess, monitor and implement compliance with any additional requirements. Failure to comply with applicable law, including international data protection laws and regulations could result in government enforcement actions (which could include substantial civil or criminal penalties), private litigation or adverse publicity and could negatively affect our operating results and business.

Substantial future sales, or the perception or anticipation of future sales, of shares of our common stock could cause our stock price to decline.

Our stock price could decline as a result of substantial sales of our common stock, or the perception that such sales could occur, particularly sales by our directors, executive officers, and significant stockholders, a large number of shares becoming available for sale, or perceptions that holders of a large number of shares intend to sell.

We have registered and may in the future register shares of common stock that we have issued or may issue under our equity compensation plans and shares of common stock that have been issued upon the conversion of certain convertible securities. Accordingly, these shares will be able to be freely sold in the public market upon issuance as permitted by any applicable securities laws and applicable vesting requirements.

The ongoing requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the Nasdaq Capital Market listing standards and other applicable securities laws, rules, and regulations. Our compliance with these laws, rules, and regulations increases our legal and financial compliance costs, makes some activities more difficult, time-consuming, or costly, and increases demands on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and results of operations. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and our internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures, and our internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns and our costs and expenses will increase, which could harm our business and results of operations. Further, because we previously were listed on the Canadian Securities Exchange, we remain subject to the continuing disclosure rules of the Ontario Securities Commission ("OSC"), which requires us to make somewhat duplicative filings related to certain matters on SEDAR and SEDI and pay annual fees in certain Canadian jurisdictions until such time as the OSC releases us from those obligations. These requirements are costly, and increase demand on our management, systems and resources.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We have invested resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from sales-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal, administrative, or other proceedings against us and our business may be harmed.

As a result of disclosure of information in filings required of us as a public company, our business and financial condition are publicly available, which could be advantageous to, or harm our relationships with, our competitors, suppliers, manufacturers, retail partners, and customers. These disclosures may also make it more likely that we will experience an increase in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be harmed, and even if the claims are resolved in our favor the time and resources necessary to resolve them could divert the resources of our management and harm our business and results of operations.

Our business could be harmed if we are unable to accurately forecast our results of operations.

We may not be able to accurately forecast our results of operations and growth rate. Forecasts may be particularly challenging as we expand into new markets and geographies and develop and market new products for which we have no or limited historical data. Our historical sales, expense levels, and profitability may not be an appropriate basis for forecasting future results. Our lack of long-term historical data related to new products makes it particularly difficult to make forecasts related to such products. The lead times and reliability of our suppliers may be affected by global events in the future. Forecast corrections may require rapid pivots and adjustments to our supply chain, production planning, and marketing. If we are unable to make these changes quickly or at all, our inventory levels, production, and sales could be materially adversely affected.

Failure to accurately forecast our results of operations and growth rate could cause us to make operating decisions that we may not be able to correct in a timely manner. Consequently, actual results could be materially different than anticipated. Even if the markets in which we compete expand, we cannot assure you that our business will grow at similar rates, if at all.

Climate change and associated changes to laws and regulations may increase our operating costs and adversely affect our business and financial results.

Climate change has been identified as resulting in an increase in average temperatures in key places we operate, including in Indiana and Nevada. Projected increases in temperature in these locations may impact us in a number of ways, including increasing the costs of maintaining comfortable working environments, increasing the risk of fires, increasing the risk of illness and absence as well as turnover, and increasing the risk of severe storm weather that could lead to flooding and damage to our facilities or the homes and commuting routes of our employees. Our Nevada locations are in a desert environment where water is scarce and hot temperatures require heavy use of air conditioning. While we have not experienced shortages of energy or water in the past, we may in the future.

In addition to the specific threat climate change may pose to our operations around the country and abroad, rising temperatures and sea levels, along with increased incidence of extreme weather events, pose a threat to the global economy and may affect our business operations both directly and indirectly. Increased flooding and fires may interfere with transportation routes and indirectly increase our costs. Public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs, and may require us to make additional investments in facilities and equipment. Our energy and transportation costs also may rise and negatively impact our operating costs. As a result, the effects of climate change could have a long-term adverse impact on our business and results of operations.

The availability and costs of materials, components, and operating and freight costs of our suppliers and suppliers of third-party manufactured products may be similarly impacted by climate change. Our suppliers may pass down such increased costs by raising the price of goods. While we cannot predict the impact of future climate-related laws and regulations on our operations, such laws could increase costs for us and our suppliers. Consequential increases in costs of components or materials or reduction of suppliers could materially impact our business and cost of operations.

Matters relating to the employment market and prevailing wage standards may adversely affect our business.

Our ability to meet our labor needs on a cost-effective basis is subject to numerous external factors, including the availability of qualified personnel in the workforce in the local markets in which we operate, unemployment levels within those markets, prevailing wage rates, which have increased significantly, health and other insurance costs and changes in employment and labor laws. In the event prevailing wage rates continue to increase in the markets in which we operate, we may be required to concurrently increase the wages paid to our employees to maintain the quality of our workforce and customer service. To the extent such increases are not offset by price increases, our profit margins may decrease as a result. If we are unable to hire and retain employees capable of meeting our business needs and expectations, our business and brand image may be impaired. Any failure to meet our staffing needs or any material increase in turnover rates of our employees may adversely affect our business, results of operations and financial condition.

Further, we rely on the ability to attract and retain labor on a cost-effective basis. The availability of labor in the markets in which we operate has declined in recent years and competition for such labor has increased. Our ability to attract and retain a sufficient workforce on a cost-effective basis depends on several factors. We may not be able to attract and retain a sufficient workforce on a cost-effective basis in the future. In the event of increased costs of attracting and retaining a workforce, our profit margins may decline as a result.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Our business is highly dependent on the availability, integrity, and security of our information systems. These systems support, among other things, our manufacturing operations, retail and e-commerce activity, point-of-sale data flows, influencer marketing infrastructure, and our expanding international operations, including Byrna Technologies Canada. As our digital footprint and reliance on cloud-based platforms continue to grow, our exposure to cybersecurity threats increases. We must protect the confidentiality, integrity, and availability of data related to our business, employees, customers, and third parties. Our operations involve the collection, processing, storage, and transmission of personally identifiable information and other sensitive or confidential data.

The Company's cybersecurity risk-management program is overseen by our Chief Executive Officer and senior management team, including leaders responsible for information technology, operations, finance, and compliance. These individuals have experience overseeing the implementation of IT controls, evaluating security frameworks, and managing third-party vendors. Our Audit Committee oversees cybersecurity as part of its general risk-oversight responsibilities and receives periodic updates on cybersecurity risks, incidents, and mitigation activities, as appropriate.

Our cybersecurity posture is designed to support compliance with applicable global data-protection laws and cybersecurity regulations in the jurisdictions in which we operate. The program incorporates preventive, detective, and responsive measures intended to maintain the availability of critical systems, reduce exposure to material risks, and enhance resiliency. Key activities include:

- Monitoring emerging data-protection and privacy laws and updating internal control processes to support compliance;
- Reviewing consumer-facing and internal policies related to cybersecurity and data handling;
- Providing communications to customers, where appropriate, regarding substantive changes in data-handling practices;
- Conducting annual cybersecurity training for all our employees;
- Running regular phishing-simulation exercises for employees and contractors with access to corporate email systems to enhance awareness and responsiveness to such possible threats;
- Requiring employees and applicable third-party service providers, through policy and contract, to handle customer information with appropriate care;
- Updating, enhancing, and assessing cybersecurity technologies to address evolving threats and vulnerabilities; and
- Maintaining cybersecurity insurance intended to mitigate potential financial losses arising from cybersecurity incidents.

As we increase our use of artificial-intelligence-assisted advertising and analytics tools, we also assess emerging AI-related cybersecurity risks, including model manipulation, prompt-based attacks, and data-ingestion vulnerabilities. We have begun implementing safeguards and monitoring protocols tailored to these risks.

Cybersecurity Risk Assessment Program

We do not maintain a standalone third-party cybersecurity risk management program. However, we assess cybersecurity risks associated with third-party service providers through a combination of contractual requirements, reliance on SOC 1 Type 2 or SOC 2 Type 2 reports for materially in-scope applications, internal reviews, and ongoing monitoring where appropriate based on the nature and criticality of the services provided.

Policies and Procedures for Third-Party Service Providers

We do not maintain a standalone third-party cybersecurity risk management program. However, we assess cybersecurity risks associated with third-party service providers through a combination of contractual requirements, reliance on SOC 1 Type 2 reports for materially in-scope applications, internal reviews, and ongoing monitoring where appropriate based on the nature and criticality of the services provided.

Activities to Prevent, Detect, and Minimize Cybersecurity Incidents

We undertake various activities to prevent, detect, and minimize the effects of cybersecurity incidents. These activities include:

- ensuring that company data accessed via a desktop or laptop computer is only accessible from company-owned computers
- ensuring that company-owned computers are regularly updated and maintained, are running the latest versions of our Endpoint Detection and Response antivirus software
- ensuring that company-owned computers access the internet through secure connections via our corporate VPN solution
- conducting regular phishing email simulations
- updating and assessing our cybersecurity technologies such as our firewall and various cybersecurity software

Cybersecurity Incident Response and Materiality Assessment

We maintain incident response processes designed to enable timely identification, escalation, investigation, and remediation of cybersecurity incidents. In the event of a cybersecurity incident, management evaluates the materiality of the incident, including its potential impact on our operations, financial condition, results of operations, and reputation, as well as applicable disclosure obligations under federal securities laws.

Impact of Previous Cybersecurity Incidents

To date, we have not identified any known cybersecurity incidents that have materially affected, or are reasonably likely to materially affect, our business, results of operations, or financial condition. However, we face certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us. To date, we have not identified any known cybersecurity incidents that have materially affected the Company. However, we face ongoing cybersecurity risks that, if realized, could materially affect our business, results of operations, or financial condition.

Consideration of Cybersecurity Risks in Business Strategy, Financial Planning, and Capital Allocation

Cybersecurity risks are considered as part of our business strategy, financial planning, and capital allocation. We regularly review and update our cybersecurity posture to address emerging threats and ensure the protection of our information systems. However, cybersecurity risks are subject to rapid technological change, evolving threat landscapes, and increasing regulatory scrutiny, and there can be no assurance that our controls and processes will prevent all cybersecurity incidents.

ITEM 2. PROPERTIES

The Company leases all of its facilities, including its corporate headquarters, manufacturing facilities, office space, warehouse space, and retail store locations. Our corporate headquarters is located in Andover, Massachusetts. We operate two manufacturing facilities in Fort Wayne, Indiana, which support all active production operations. The Company also leases multiple retail and office locations across the United States, including sites in Nevada, New Hampshire, Arizona, Tennessee, and California, which support our sales, marketing, and direct-to-consumer retail activities. The Company previously leased a facility in Pretoria, South Africa; manufacturing operations at that location ceased during the third quarter of 2025, and the lease expired in December 2025 and was not renewed. All of the Company's facilities are leased, and we believe that our existing properties are suitable and adequate for our current operational needs. Additional information regarding the Company's lease commitments is included in Note 17 – Leases to the consolidated financial statements.

ITEM 3. LEGAL PROCEEDINGS

To the knowledge of our management, there is no material litigation currently pending against us, any of our officers or directors in their capacity as such or against any of our property.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded in the United States on the Nasdaq Capital Market under symbol "BYRN". The holders of our common stock are entitled to one vote per share on any matter to be voted upon by the stockholders. All shares of common stock rank equally as to voting and all other matters.

Holders

On February 1, 2026, there were approximately 74 holders of record of our common stock.

Dividends

We have not paid any cash dividends on our common shares to date and do not currently intend to pay cash dividends. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition of the Company. The payment of any future cash dividends will be within the discretion of our board of directors at such time. In addition, our board of directors is not currently contemplating and does not anticipate declaring any stock dividends in the foreseeable future.

Stock Repurchases

On July 31, 2024, our Board of Directors approved a plan to repurchase up to $10 million worth of shares of our common stock (the "Stock Buyback Program"). The Stock Buyback Program is intended to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. The Stock Buyback Program will expire on the sooner of the two-year anniversary of its initiation or until we reach the aggregate limit of $10 million for the repurchases under the program. See Note 14, "Stockholders' Equity—Stock Buyback Plan", in the Notes to Consolidated Financial Statements included in Item 8 of this Report for further discussion.

During the three months ended November 30, 2025, we repurchased 60,534 shares of common stock for $1.05 million. The following table summarizes repurchases made during the three months ended November 30, 2025:

	Number of Shares	Average Cost per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plans or Programs
September 2025	—	-	—	$ 6,445,000
October 2025	—	-	—	$ 6,445,000
November 2025	60,534	17.3	60,534	$ 5,398,000
Total	64,461	$ 17.1	60,534	

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes to those statements which are included in Item 8 of this report. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" and elsewhere in this report. Some of the numbers included herein have been rounded for the convenience of presentation.

OVERVIEW

Byrna Technologies Inc. designs, manufactures, retails, and distributes less-lethal personal security solutions intended for situations that do not require the use of lethal force. Our mission is to empower individuals to protect themselves and others, and our product strategy emphasizes ease of use, effectiveness, and reliability in both consumer and professional safety environments. We also develop tools intended to serve as alternatives to traditional firearms for law enforcement and private security customers, with the goal of reducing firearm-related incidents and supporting de-escalation practices. Our strategy includes positioning Byrna® as a consumer lifestyle brand associated with personal confidence and safety, while expanding our product portfolio to broaden market reach and drive sales growth from both 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, less-lethal way to protect themselves and their loved ones from threats to their person or property.

We believe demand for less-lethal products in the United States and globally continues to rise and that this category will remain a growing segment of the broader security market. We plan to meet this demand by manufacturing and distributing our Byrna SD, Byrna LE, and most recently our Byrna CL launchers, along with continued expansion of our accessory and ammunition offerings.

On January 10, 2023, we acquired a 51% ownership interest in Byrna LATAM S.A. ("Byrna LATAM"), a corporate joint venture formed to expand our operations and presence in South American markets, for $0.5 million. We accounted for this investment using the equity method because we did not have voting control or substantive participating rights that would give us control over Byrna LATAM. On August 19, 2024, we sold our 51% ownership interest to Fusady S.A. for $1 pursuant to the LATAM Share Purchase Agreement and entered into an exclusive distribution, manufacturing, and licensing agreement with Byrna LATAM (the "LATAM Licensing Agreement"). Under this agreement, Byrna LATAM is authorized to exclusively manufacture the Byrna SD launcher and ammunition in certain South American countries and is required to pay us royalties on Byrna products manufactured. The LATAM Share Purchase Agreement also includes put and call rights based on defined triggers that expire on August 19, 2029.

Beginning in fiscal 2024 and continuing through fiscal 2025, we expanded our go-to-market strategy beyond our historical e-commerce focus by adopting a broader omnichannel distribution model. These initiatives included the commercial launch of the Byrna CL, expansion of the Byrna LE and LE PRO platforms, the opening of Byrna-branded retail locations, and onboarding national retail partners such as Sportsman's Warehouse. In addition, we implemented an AI-driven advertising engine and expanded our influencer-based marketing program, both of which contributed to improved customer-acquisition efficiency and increased brand reach. Beginning in fiscal 2025, we also reorganized our operations into two reportable sales channels, Direct-to-Consumer ("DTC") and Wholesale (dealer/distributor), to align with our expanded omnichannel strategy, the opening of Company-operated retail stores, and increased penetration into national retail chains and international distributors.

RESULTS OF OPERATIONS

Revenue of $118.1 million for the fiscal year ended November 30, 2025 increased $32.3 million, or 37.7%, compared to $85.8 million in the prior fiscal year. The increase was primarily driven by higher wholesale dealer and distributor sales, which increased by $21.6 million, as well as continued growth in direct-to-consumer e-commerce sales. E-commerce transactions through Amazon and our website remained the largest revenue contributor, accounting for 64.8% of total net revenue for fiscal year 2025 compared to 76.8% in fiscal year 2024. We also achieved growth in our dealer channel and experienced increased sales in Canada.

Gross margin declined by 1.0% compared to the prior year. Operating expenses increased due to higher marketing expenditures, personnel-related costs, and professional fees. Although revenue growth resulted in higher gross profit, the increase in operating expenses partially offset these gains, resulting in profit from operations of $11.8 million for fiscal year 2025, compared to an operating profit of $6.7 million for fiscal year 2024. Gross margin declined primarily due to a higher proportion of Wholesale and Retail revenue, which are lower-margin channels, partially offset by improved cost absorption in manufacturing and lower per-unit freight costs.

Year ended November 30, 2025, as compared to year ended November 30, 2024:

Net Revenue

We present revenue net of returns, allowances, and discounts. Net revenue for the year ended November 30, 2025 was $118.1 million, an increase of $32.3 million, or 37.7%, compared to $85.8 million in the prior year. Direct-to-consumer revenue, including sales through Amazon and our website, increased by $10.7 million, or 16.3%, from $65.9 million in fiscal year 2024 to $76.6 million in fiscal year 2025. Domestic dealer and retail sales increased by $14.0 million, or 108.4%, from $12.9 million in fiscal year 2024 to $26.9 million in fiscal year 2025. International revenue, including Canada, increased from $6.8 million to $12.1 million year-over-year. We recognized $1.6 million in royalty revenue related to the LATAM Licensing Agreement during fiscal year 2025.

Segment Results

Direct-to-Consumer (DTC)

DTC revenue increased to $76.6 million in fiscal year 2025, driven by increased web sessions and expanded consumer reach, expanded digital-marketing initiatives, enhanced influencer partnerships, and the launch of new Byrna-operated retail locations. These efforts increased overall brand visibility and market reach.

Wholesale (Dealer/Distributor)

Wholesale revenue increased to $41.5 million in fiscal year 2025, reflecting (i) expanded relationships with national and regional retailers, (ii) enhanced engagement with distributors, (iii) increased law-enforcement interest, and (iv) the first year of royalty revenue under the LATAM Licensing Agreement.

Cost of Goods Sold

Cost of goods sold was $46.7 million for fiscal year 2025, compared to $33.0 million in fiscal year 2024. The $13.7 million increase was driven primarily by higher sales volume. Cost of goods sold attributable to Direct-to-Consumer ("DTC") was $26.5 million in fiscal year 2025, compared to $22.9 million in fiscal year 2024. Cost of

goods sold attributable to Wholesale was $20.2 million in fiscal year 2025, compared to $10.1 million in fiscal year 2024.

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 inbound freight costs, manufacturing depreciation, purchasing and receiving costs, and inspection costs. Gross profit was $71.5 million, or 60.5% of net revenue, for fiscal year 2025, compared to $52.8 million, or 61.5%, in the prior year. The decline in gross margin resulted from an increased proportion of wholesale revenue relative to DTC revenue as well as manufacturing inefficiencies. The broader shift toward Wholesale and Retail channels reduced the proportion of higher-margin DTC revenue, contributing to the decline in consolidated gross margin for the year. Because wholesale transactions generally carry lower average selling prices relative to DTC sales, the higher wholesale mix contributed to the decline in consolidated gross margin during the period.

Operating Expenses

Operating expenses were $59.6 million for the fiscal year ended November 30, 2025, compared to $46.1 million in the prior fiscal year. The $13.5 million increase was primarily driven by higher marketing expenditures, personnel-related costs, and variable selling expenses. Marketing expenditures increased by $5.5 million, from $12.4 million in fiscal year 2024 to $17.9 million in fiscal year 2025. Total employee compensation costs decreased by $0.7 million, from $17.8 million in fiscal year 2024 to $17.1 million in fiscal year 2025. Variable selling expenses increased by $3.6 million, from $7.8 million in fiscal year 2024 to $11.4 million in fiscal year 2025. Professional fees increased by $0.1 million, from $2.0 million in fiscal year 2024 to $2.1 million in fiscal year 2025. Other operating costs, including administrative expenses, increased by $2.0 million, from $6.1 million in fiscal year 2024 to $8.1 million in fiscal year 2025. The increase was primarily driven by higher insurance costs—including D&O, umbrella, general liability, and cyber coverage—along with increases in facility expenses, repairs and maintenance, depreciation and amortization, and production-related operating expenses. These increases were partially offset by lower research and development expenses. In addition, the overall increase in operating expenses reflects higher spending on influencer-marketing programs, expanded creative-content production to support AI-assisted advertising initiatives, and initial occupancy and labor costs associated with new Company-operated retail stores.

Profit from Operations

The increase in revenue, off-set by the increase in operating expenses resulted in an increase of $5.1 million in profit from operations of $11.8 million in fiscal year 2025, compared to a profit from operations of $6.7 million in fiscal year 2024.

Interest Income/Expense

Interest income for the fiscal year ended November 30, 2025 was $0.4 million compared to $1.0 million for the fiscal year ended November 30, 2024. The decrease in interest income is primarily due to a decrease in the amount of interest-earning funds held in cash and cash equivalents, marketable securities, and accrued interest receivable on loan receivable.

Income Tax Provision (Benefit)

Our effective income tax rate was 17.49% for the year ended November 30, 2025, compared to an effective income tax rate of (80.31)% for the year ended November 30, 2024. Our income tax expense was $2.1 million for the fiscal year ended November 30, 2025 compared to an income tax benefit of $5.7 million for the fiscal year ended November 30, 2024. Our tax rate differs from the statutory rate of 21.0% primarily due to the release of the valuation allowance, the impact of stock compensation, as well as state income taxes, tax credits, the foreign tax rate differential for Byrna South Africa, and effects of permanent non-deductible expenses and other effects.

We are subject to income tax in the U.S., as well as various state and international jurisdictions. The federal and state tax authorities can generally reduce a net operating loss (but not create taxable income) for a period outside the statute of limitations in order to determine the correct amount of net operating loss which may be allowed as a deduction against income for a period within the statute of limitations.

Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States (GAAP), we provide non-GAAP adjusted EBITDA, which is a financial metric that is not prepared in accordance with GAAP. Management uses this non-GAAP financial measures, 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 these non-GAAP financial measures help 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 measures.

Accordingly, we believe that this non-GAAP financial measures reflect 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 measures 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 tools for comparison.

Non-GAAP Adjusted EBITDA

Non-GAAP Adjusted EBITDA is defined as net income as reported in our consolidated statements of operations and comprehensive income excluding the impact of (i) depreciation and amortization; (ii) income tax provision (benefit); (iii) interest (income) expense; (iv) stock-based compensation expense; (v) severance/separation expense; (vi) other income; and (vii) other financing expenses. Our non-GAAP 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 non-GAAP Adjusted EBITDA to net income, the most directly comparable GAAP measure, is as follows (in thousands):

	For the Year Ended November 30,	
	2025	2024
Net income	$ 9,687	$ 12,792

Adjustments:		
Interest income, net	(410)	(1,024)
Income tax provision	2,054	(5,708)
Depreciation and amortization	2,117	1,491
NON-GAAP EBITDA	13,448	7,551
Stock-based compensation	3,071	3,403
Severance/Recruitment costs	291	524
NON-GAAP adjusted EBITDA	$ 16,810	$ 11,478

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Summary

Cash and cash equivalents as of November 30, 2025, totaled $13.7 million, a decrease of approximately $3.1 million from $16.8 million of cash as of November 30, 2024.

Management believes existing cash balances, operating cash flows, and access to capital markets will be sufficient to fund operations, planned retail expansion, and manufacturing investments over the next 12 months. Capital allocation priorities for fiscal 2026 include continued inventory optimization, retail buildout, and potential selective share repurchases under the Stock Buyback Program.

Operating Activities

Cash used in operating activities was $1.6 million for the fiscal year ended November 30, 2025, compared to cash provided by operations of $11.7 million for the fiscal year ended November 30, 2024. Net income was $9.7 million for the fiscal year ended November 30, 2025, compared to $12.8 million for the fiscal year ended November 30, 2024. Significant changes in noncash and working capital activity are described below.

Our non-cash activity adds back several non-cash items to net income to calculate cash provided by operations during the fiscal year ended November 30, 2025. These include stock-based compensation expense of $3.1 million during the fiscal year ended November 30, 2025 compared to $3.4 million for the fiscal year ended November 30, 2024; operating lease costs of $0.7 million during the fiscal year ended November 30, 2025 compared to $0.8 million for the fiscal year ended November 30, 2024; depreciation and amortization of $2.1 million during the fiscal year ended November 30, 2025 compared to $1.5 million during the fiscal year ended November 30, 2024; loss on disposal of fixed assets of $2.3 million during the fiscal year ended November 30, 2025 compared to zero for the fiscal year ended November 30, 2024; In addition to the non-cash activities mentioned above, we recognized a decrease in its deferred tax asset of $1.7 million during the fiscal year ended November 30, 2025, compared to an increase of $5.8 million during the fiscal year ended November 30, 2024.

During the fiscal year ended November 30, 2025, operating activities resulted in a net use of cash, driven primarily by increases in working capital balances associated with higher sales volumes and planned inventory investments. Inventory increased $12.7 million during the fiscal year ended November 30, 2025**,** compared to an increase of $5.9 million during the fiscal year ended November 30, 2024**,** representing an approximate 64% increase from the prior-year ending balance. The increase in inventory reflects intentional production builds ahead of anticipated demand for CL and LE product lines, expanded retail distribution, and the timing of inbound component deliveries related to production of new product configurations. Management continues to monitor inventory levels to balance service levels with working capital efficiency. Accounts receivable increased by $8.0 million during the fiscal year ended November 30, 2025 compared to a decrease of $0.5 million during the fiscal year ended November 30, 2024 due to a significant increase in overall wholesale sales. Accounts payable and accrued liabilities increased $2.8 million for the fiscal year ended November 30, 2025 compared to an increase of $7.0 million for the fiscal year ended November 30, 2024. Deferred revenue decreased $1.3 million during the fiscal year ended November 30, 2025 compared to a decrease of $0.1 million during the fiscal year ended November 30, 2024. Prepaid expenses and other current assets increased by $1.7 million for the fiscal year ended November 30, 2025 compared to an increase of $1.8 million for the fiscal year ended November 30, 2024. Loan receivable decreased by $0.6 million for the fiscal year ended November 30, 2025 compared to a decrease of $0.5 million for the fiscal year ended November 30, 2024. Operating lease liabilities decreased by $0.5 million during the fiscal year ended November 30, 2025 compared to a decrease of $0.7 million for the fiscal year ended November 30, 2024.

Investing Activities

Cash flows used in investing activities was $0.5 million for the fiscal year ended November 30, 2025, compared to $11.2 million of cash used during the fiscal year ended November 30, 2024. The prior year investing activities primarily related to purchases of property and equipment and marketable securities, while the current year activity reflects purchases of property and equipment, the acquisition of Federal Firearms Licenses, and proceeds from the sale of marketable securities. Property and equipment increased by $7.6 million during the fiscal year ended November 30, 2025, compared to an increase of $2.3 million during the fiscal year ended November 30, 2024. During the fiscal year ended November 30, 2025, proceeds from the sale of marketable debt securities totaled $8.8 million, while purchases amounted to $1.7 million, compared to no proceeds and $8.9 million in purchases of marketable debt securities during the fiscal year ended November 30, 2024. Capital expenditures were higher than typical due to the build-out of retail stores and the new ammunition manufacturing facility.

Financing Activities

Cash flows used in financing activities was $1.3 million during the fiscal year ended November 30, 2025, compared to $4.6 million during the fiscal year ended November 30, 2024. The fiscal year ended November 30, 2025 amount was primarily due to tax payments of $0.5 million related to payroll taxes withheld on the vesting of restricted stock units, $0.3 million received in proceeds from stock option exercises and payments of $1.1 million for repurchases of common stock, compared to tax payments of $0.9 million related to payroll taxes withheld on the vesting of restricted stock units, $0.1 million received in proceeds from stock option exercises and payments of $3.8 million for repurchases of common stock during the fiscal year ended November 30, 2024.

MATERIAL CASH REQUIREMENTS FROM CONTRACTUAL OBLIGATIONS

Leases

As of November 30, 2025, we reported current and long-term operating lease liabilities of $0.7 million and $1.6 million, respectively. These balances represent our contractual obligation to make future payments on our leases, discounted to reflect our cost of borrowing. All leases are for real estate. In the event that we vacate a location, we may be obliged to continue making lease payments. Where possible, we mitigate this risk by including clauses allowing for the termination of lease agreements. See Note 17, “Leases”, in the Notes to Consolidated Financial Statements included in Item 8 of this Report for further discussion.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as of November 30, 2025 and 2024.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 4, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements included in Item 8 of this Report for a discussion of recently issued and adopted accounting standards.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our 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 this report. We believe that the following are the more critical judgmental areas in the application of our accounting policies that currently affect our financial position and results of operations.

Allowance for Credit Losses

The Company evaluates expected credit losses on trade receivables based on historical experience, current economic conditions, customer credit profiles, and forward-looking information. The increase in accounts receivable is primarily attributable to expanded wholesale and retail distribution. This shift may increase collection risk relative to prior years' e-commerce-dominant sales and is reflected in management's estimates of expected credit losses. Management reassesses the adequacy of the allowance each reporting period based on updated information, including aging trends, payment patterns, known customer-specific risks, and reasonable and supportable forecasts of future economic conditions.

Revenue Recognition

Product Sales

The Company generates revenue through the wholesale distribution of its products and accessories to dealers/distributors, large end-users such as retail stores, security companies, and law enforcement agencies, and through e-commerce portals to consumers. Revenue is recognized upon transfer of control of goods to the customer, which generally occurs when title to the goods is passed and risk of loss transfers to the customer. Depending on the contract terms, transfer of control occurs upon shipment of goods to or upon the customer's pickup 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 three-year warranty can be purchased separately from the product and therefore must be 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 records billings for these transactions as deferred revenue, to be recognized on a straight-line basis during the second and third years after sale. The Company recognizes an estimated returns and discounts allowance based on its analysis of historical experience and an evaluation of current market conditions.

The Company also provides its e-commerce consumers 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. This right of return creates a variable component to the transaction price and must be evaluated for possible constraints. The Company estimates returns using the expected-value method. The Company's returns under the 14-day money-back guarantee for the fiscal years ended November 30, 2025 and November 30, 2024 were immaterial.

The Company sells to dealers and retailers for whom there is no money-back guarantee, but who may request a return or credit for unforeseen reasons or who may have contractually agreed-upon discounts, marketing allowances, cooperative advertising programs, or other consideration to be netted from invoiced amounts. The Company estimates and reserves for returns, discounts, marketing allowances, and other customer incentives based on historical experience, current contractual terms, and expectations of future activity, and reports revenue net of the estimated reserve. The reserve for returns, discounts, marketing allowances, and other customer incentives for the fiscal years ended November 30, 2025 and November 30, 2024 was 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 Consolidated Statements of Operations and Comprehensive Income and are recognized when the product is shipped to the customer.

Included in 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.

Royalty Revenue

The Royalty revenue is recognized under licensing arrangements based on the total number of units manufactured by the licensee, to the extent collectability is probable. Beginning in fiscal year 2025, this includes royalties earned under the LATAM Licensing Agreement.

Inventory Valuation

Inventories, which are principally comprised of raw materials and finished goods, are stated at the lower of cost or net realizable value. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. Inventory costs include labor, overhead, subcontracted manufacturing costs and inbound freight costs. The Company reviews inventories for obsolete items to determine adjustments that it estimates will be needed to record inventory at lower of cost or net realizable value.

Income Taxes

The Company accounts for income taxes under the asset and liability method, recognizing deferred tax assets and liabilities for the expected future tax consequences of events included in the financial statements. Deferred tax assets and liabilities are determined based on differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates for the years in which the differences are expected to reverse. Changes in tax rates affect deferred tax assets and liabilities and are recognized in income in the period of enactment.

Deferred tax assets are recognized to the extent the Company believes these assets are more likely than not to be realized. As of November 30, 2025, the Company has evaluated the available evidence regarding the realization of its deferred tax assets in different jurisdictions. In the United States, the Company has concluded that it is more-likely-than-not that it will realize its net deferred tax assets. This conclusion is based on net income in 2025 and the expectation of continued profitability due to increased product sales. As a result, the Company released its US valuation allowance as of November 30, 2024.

Conversely, in South Africa, the Company has determined that it is more-likely-than-not that it will not realize its net deferred tax assets. This determination is based on a cumulative three-year loss position through November 30, 2025, and the closure of manufacturing operations in 2025. Therefore, a full valuation allowance remains on the deferred tax assets in South Africa as of November 30, 2025 and 2024.

The Company will continue to monitor its forecasted income on a quarterly basis, particularly focusing on the US operations.

The Company records uncertain tax positions on the basis of a two-step process in which (1) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company records uncertain tax positions as liabilities and adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available. As of November 30, 2025 and 2024, the Company has not recorded any uncertain tax positions in its consolidated financial statements.

The Company recognizes interest and penalties related to income taxes on the income tax expense line in the Consolidated Statement of Operations and Comprehensive Income. As of November 30, 2025 and 2024, no accrued interest or penalties related to income taxes are included in the Consolidated Balance Sheets.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and state jurisdictions, where applicable. There are currently no pending tax examinations. The Company's tax years are still open under statute from November 30, 2021 to the present. The resolution of tax matters is not expected to have a material effect on the Company's consolidated financial statements.

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 performs its annual impairment assessment during the fourth quarter of each year. Goodwill is assessed for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment (a component).

As of November 30, 2025, the Company's consolidated goodwill balance was $2.3 million. Based on the Company's annual assessment performed during the fourth quarter of fiscal year 2025, no impairment of goodwill was identified.

Stock-Based Compensation

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 and restricted stock units. The Company values simple restricted stock units (RSUs) at the quoted price on date of grant and RSUs with certain market triggers using the Monte Carlo model for valuation. The Company values stock options using the Black Scholes model. 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 the date of grant and stock-based compensation costs for non-employees are recognized as expense over the vesting period on a straight-line basis. Stock-based compensation is classified in the accompanying Consolidated Statements of Operations and Comprehensive Income based on the function to which the related services are provided, which is included in operating expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income. Forfeitures are accounted for as they occur.

To determine the grant-date fair value of our stock-based payment awards, we use a Black-Scholes or the quoted stock price on the date of grant, unless the awards are subject to market conditions, in which case we use the Monte Carlo simulation model. Due to our 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 expected term for stock options granted to non-employees is equal to the contractual term of the options. The risk-free interest rate is determined by reference to the US 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.

Impairment of Long-lived Assets

Long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset group over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to Pages F-1 through F-28 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of our disclosure controls and procedures as of November 30, 2025 pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date in ensuring that information required to be filed in this Report was recorded, processed, summarized and reported within the time period required by the rules and regulations of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Controls over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management assessed the effectiveness of our internal control over financial reporting as of November 30, 2025. Management based this assessment on criteria established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of our internal control over financial reporting. Based on this evaluation management concluded that as of November 30, 2025 our internal control over financial reporting was effective based on those criteria.

Changes in Internal Controls Over Financial Reporting

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated whether any change in our internal control over financial reporting occurred during the fiscal year ended November 30, 2025. Based on that evaluation, management concluded that there were no changes to our internal control over financial accounting and reporting that occurred during the fiscal year ended November 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial accounting and reporting.

ITEM 9B. OTHER INFORMATION

Insider Adoption or Termination of Trading Arrangements

During the fiscal quarter ended November 30, 2025, none of our directors or officers informed us of the adoption, modification or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408, except as described in the table below:

Name & Title	Date Adopted	Character of Trading Arrangement [2]	Aggregate Number of Shares of Common Stock to be Purchased or Sold Pursuant to Trading Arrangement	Duration [3]	Other Material Terms	Date Terminated
Laurilee Kearnes (1)	October 13, 2025	Rule 10b5-1 Trading Arrangement	Up to 2,500 shares to be sold	February 9, 2026 through December 31, 2026	N/A	N/A
NEIP (2)	November 4, 2025	Rule 10b5-1 Trading Arrangement	Up to 288,059 shares to be sold	February 10, 2026 through December 31, 2026	N/A	N/A

1. Laurilee Kearnes is our Chief Financial Officer.

2. Bryan Ganz, Chief Executive Officer and a director of the Company is an indirect holder of shares held by Northeast Industrial Partners LLC ("NEIP" or"Seller") , disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein, and the inclusion of these shares in this reportshall not be deemed an admission of beneficial ownership of all of the reported shares for purposes of Section 16 or for any other purpose.

3. The trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the "Rule"), and complied with the then applicable requirements of the Rule at the time of adoption.

Loan and Security Agreement

On February 3, 2026, Byrna Technologies Inc. entered into a Loan and Security Agreement (the "Loan Agreement") with Texas Capital Bank, pursuant to which the Company obtained a senior secured credit facility consisting of (i) a revolving credit facility in an aggregate principal amount of up to $5.0 million and (ii) a delayed draw term loan facility in an aggregate principal amount of up to $15.0 million.

Borrowings under the credit facility bear interest at a variable rate equal to Term SOFR plus an applicable margin determined in accordance with the Loan Agreement. The Company is also required to pay certain customary fees, including unused commitment fees on the revolving credit commitments and ticking fees on the unfunded portion of the delayed draw term loan commitments during the applicable availability period.

The obligations under the Loan Agreement are secured by a first-priority security interest in substantially all of the Company's assets, subject to customary exclusions. The Loan Agreement contains customary affirmative and negative covenants and financial maintenance covenants, as well as events of default upon the occurrence of which the lender may accelerate the obligations and exercise remedies.

The foregoing description of the Loan Agreement does not purport to be complete and is qualified in its entirety by reference to the Loan and Security Agreement, which is filed as Exhibit 10.23 to this Annual Report.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item relating to our directors and corporate governance is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2026 Annual Meeting of Stockholders. The information required by this Item relating to our executive officers is included in Item 1, "Business — Executive Officers" of this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item relating to our directors and corporate governance is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2026 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item relating to our directors and corporate governance is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2026 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item relating to our directors and corporate governance is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2026 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item relating to our directors and corporate governance is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2026 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

(1) Financial Statements

F-1 to F-28

(2) Financial Statements Schedules

None.

BYRNA TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2025 AND 2024

Together with Report of Independent Registered Public Accounting Firm

(Amounts expressed in US Dollars)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Byrna Technologies Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Byrna Technologies Inc. and Subsidiaries (the "Company") as of November 30, 2025 and 2024, and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of November 30, 2025 and 2024, and the consolidated results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Evaluation of Wholesale Contracts for Proper Revenue Recognition

As discussed in Notes 4 and 7 to the consolidated financial statements, the Company's wholesale contracts may include negotiated pricing, volume-based incentives, cooperative advertising allowances, and other customer-specific incentives that give rise to variable consideration under Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). The number and significance of such contracts increased during the year ended November 30, 2025.

We identified revenue recognition of wholesale contracts as a critical audit matter due to the risk of material misstatement and the management judgement and the complexity involved in the evaluation of wholesale contracts and the estimates of variable consideration related to them. Auditing the Company's estimates of variable consideration required especially challenging judgment because certain contracts contain non-standard terms, limited historical experience existed for some incentive structures, and assessing the appropriate identification, estimation, and constraint of variable amounts involved significant auditor judgment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others, evaluating the design and implementation of controls over revenue recognition; examining a sample of new wholesale agreements to assess the identification of variable consideration; evaluating management's estimates, including comparison to historical realization trends where applicable; and assessing whether the resulting amounts were appropriately reflected in the transaction price, revenue recognized, and related disclosures.

/s/ EisnerAmper LLP

We have served as the Company's auditor since 2020.

EISNERAMPER LLP
New York, New York
February 5, 2026

BYRNA TECHNOLOGIES INC.
Consolidated Balance Sheets
(Amounts in thousands, except share and per share data)

	November 30,	
	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 13,727	$ 16,829
Accounts receivable, net	10,840	2,630
Inventory, net	32,694	19,972
Prepaid expenses and other current assets	4,681	2,623
Marketable debt securities	1,754	8,904
Total current assets	63,696	50,958
Deposits for equipment	1,495	2,665
Right-of-use-asset, net	2,042	2,452
Property and equipment, net	7,726	3,408
Intangible assets, net	3,086	3,337
Goodwill	2,258	2,258
Deferred tax assets	4,134	5,837
Other assets	51	1,007
TOTAL ASSETS	$ 84,488	$ 71,922
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 15,864	$ 13,108
Operating lease liabilities, current	734	539
Deferred revenue	496	1,791
Total current liabilities	17,094	15,438
LONG TERM LIABILITIES		
Deferred revenue, non-current	25	17
Operating lease liabilities, non-current	1,612	2,098
Total Liabilities	18,731	17,553
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. 25,258,393 shares issued and 22,678,715 outstanding as of November 30, 2025 and, 25,010,976 shares issued and 22,495,759 outstanding as of November 30, 2024	25	25
Additional paid-in capital	135,870	133,029
Treasury stock (2,579,678 shares purchased as of November 30, 2025 and 2,515,217 shares purchased as of November 30, 2024)	(22,355)	(21,253)
Accumulated deficit	(47,096)	(56,783)
Accumulated other comprehensive loss	(687)	(649)
Total Stockholders' Equity	65,757	54,369
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 84,488	$ 71,922

See accompanying notes to consolidated financial statements.

BYRNA TECHNOLOGIES INC.
Consolidated Statements of Operations and Comprehensive Income
(Amounts in thousands, except share and per share data)

	Years Ended November 30,	
	2025	2024
Net revenues	$ 118,120	$ 85,756
Cost of goods sold	(46,650)	(32,984)
Gross profit	71,470	52,772
Operating expenses	59,632	46,101
PROFIT FROM OPERATIONS	11,838	6,671
OTHER INCOME (EXPENSE)		
Foreign currency transaction loss	(410)	(576)
Interest income, net	410	1,024
Loss from joint venture	—	(42)
Other (Expense) / Income	(97)	7
INCOME BEFORE INCOME TAXES	11,741	7,084
Income tax provision (benefit)	2,054	(5,708)
NET INCOME	9,687	12,792
Foreign exchange translation adjustment	9	342
Unrealized gain (loss) on marketable debt securities	(47)	65
COMPREHENSIVE INCOME	$ 9,649	$ 13,199
Net profit per share – basic	$ 0.43	$ 0.57
Net profit per share – diluted	$ 0.40	$ 0.55
Weighted-average number of common shares outstanding during the year – basic	22,665,395	22,504,938
Weighted-average number of common shares outstanding during the year – diluted	24,149,794	23,139,549

See accompanying notes to consolidated financial statements.

BYRNA TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Amounts in thousands)

	Years Ended November 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 9,687	$ 12,792
Adjustments to reconcile net income to net cash (used) provided by operating activities:		
Stock-based compensation expense	3,071	3,403
Amortization of debt issuance costs	—	4
Operating lease costs	667	757
Depreciation and amortization	2,115	1,491
Loss on disposal of property and equipment	2,298	—
Recovery of allowance for credit losses	(244)	(176)
Recovery of allowance for inventory	(21)	(230)
Loss from joint venture	—	42
Deferred taxes	1,703	(5,837)
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(7,966)	491
Deferred revenue	(1,287)	(127)
Inventory	(12,701)	(5,852)
Prepaid expenses and other current assets	(1,679)	(1,755)
Loan receivable	599	455
Other assets	(22)	—
Accounts payable and accrued liabilities	2,756	6,950
Operating lease liabilities	(548)	(669)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(1,572)	11,739
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(7,623)	(2,347)
Proceeds from sale of property and equipment	67	—
Proceeds from sale of marketable debt securities	8,839	—
Purchases of marketable debt securities	(1,736)	(8,856)
Acquisition of Federal Firearms License	(6)	—
Purchase of patent rights	—	(24)
NET CASH PROVIDED BY (USED) IN INVESTING ACTIVITIES	(459)	(11,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock option exercises	296	149
Repurchases of common stock	(1,102)	(3,753)
Payment of taxes withheld on issuance of restricted stock units	(526)	(948)
NET CASH USED IN FINANCING ACTIVITIES	(1,332)	(4,552)
Effects of foreign currency exchange rate changes	261	371
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(3,102)	(3,669)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,829	20,498
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,727	$ 16,829
Supplemental schedule of noncash operating activities:		
Income taxes paid	706	—
Operating lease liabilities arising from obtaining right-of-use assets	264	1,404
Unrealized gain on marketable securities	(47)	65
Reclassification of interest receivable from accounts receivable to other assets	—	203
Recapitalization of loan receivable in connection with the divesture of the joint venture	—	119

See accompanying notes to consolidated financial statements.

BYRNA TECHNOLOGIES INC.
Consolidated Statement of Changes in Stockholders' Equity
(Amounts in thousands, except share numbers)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares (Issued)	$	$	Shares	$	$	$	$
Balance, November 30, 2023	**24,168,014**	**$ 24**	**$ 130,426**	(2,165,987)	**$ (17,500)**	**$ (69,575)**	**$ (1,056)**	**$ 42,319**
Issuance of common stock pursuant to exercise of stock options	230,968	—	149	—	—	—	—	149
Issuance of common stock pursuant to vesting of restricted stock units	611,994	1	(949)	—	—	—	—	(948)
Stock-based compensation	—	—	3,403	—	—	—	—	3,403
Repurchase of common shares under Stock Buyback Plan	—	—	—	(349,230)	(3,753)	—	—	(3,753)
Net income	—	—	—	—	—	12,792	—	12,792
Unrealized gain on marketable securities	—	—	—	—	—	—	65	65
Foreign currency translation	—	—	—	—	—	—	342	342
Balance, November 30, 2024	25,010,976	25	133,029	(2,515,217)	(21,253)	(56,783)	(649)	54,369
Issuance of common stock pursuant to exercise of stock options	100,194	—	296	—	—	—	—	296
Issuance of common stock pursuant to vesting of restricted stock units	147,223	—	(526)	—	—	—	—	(526)
Stock-based compensation	—	—	3,071	—	—	—	—	3,071
Repurchase of common shares under Stock Buyback Plan	—	—	—	(64,461)	(1,102)	—	—	(1,102)
Net income	—	—	—	—	—	9,687	—	9,687
Unrealized gain on marketable securities	—	—	—	—	—	—	(47)	(47)
Foreign currency translation	—	—	—	—	—	—	9	9
Balance, November 30, 2025	25,258,393	$ 25	$ 135,870	(2,579,678)	$ (22,355)	$ (47,096)	$ (687)	$ 65,757

See accompanying notes to consolidated financial statements.

1. NATURE OF OPERATIONS

Byrna Technologies Inc. (the "Company," or "Byrna,") is a less-lethal defense technology company specializing in next generation solutions for security situations that do not require the use of lethal force. The Company designs, develops, manufactures, and markets a portfolio of personal security devices, kinetic and chemical irritant projectiles, and related accessories for consumer, law enforcement, private security, and other institutional markets. Byrna personal security devices are less-lethal self-defense devices that are powered by CO2 and fire .61 and .68 caliber spherical kinetic and chemical irritant projectiles. The Company's mission is to provide effective, easy-to-use, and reliable less-lethal solutions that enable responsible self-defense and de-escalation.

The Company sells its products through multiple channels including its e-commerce websites, Amazon storefronts, Company-operated retail stores, domestic and international dealers and distributors, and direct sales to law enforcement agencies. The Company was incorporated in Delaware on March 1, 2005. The Company's products are manufactured at its facilities in Fort Wayne, Indiana. The Company previously operated a manufacturing facility in Pretoria, South Africa; these operations ceased during the third quarter of fiscal 2025, and the related lease was not renewed. In March 2025, the Company established a wholly owned subsidiary, Byrna Technologies Canada Inc., to support the distribution of Byrna products within the Canadian market. Byrna Canada does not conduct manufacturing activities and does not operate any owned or leased facilities; instead, it utilizes a third-party logistics provider to fulfill customer orders placed through the Company's Canadian e-commerce platform.

In January 2023, the Company acquired a 51% interest in Byrna Latam S.A. ("Byran LATAM"), a corporate joint venture formed to expand the Company's presence in South America. On August 19, 2024, the Company sold its ownership interest in Byrna LATAM S.A., its South American joint venture, and concurrently entered into an exclusive distribution, manufacturing, and licensing agreement with Byrna LATAM. Under this agreement, Byrna LATAM manufactures certain Byrna products for South American markets and pays the Company royalties on units manufactured. The Company continues to market and sell products throughout Latin America through this new structure.

Effective for the fiscal year ended November 30, 2025, the Company operates and reports its results through two reportable sales channels: Direct-to-Consumer ("DTC") and Wholesale (dealer/distributors).

Segment Reporting

Effective for the fiscal year ended November 30, 2025, the Company adopted ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. Separately from this adoption, and due to the significant growth in the Wholesale business and corresponding changes in how the Company's Chief Operating Decision Maker ("CODM") manages and evaluates the business, the Company now operates and reports its results through two reportable sales channels. The two sales channels are:

- Direct-to-Consumer ("DTC") – includes sales through e-commerce platforms, Amazon storefronts, and Company-operated retail stores.
- Wholesale (dealer/distributors) – includes sales to domestic and international dealers, distributors, retailers, and law enforcement and other institutional customers, as well as royalty revenue earned under the Company's licensing agreements.

Financial information for these segments is presented in Note 19 — "Segment and Geographical Disclosures." Prior-period segment disclosures have been conformed to the current presentation where applicable.

2. OPERATIONS AND MANAGEMENT PLANS

From inception to November 30, 2025, the Company had incurred a cumulative loss of $47.1 million. The Company has funded operations through the issuance of common stock. The Company generated $118.1 million in revenue and a net income of $9.7 million for the year ended November 30, 2025. Having achieved profitability this year, the Company is optimistic about its ability to sustain operations through its revenue streams. The Company's future success will depend on its continued ability to generate sufficient revenue to cover operating expenses and to effectively market its products.

3. BASIS OF PRESENTATION

These consolidated financial statements for the years ended November 30, 2025 and 2024 include the accounts of the Company and its subsidiaries. These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). All significant intercompany accounts and transactions have been eliminated in consolidation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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 the Company's consolidated financial statements. Significant estimates include assumptions about reserves for returns, allowances, and discounts, stock-based compensation expense, valuation allowance for deferred tax assets, incremental borrowing rate on leases, useful life of long-lived assets, allowance for estimated credit losses, and inventory reserves.

b) 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. 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. An impairment charge is recognized for any amount by which the carrying amount of goodwill exceeds its fair value.

The Company conducts its annual goodwill impairment analysis in the fourth quarter of each fiscal year. The Company performs its annual impairment analysis on this reporting-unit basis. At November 30, 2025 and 2024, the Company determined that there was no impairment of goodwill.

c) Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and short-term, highly liquid investments. Investments acquired with maturity dates of three months or less are considered cash equivalents.

d) Marketable Debt Securities

The Company considers debt securities acquired with maturities of greater than 90 days to be available for sale debt securities. Available for sale debt securities are classified as either current or non-current assets based on the nature of the securities and their availability for use in current operations. Securities with an effective maturity greater than one year from the balance sheet date are classified as non-current. Available for sale debt securities are recorded at fair value and unrealized gains and losses, other than the portion related to credit losses, are recorded within accumulated other comprehensive income. The estimated fair value of the available for sale debt securities is determined based on quoted market prices or rates for similar instruments.

e) Allowance for Current Expected Credit Losses

The Company estimates the balance of its allowance for current expected credit losses. In determining the amount of the allowance for current expected credit losses, the Company considers historical collectability based 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 allowance when it is determined that the receivable will not be recovered. As of November 30, 2025, 2024, and 2023, the total allowance for credit losses recorded was $0.1 million, $0.3 million and $0.6 million, respectively.

f) Inventories

Inventories, which are comprised of raw materials, work-in-process, and finished goods, are stated at the lower of cost or net realizable value. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. Inventory costs include labor, overhead, subcontracted manufacturing costs and inbound freight costs. The Company reviews inventories for obsolete items to determine adjustments that it estimates will be needed to record inventory at lower of cost or net realizable value (see Note 8, "Inventory").

g) Property and Equipment

Property and equipment are recorded at cost and reflected net of accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, primarily three to seven years for computer equipment and software, furniture and fixtures, and machinery and equipment. Leasehold improvements are amortized over the lesser of the useful lives of three to seven years or lease terms. Expenditures for major renewals and betterments to property and equipment are capitalized, while expenditures for maintenance and repairs are charged as an expense as incurred. Upon retirement or disposition, the applicable property amounts are deducted from the accounts and any gain or loss is recorded in the Consolidated Statements of Operations and Comprehensive Income. Useful lives are determined based upon an estimate of either physical or economic obsolescence or both.

h) Intangible Assets

In June 2025, the Company acquired two Federal Firearms Licenses, each effective June 1, 2025 and expiring July 1, 2028. These licenses support the Company's ability to conduct certain regulated firearms-related activities in connection with product development, testing, and compliance functions. The licenses are recorded as finite-lived intangible assets and are amortized over their contractual term.

The perpetual, irrevocable, exclusive and non-exclusive permit to use technology with respect to the cost of patent rights is capitalized and amortized over the estimated useful life, currently estimated to be 10 to 17 years. Customer lists acquired are amortized over an estimated useful life of two years. These assets are tested for impairment if events or changes in circumstances indicate that the asset might be impaired.

Trademarks have an indefinite life as the Company intends to renew the trademarks indefinitely.

Indefinite-lived intangible assets are tested for impairment annually during the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that it is more likely than not that an intangible asset is impaired. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment expense is recognized in an amount equal to that excess. If an impairment expense is recognized, the adjusted carrying amount becomes the asset's new accounting basis.

At November 30, 2025 and 2024, the Company determined that there was no impairment of intangible assets.

i) Impairment of Long-Lived Assets

Long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset group over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value. There were no impairments of long-lived assets during the years ended November 30, 2025 and 2024.

j) Fair Value of Financial Instruments

The Company determines fair value based on its accounting policy for fair value measurement (i.e. exit price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date). See Note 4 (u). The Company has not used derivative financial instruments such as forwards to hedge foreign currency exposures. The Company measures investments, including investments in marketable debt securities, at fair value and recognizes unrealized gains (losses), other than credit losses, through other comprehensive income. The Company uses quoted prices in active markets for identical assets (consistent with the Level 2 definition in the fair value hierarchy) to measure the fair value of its marketable debt securities on a recurring basis.

k) Leases

The Company determines if an arrangement is a lease at inception by assessing whether the arrangement contains an identified asset and whether it has the right to control the identified asset. Right-of-use (ROU) assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. ROU assets are based on the measurement of the lease liability and also include any lease payments made prior to or on lease commencement and exclude lease incentives and initial direct costs incurred, as applicable.

As the implicit rate in the Company's leases is generally unknown, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when the Company is reasonably certain it will exercise such options. Lease costs for the Company's operating leases are recognized on a straight-line basis over the lease term. Variable lease payments include lease operating expenses. Lease expense is included in operating expenses on the consolidated statements of operations and comprehensive income.

The Company has elected to not separate lease and non-lease components for any leases within its existing classes of assets and, as a result, accounts for any lease and non-lease components as a single lease component. The Company has also elected to not apply the recognition requirement to any leases within its existing classes of assets with a term of 12 months or less.

l) Revenue Recognition

Product Sales

The Company generates revenue through e-commerce portals to consumers, as well as through the wholesale distribution of its products and accessories to dealers, distributors, retail stores, and large end-users such as private security companies and law enforcement agencies. The Company does not manufacture or sell any products regulated by the Bureau of Alcohol, Tobacco, Firearms and Explosives or for military applications. Revenue is recognized upon the transfer of control of goods to the customer, which occurs when the Company has satisfied its performance obligation by making the goods available to the customer's designated carrier in accordance with the Company's standard shipping terms. Under these terms, which are Ex-Works (EXW), title and risk of loss pass to the customer once the goods are picked, packed, and loaded into the carrier's trailer at the Company's facility and the order is marked as shipped in the Company's ERP system. At that point, the Company has a present right to payment, the customer has obtained legal title, and the carrier—acting as the customer's agent—has physical possession of the goods. Accordingly, revenue is recognized as of the date the goods are loaded into the carrier's trailer, regardless of when the carrier physically removes the trailer from the Company's premises. Payment terms to customers other than e-commerce customers are generally 30–60 days for established customers. New wholesale and large end-user customers typically prepay for their initial order. Revenue is recognized net of estimated returns, discounts, and allowances. Products purchased include a standard one-year assurance-type warranty that cannot be purchased separately. This warranty allows customers to return defective products for repair or replacement within one year of sale. The Company also sells an extended three-year warranty that may be purchased separately and is accounted for as a service-type warranty. Because the first year of warranty coverage is included and non-separable from all launcher purchases, the extended three-year warranty represents a service obligation during the second and third years after sale. Amounts billed for extended warranties are recorded as deferred revenue and recognized on a straight-line basis during the coverage period. The Company maintains a reserve for expected warranty claims based on historical experience and current conditions.

During the second quarter of fiscal 2025, the Company offered a complimentary five-year extended warranty with any launcher purchased during May 2025. The Company determined the standalone selling price of the five-year warranty and, in accordance with ASC 606, allocated a portion of the transaction price to this separate performance obligation using the relative standalone selling price method. The allocated amount is recorded as deferred revenue and is recognized on a straight-line basis over the five-year coverage period. Revenue related to both the three-year and five-year extended warranties was immaterial for the years ended November 30, 2025 and 2024.

The Company 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. This right of return creates a variable component of the transaction price. The Company estimates expected returns using the expected value method, as a range of potential outcomes may exist. Returns under the 14-day money-back guarantee were immaterial for the years ended November 30, 2025 and 2024. For purchases made through Amazon, certain Byrna products—including launchers, CO_2 tubes, chemical irritant projectiles, and pepper sprays—are designated as non-returnable. Other accessories are subject to Amazon's standard 30-day return policy. The Company estimates expected Amazon returns using the same expected value method applied to its direct-to-consumer sales. Expected Amazon-related return reserves were immaterial for the years ended November 30, 2025 and 2024.

The Company sells to dealers and retailers for whom there is no money-back guarantee but who may request a return or credit for unforeseen reasons or who may have agreed-upon discounts, marketing allowances, cooperative advertising programs, or other promotional incentives to be netted from amounts invoiced. The Company reserves for returns, discounts, marketing programs, and allowances based on past performance, contractual terms, and expectations of future activity, and reports revenue net of the estimated reserve. The Company's reserve for returns, discounts, marketing programs, and allowances for the years ended November 30, 2025 and 2024 was immaterial.

Shipping and handling activities related to contracts with customers are accounted for as costs to fulfill the performance obligation. Shipping and handling costs associated with distribution of finished products to customers are recorded in operating expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income and are recognized when the related product is shipped.

Included in cost of goods sold are expenses 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.

Royalty Revenue

The Company recognizes royalty revenue associated with the LATAM Licensing Agreement. Under the Company's exclusive LATAM Licensing Agreement, Byrna LATAM has been granted the right to manufacture, market, sell, and distribute certain Byrna products within specified Latin American territories. Byrna LATAM is authorized to use the Byrna® trademark and logo subject to the terms of the agreement. In exchange, Byrna LATAM pays the Company a royalty fee based on quantities and values of licensed products manufactured. The agreement includes minimum revenue requirements for certain territories; no minimum guaranteed royalty exists unless triggered by these minimum revenue provisions.

Royalty revenue is recognized in accordance with ASC 606. Sales-based royalties related to licenses of functional intellectual property are recognized when the licensed products are manufactured, provided the amount is fixed or determinable and collection is probable. Accordingly, the Company recognizes royalty revenue when (i) the licensee's manufacturing activity occurs, (ii) the royalty amount is fixed or determinable under the agreement, and (iii) collection is probable. Royalty revenue totaled $1.6 million for the fiscal year ended November 30, 2025.

Contract Liabilities

Current deferred revenue at November 30, 2025 includes $0.5 million in advance payments from customers, less than $0.1 million in current portion of sales from extended warranties, and less than $0.1 in deferred revenue pertaining to the non-current portion of extended warranty sales. Current deferred revenue at November 30, 2024 includes $1.7 million in advance payments from customers, $0.1 million in current portion of sales from extended warranties, and less than $0.1 in deferred revenue pertaining to the non-current portion of extended warranty sales. See Note 7, "Revenue, Deferred Revenue and Accounts Receivable".

m) Marketing and Advertising

Marketing and advertising related costs are expensed as incurred and are included in operating expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income and were $17.9 million and $12.4 million during the years ended November 30, 2025 and 2024, respectively.

n) Research and Development

Research and development ("R&D") costs are expensed as incurred and are included in operating expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income. R&D costs were $0.3 million and $0.6 million during the years ended November 30, 2025 and 2024, respectively.

o) Incomes Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are recognized to the extent the Company believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, it would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions on the basis of a two-step process in which (1) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company records uncertain tax positions as liabilities and adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available. As of November 30, 2025 and 2024, the Company has not recorded any uncertain tax positions in the consolidated financial statements.

If incurred, the Company recognizes interest and penalties related to income taxes on the income tax expense line in the accompanying Consolidated Statement of Operations and Comprehensive Income. As of November 30, 2025 and 2024, no accrued interest or penalties related to income taxes are included in the Consolidated Balance Sheets.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and state jurisdictions, where applicable. There are currently no pending tax examinations. The Company's tax years are still open under statute from November 30, 2021 to the present. The resolution of tax matters is not expected to have a material effect on the Company's consolidated financial statements.

p) Earnings Per Share

Basic earnings per share is computed by dividing net income, reduced by dividends, by the weighted-average number of common shares outstanding for the year. Diluted earnings per share is computed by dividing net income, reduced by dividends, by the weighted-average number of common shares outstanding plus common stock equivalents (if dilutive) related to stock options and restricted stock units.

q) Stock-Based Compensation

The Company accounts for all stock-based payment awards granted to employees and directors as stock-based compensation expense at their grant date fair value, which the Company uses Black-Scholes valuations, Monte Carlo models, and other market valuations to determine fair value.

The Company's stock-based payments include stock options and restricted stock units. 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 director awards is the date of grant and stock-based compensation costs for non-employees are recognized as expense over the vesting period on a straight-line basis. Stock-based compensation is classified in the accompanying Statements of Operations and Comprehensive Income based on the function to which the related services are provided, which is included in operating expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income. Forfeitures are accounted for as they occur.

The fair value of each stock option grant is estimated on the date of grant using either the Black-Scholes model or the quoted stock price on the date of grant, unless the awards are subject to market conditions, in which case the Company uses a Monte Carlo simulation model. The expected term of stock options granted to employees is determined using the simplified method prescribed by the SEC's Staff Accounting Bulletin Topic 14. The expected term for stock options granted to non-employees is equal to the contractual term of the options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant for periods approximating the expected term of the award. Expected dividend yield is based on the fact that the Company has not paid cash dividends on its common stock and does not expect to do so in the foreseeable future.

r) Foreign Currency Transactions

Foreign currency transactions are transactions denominated in a currency other than a subsidiary's functional currency. A change in the exchange rates between a subsidiary's functional currency and the currency in which a transaction is denominated increases or decreases the expected amount of functional currency cash flows upon settlement of the transaction. That increase or decrease in expected functional currency cash flows is recorded as foreign currency transaction income (loss), in the accompanying Consolidated Statements of Operations and Comprehensive Income.

s) Foreign Currency Translation

The Company maintains its books and records in US Dollars, which is its functional and reporting currency. Assets and liabilities of the Company's international subsidiaries in which the local currency is the functional currency are translated into US Dollars at period-end exchange rates. Income and expenses are translated into US Dollars at the average exchange rates during the period. The resulting translation adjustments, including adjustments on intercompany loans that are considered permanent, are included in the Company's Consolidated Balance Sheets as a component of accumulated other comprehensive loss. The Company considers intercompany loans to be of a permanent or long-term nature if management expects and intends that the loans will not be repaid. For the fiscal years ended November 30, 2025 and 2024, all intercompany loan arrangements were determined to be permanent based on management's intention as well as actual lending and repayment activity. Therefore, the foreign currency transaction gains or losses associated with the intercompany loans were recorded in accumulated other comprehensive loss in the Consolidated Balance Sheets for the fiscal years ended November 30, 2025 and 2024.

t) Other Comprehensive Income

Other comprehensive income consists of foreign currency translation adjustments and unrealized gains or losses on available for sale securities. For the fiscal years ended November 30, 2025 and 2024, the Company recorded foreign currency translation gain of less than $0.1 million and foreign currency translation loss of $0.1 million, respectively. For the fiscal years ended November 30, 2025 and 2024, the Company recorded foreign currency translation gain of less than $0.1 million and $0.4 million, respectively, on its intercompany loan, which is considered permanent or long-term nature. For the fiscal year ended November 30, 2025, the Company recorded net unrealized loss on available for sale securities of less than $0.1 million. Unrealized gains recorded for the fiscal year ended November 30, 2024, was $0.1 million.

u) Fair Value Measurement

The Company follows a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value as follows:

- Level 1- Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2- Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- Level 3- Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

v) Recent Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs"). ASUs not discussed below were assessed and determined to be either not applicable or are expected to have minimal impact on the financial statements.

Recently Adopted Accounting Pronouncement

In 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires expanded annual and interim disclosures of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. The guidance also requires enhanced reconciliations of segment measures to consolidated financial results. The Company adopted the guidance effective for the fiscal year ended November 30, 2025. Adoption resulted in expanded segment disclosures, including significant segment expenses and reconciliations to consolidated measures. See Note 19, "Segment and Geographical Disclosures" for additional information.

Accounting Pronouncements Issued but Not Adopted

In 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. 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 years beginning after December 15, 2024. The Company is evaluating the effect that ASU 2023-09 will have on its financial statements and disclosures.

In March 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, as amended by ASU 2025-01. This guidance focuses on the disaggregation of income statement expenses. This update requires entities to provide more detailed disclosures about the components of significant expense categories, enhancing the transparency and decision-usefulness of financial statements. The objective is to provide users with a clearer understanding of the nature and variability of expenses reported in the income statement. The standard is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. We are currently assessing the impact of this standard on our financial statement disclosures. While we anticipate that the adoption of this standard will require additional disclosures, we do not expect it to have a material impact on our financial position or results of operations.

In July 2025, the Financial Accounting Standards Board (FASB) issued ASU 2025-05, which addresses the measurement of credit losses for accounts receivable and contract assets. This update introduces a practical expedient that allows entities to assume that current conditions will remain unchanged until the maturity of the asset, simplifying the estimation of expected credit losses. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and for interim periods thereafter, requiring prospective application to estimates of expected credit losses post-adoption. The Company is currently evaluating the impact that ASU 2025-05 will have on its financial statements and disclosures. While it is too early to determine the specific effects, the Company anticipates that the adoption may improve the relevance and usability of the financial information provided to users without having a material impact on its consolidated financial position or results of operations.

5. MARKETABLE DEBT SECURITIES

The following table summarizes the Company's available-for-sale marketable debt securities as of November 30, 2025 (in thousands):

	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Investments
Corporate bonds	$ 737	$ 11	$ -	$ 748	$ 748
U.S. Treasury securities	999	7	-	1,006	1,006
Total	$ 1,736	$ 18	$ -	$ 1,754	$ 1,754

The following table summarizes the Company's available-for-sale marketable debt securities as of November 30, 2024 (in thousands):

	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Investments
Corporate bonds	$ 2,950	$ 18	$ -	$ 2,968	$ 2,968
U.S. Treasury securities	5,889	47	-	5,936	5,936
Total	$ 8,839	$ 65	$ -	$ 8,904	$ 8,904

The following table summarizes the fair value of marketable debt securities by level within the fair value hierarchy as of November 30, 2025:

			November 30, 2025 Fair Value Measurement Based on		
	Cost	Fair Value	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 5,043	$ 5,043	$ 5,043	$ -	$ -
Corporate bonds	737	748	-	748	-
U.S. Treasury securities	999	1,006	-	1,006	-
Total	$ 6,779	$ 6,797	$ 5,043	$ 1,754	$ -

The following table summarizes the fair value of marketable debt securities by level within the fair value hierarchy as of November 30, 2024:

			November 30, 2024 Fair Value Measurement Based on		
	Cost	Fair Value	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 11,304	$ 11,304	$ 11,304	$ -	$ -
Corporate bonds	2,950	2,968	-	2,968	-
U.S. Treasury securities	5,889	5,936	-	5,936	-
Total	$ 20,143	$ 20,208	$ 11,304	$ 8,904	$ -

6. TRANSACTIONS WITH BYRNA LATAM

In January 2023, the Company acquired a 51% ownership interest in Byrna LATAM S.A. ("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 accounted for the investment in the joint venture using the equity method.

On August 19, 2024, the Company sold its 51% ownership interest to Fusady S.A. for $1 (the "LATAM Share Purchase Agreement") and entered into an exclusive distribution, manufacturing and licensing agreement with Byrna LATAM (the "LATAM Licensing Agreement"). This LATAM Licensing Agreement allows Byrna LATAM to exclusively manufacture the Byrna SD launcher and ammunition in certain South American countries and requires Byrna LATAM to pay the Company a royalty on Byrna products manufactured. The amount of royalty earned during the fiscal year ended November 30, 2025, and outstanding as of November 30, 2025, was $1.6 million and $1.1 million, respectively. The amount outstanding as of November 30, 2024, was not material. The LATAM Share Purchase Agreement also includes put and call rights based on defined triggers which expire on August 19, 2029.

In January 2023, the Company loaned $1.6 million to Byrna LATAM. The loan bore interest at a rate equal to Secured Overnight Financing Rate ("SOFR") plus 3.0%. Interest income related to the loan receivable was less than $0.1 million for the years ended November 30, 2025 and 2024. The interest income is included in interest income in the Condensed Consolidated Statements of Operations and Comprehensive Income. On August 19, 2024, the loan was amended to fix the loan amount at $1,431,112 plus accrued interest of $203,373 for a total loan amount of $1,634,485. The loan bears an annual rate of interest of 5% per annum. The loan is to be repaid in twelve equal monthly installments beginning on August 19, 2025. The loan receivable was recorded as loan to joint venture in the Consolidated Balance Sheets until the consummation of the LATAM Share Purchase Agreement at which time the Company recorded the current portion of the loan as part of Prepaid expenses and other current assets and the non-current portion is recorded as part of the Other assets on the Consolidated Balance Sheets as of November 30, 2025 and 2024. The loan amount outstanding as of November 30, 2025 was $1.1 million, all of which is recorded as part of Prepaid expenses in the consolidated balance sheet. The loan amount outstanding as of November 30, 2024, was $1.7 million. $0.7 million was recorded as part of Prepaid expenses and $1.0 million was recorded as part of Other assets in the consolidated balance sheet.

7. REVENUE, DEFERRED REVENUE AND ACCOUNTS RECEIVABLE

Deferred Revenue

The balance of deferred revenue, which relate to advance payments, unfulfilled e-commerce orders and amounts to be recognized under extended three-year and five-year service warranty, was $0.5 million as of November 30, 2025, $1.8 million as of November 30, 2024, and $1.9 million as of November 30, 2023.

Changes in deferred revenue for the years ended November 30, 2025 and 2024 are summarized below (in thousands). The Company recognized warranty revenue totaling $0.3 million and $0.3 million, respectively, during the years ended November 30, 2025 and 2024.

Deferred revenue balance, November 30, 2023	$ 1,936
Net additions to deferred revenue	66,120
Reductions in deferred revenue for revenue recognized during the fiscal year	(66,248)
Deferred revenue balance, November 30, 2024	1,808
Net additions to deferred revenue	69,351
Reductions in deferred revenue for revenue recognized during the fiscal year	(70,638)
Deferred revenue balance, November 30, 2025	$ 521
Less current portion	$ 496
Deferred revenue, non-current	$ 25

Revenue Disaggregation

The Company presents disaggregation of revenue by reportable sales channel consistent with ASC 280, as the CODM evaluates the business on a segment basis.

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

	Years Ended November 30,	
Geographical Market	2025	2024
U.S./Mexico	$ 106,128	$ 78,932
South Africa	1,365	198
Europe/South America/Asia	8,114	4,156
Canada	2,513	2,470
Total	$ 118,120	$ 85,756

	Years Ended November 30,	
Distribution channel	2025	2024
Wholesale (dealer/distributors)	$ 39,910	$ 19,900
E-commerce	76,572	65,856
Royalties	1,638	—
Total	$ 118,120	$ 85,756

The Company presents revenues net of returns, allowances, and discounts. The following table presents disaggregation of the Company's net revenue by revenue stream (in thousands):

	Years Ended November 30,	
Revenue type	2025	2024
Product	$ 116,482	$ 85,756
Royalties	1,638	—
Total	$ 118,120	$ 85,756

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 $10.8 million, $2.6 million, and $2.9 million as of November 30, 2025, 2024 and 2023 respectively.

8. INVENTORY

The following table summarizes inventory (in thousands):

	November 30, 2025	November 30, 2024
Raw materials	$ 18,736	$ 10,307
Work in process	4,387	3,433
Finished goods	9,571	6,232
Total	$ 32,694	$ 19,972

The Company reviews inventory for excess and obsolete products and records provisions based on its estimate of the probability that material will not be consumed in production or will be sold below cost. Inventory increased from $20.0 million as of November 30, 2024 to $32.7 million as of November 30, 2025, primarily due to planned production increases to support the expansion of the wholesale and retail segment and the launch of new product configurations. The Company recorded an inventory reserve of $0.4 million at November 30, 2025 related to slow-moving components and discontinued SKUs, which is consistent with the $0.4 million inventory reserve recorded at November 30, 2024.

9. PROPERTY AND EQUIPMENT

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

	Estimated Useful Lives in Years	November 30, 2025	November 30, 2024
Computer equipment and software	3-5	$ 886	$ 791
Furniture and fixtures	5	820	276
Leasehold improvements	3-7	1,931	1,048
Machinery and equipment	5-7	8,307	4,095
		11,944	6,210
Less: accumulated depreciation and amortization		4,218	2,802
Total		$ 7,726	$ 3,408

The Company recognized approximately $1.9 million and $1.2 million in depreciation expense during the years ended November 30, 2025 and 2024, respectively. Depreciation expense is presented in the operating expenses and within cost of goods sold in the accompanying Consolidated Statements of Operations and Comprehensive Income.

At November 30, 2025 and 2024, the Company deposited $1.5 million and $2.7 million, respectively, with vendors primarily for supply of molds and equipment where the vendors have not completed supply of these assets. The deposits are presented in the Consolidated Balance Sheets as deposits for equipment. The Company placed $1.1 million, less than $0.1 million, and $7.1 million of leasehold improvements deposits, software deposits, and molds and equipment deposits, respectively, from November 30, 2024 into service during fiscal year November 30, 2025. The Company placed $0.4 million and less than $0.1 million of molds and equipment deposits and software deposits, respectively from November 30, 2023 into service during fiscal year November 30, 2024.

10. INTANGIBLE ASSETS

The components of intangible assets were as follows (in thousands):

		As of November 30, 2025			As of November 30, 2024		
	Estimated Useful Lives in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	10-17	$ 3,955	$ (1,234)	$ 2,721	$ 3,955	$ (978)	$ 2,977
Trademarks	Indefinite	360	—	360	360	—	360
Customer List	2	70	(70)	—	70	(70)	—
Federal Firearms License	3	6	(1)	5			
Total		$ 4,391	$ (1,305)	$ 3,086	$ 4,385	$ (1,048)	$ 3,337

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 Consolidated Statements of Operations and Comprehensive Income. Total intangible assets amortization expense for the years ended November 30, 2025 and 2024 were $0.3 million and $0.3 million, respectively.

Estimated future amortization expense related to intangible assets as of November 30, 2025, are as follows (in thousands):

Fiscal Year Ending November 30,	
2026	$ 259
2027	259
2028	258

2029	257
2030	257
Thereafter	1,436
Total	$ 2,726

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following (in thousands):

	November 30,	
	2025	2024
Trade payables	$ 10,082	$ 7,715
Accrued sales and use tax	648	570
Personnel costs	4,696	4,193
Accrued professional fees	153	124
Other accrued liabilities	285	506
	$ 15,864	$ 13,108

12. STOCKHOLDERS' EQUITY

Stock Buyback Plan

On July 31, 2024, the Company's Board of Directors approved a plan to buy back up to $10 million worth of shares of Common Stock (the "Stock Buyback Program"). The Stock Buyback Program will expire on the sooner of the two-year anniversary of its initiation or until we reach the aggregate limit of $10 million for the repurchases under the program. The repurchased shares are recorded as part of treasury stock and are accounted for under the cost method. For the year ended November 30, 2025, the Company repurchased 0.06 million shares of common stock for $1.1 million. For the year ended November 30, 2024, the Company repurchased 0.3 million shares of common stock for $3.8 million.

(Amounts expressed in US Dollars)

13. STOCK-BASED COMPENSATION

2020 Plan

In 2020, the Board and 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 is 2,500,000. In 2022, the Company's Board of Directors and 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.

Stock-Based Compensation Expense

Total stock-based compensation expense was $3.1 million and $3.4 million for the years ended November 30, 2025 and 2024, respectively. Total stock-based compensation expense was recorded in Operating expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income.

Restricted Stock Units

During the year ended November 30, 2025, the Company granted performance-based RSUs ("PSUs") to certain employees. The number of PSUs that may ultimately vest is contingent upon the achievement of specified GAAP revenue targets for the fiscal year 2026 performance period (December 1, 2025 through November 30, 2026), as well as the participant's continued employment through November 30, 2027. As of November 30, 2025, the performance metrics are probable of being achieved. The actual number of shares that may be earned ranges from 0% to 200% of the target award, depending on the level of achievement of the performance goals. Any earned PSUs will vest on November 30, 2027, subject to continued service through such date. Compensation expense is recognized for PSUs only to the extent that it is probable the performance conditions will be achieved. During the year ended November 30, 2025, the Company granted 129,588 RSUs consisting of 97,102 time-based RSUs and 32,486 PSUs. During the year ended November 30, 2024, the Company granted 600,000 PSUs with a "double trigger" for vesting based on stock price and time, as follows: (1) one-third of the RSUs would be triggered when the Company's stock trades above $6.00 on a 20-day VWAP, the second one-third of the RSUs would be triggered when the Company's stock trades above $9.00 on a 20-day VWAP, and the final one-third of the RSUs would 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. Stock-based compensation expense for the RSUs and PSUs for the year ended November 30, 2025, and November 30, 2024, was $2.1 million and $1.6 million, respectively.

As of November 30, 2025, there was $3.4 million of unrecognized stock-based compensation cost related to unvested awards, consisting of $2.8 million associated with RSUs and $0.6 million associated with PSUs. This cost is expected to be recognized over a weighted-average period of approximately 0.9 years.

RSU Valuation

The assumptions that the Company used in a Monte Carlo simulation model to determine the grant-date fair value of RSU's granted with a double trigger for the year ended November 30, 2024, are presented in the table below. The Company did not grant RSUs for the year ended November 30, 2025, that required a Monte Carlo simulation model.

(Monte Carlo simulation model)

	2024
Risk free rate	4.33%
Expected dividends	$ —
Expected volatility	33%
Expected life (in years)	2.7
Market price of the Company's common stock on date of grant	$ 6.03

The following table summarizes the RSU activity during the year ended November 30, 2025:

	RSUs
Outstanding, November 30, 2023	976,226
Granted	753,230
Issued	(691,596)
Forfeited	(122,630)
Outstanding, November 30, 2024	915,230
Granted	129,588
Issued	(165,017)
Forfeited	(12,664)
Outstanding, November 30, 2025	867,137

Of the 165,017 RSUs that were settled during the year ended November 30, 2025, 17,794 units were withheld by the Company in exchange for the Company paying for the payroll withholding taxes. For the year ended November 30, 2025, RSUs of 147,223, net, were issued in connection with the settlement of RSUs. Of the 691,596 RSUs that were settled during the year ended November 30, 2024, 57,697 units were withheld by the Company in exchange for the Company paying for the payroll withholding taxes, and 21,905 units were repurchased by the Company for $0.3 million for shares withheld to pay the payroll tax liability of the vesting RSUs and treated as treasury stock. For the year ended November 30, 2024, RSUs of 611,994, net, were issued in connection with the settlement of RSUs.

Stock Options

During the year ended November 30, 2025, the Company did not grant any options. During the year ended November 30, 2024, the Company granted options to employees and directors to purchase 199,500 shares of common stock. The Company recorded stock-based compensation expense for options granted to its employees and directors of $1.0 million and $1.8 million during the years ended November 30, 2025 and 2024, respectively.

As of November 30, 2025, there was $0.3 million of unrecognized stock-based compensation cost related to unvested stock options which is expected to be recognized over a weighted average period of 1.2 years.

Stock Option Valuation

The assumptions that the Company used to determine the grant-date fair value of stock options granted to employees and non-employees for the year ended November 30, 2024, were as follows:

	2024
Risk free rate	4.10%
Expected dividends	0%
Expected volatility	76%
Expected life (in years)	6.5
Market price of the Company's common stock on date of grant	$ 6.89
Exercise price	$ 6.89

(Amounts expressed in US Dollars)

The following table summarizes option activity under the 2020 Plan during the years ended November 30, 2025 and 2024:

	Stock Options	Weighted-Average Exercise Price Per Stock Option
Outstanding, November 30, 2023	1,384,666	$ 7.12
Granted	199,500	6.89
Exercised	(292,827)	3.01
Expired	—	—
Forfeited	(49,500)	7.24
Outstanding, November 30, 2024	1,241,839	$ 9.11
Granted	—	—
Exercised	(137,001)	10.58
Expired	(586)	1.90
Forfeited	(16,667)	8.96
Outstanding, November 30, 2025	1,087,585	$ 8.96
Exercisable, November 30, 2025	878,250	$ 9.26
Exercisable, November 30, 2024	766,196	$ 9.58

Of the 137,001 shares issued upon exercise of options during the year ended November 30, 2025, 36,807 options were surrendered due to cashless exercise. Of the 292,827 shares issued upon exercise of options during the year ended November 30, 2024, 61,859 options were surrendered due to cashless exercise.

The stock options outstanding at the end of the year had weighted-average contractual life as follows:

	2025	2024
	(in years)	(in years)
Total outstanding options	6.60	7.48
Total exercisable options	6.33	7.04

(Amounts expressed in US Dollars)

14. EARNINGS PER SHARE

Diluted earnings per share ("EPS") includes the effect of potentially dilutive common stock equivalents, including stock options and restricted stock units ("RSUs"), to the extent such securities are dilutive. Basic EPS is computed using the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted.

	November 30,	
	2025	2024
Net income	$ 9,687	$ 12,792
Weighted-average number of shares used in computing net income per share, basic	22,665,395	22,504,938
Weighted-average number of shares used in computing net income per share, diluted	24,149,794	23,139,549
Net income per share - basic	$ 0.43	$ 0.57
Net income per share - diluted	$ 0.40	$ 0.55

The Company's potential dilutive securities, which include stock options and RSUs have been excluded from the computation of diluted net income per share as the effect would be anti-dilutive. The following potential common shares, presented based on amounts outstanding at each period end, were excluded from the calculation of diluted net income per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	November 30,	
	2025	2024
Stock options	—	256,423
Restricted stock	29,233	19,374
Total	29,233	275,797

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 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 less than $0.1 million and less than $0.1 million during the years ended November 30, 2025 and 2024, 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. There were $0.1 million sales to Bersa S.A. during the year ended November 30, 2024. Because of the divesture of the joint venture in August 2024, Fusady is no longer considered a related party.

16. LEASES

Operating Leases

The Company has operating leases for real estate in the United States and formerly in 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 extended the term of the existing space by one year. The new lease expiration date is February 29, 2028.

The Company previously leased office and warehouse space in South Africa. The lease had been extended through December 2025 and was not renewed. Manufacturing operations at this location ceased during the third quarter of 2025.

The Company leased warehouse and manufacturing space in Fort Wayne, Indiana. The lease was to expire on July 31, 2025. Commencing in August 2022, the Company sub-leased this Fort Wayne facility. The amount received from the sub-lease was immaterial. In March 2024, the Company terminated the lease and sublease.

Commencing in July 2024, the Company entered into a new operating lease for warehouse and retail office space located in Fort Wayne, Indiana. The lease term is for five years, commencing on July 15, 2024 and expiring on July 14, 2029.

The Company also leases office space in Las Vegas, Nevada, which expires on January 31, 2027.

Commencing in August 2024, the Company entered into a new operating lease for retail office space located in Salem, New Hampshire. The lease term is for five years, commencing on August 22, 2024 and expiring on August 21, 2029.

Commencing in August 2024, the Company entered into a new operating lease for retail office space located in Scottsdale, Arizona. The lease term is for eight years, commencing on August 27, 2024 and expiring on July 31, 2032.

Commencing in November 2024, the Company entered into a new operating lease for retail office space located in Franklin, Tennessee. The lease term is for five and a half years, commencing on November 1, 2024 and expiring on April 30, 2030.

Commencing on April 1, 2025, the Company entered into another operating lease for office space located in Las Vegas, Nevada. The lease term is for three years, expiring on April 30, 2028. As of November 30, 2025, the total right-of-use asset amounting to $0.1 million and the corresponding lease liability of $0.2 million are reflected in the Company's consolidated financial statements.

Commencing in October 2025, the Company assumed two operating leases for retail suites located in Santa Clarita, California. The leases each have a two-year term, commencing on October 3, 2025 and expiring on September 14, 2027. The Company subleases both suites to a third-party dealer. The Company remains the primary obligor under the head leases and invoices the subtenant for an equivalent amount of rent with no markup. As of November 30, 2025, the combined right-of-use assets and lease liabilities associated with the two leases are reflected in the Company's consolidated financial statements.

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 November 30, 2025 and 2024, the elements of lease expense were as follows (in thousands):

	November 30,	
	2025	2024
Lease Cost:		
Operating lease cost	$ 767	$ 599
Short-term lease cost	74	—
Total lease cost	$ 841	$ 599
Other Information:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 562	$ 633
Operating lease liabilities arising from obtaining right-of-use assets	$ 264	$ 1,404
Operating Leases:		
Weighted-average remaining lease term (in years)	3.8	4.7
Weighted-average discount rate	7.8%	8.04%

Future lease payments under non-cancelable operating leases as of November 30, 2025 are as follows (in thousands):

Fiscal Year Ended November 30,		
2026	$	885
2027		773
2028		386
2029		266
2030		160
Thereafter		226
Total lease payments		2,696
Less: imputed interest		350
Total lease liabilities	$	2,346
Operating lease liabilities, current	$	734
Operating lease liabilities, non-current	$	1,612

17. INCOME TAXES

Income (loss) before income taxes consists of the following (in thousands):

	Year Ended November 30,			
		2025		2024
United States	$	12,418	$	8,226
Foreign		(677)		(1,142)
Total	$	11,741	$	7,084

The components of the provision (benefit) for income taxes is as follows (in thousands):

	Year Ended November 30,			
		2025		2024
Current expense:				
Federal	$	67	$	6
State		267		123
Foreign		17		—
Total current expense:		351		129
Deferred expense (benefit):				
Federal		1,832		(5,164)
State		(129)		(673)
Foreign		—		—
Total deferred expense (benefit)		1,703		(5,837)
Total income tax provision (benefit)	$	2,054	$	(5,708)

A reconciliation of the Company's statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended November 30,	
	2025	2024
Income at US statutory rate	21.00%	21.00%
State income taxes	0.74%	3.15%
Permanent differences	(1.82)%	15.06%
Foreign rate differential	(0.35)%	(0.96)%
Valuation allowance	(0.33)%	(118.75)%
Tax credits	(2.03)%	(4.41)%
Other	0.28%	4.60%
Total	17.49%	(80.31)%

The net deferred income tax asset (liability) balance related to the following (in thousands):

	November 30,	
	2025	2024
Net operating loss ("NOL") carryforwards	$ 2,002	$ 3,438
Research and development tax credits	430	318
Stock-based compensation	1,230	1,033
Inventory reserve	110	107
Allowance for current expected credit losses	14	70
Personnel costs	949	879
Warranty reserves	35	57
Foreign tax credit carryforwards	9	9
Capital loss carryover	118	115
Unrealized losses	23	14
Deferred revenue	—	21
Lease liability	535	583
Research and experimental capitalization	1,113	802
Business interest limitation	425	325
Subtotal deferred tax assets	6,993	7,771
Valuation allowance	(775)	(837)
Total deferred tax assets	6,218	6,934
Depreciation and amortization	(1,619)	(555)
Right of use asset	(465)	(542)
Total deferred tax liabilities	(2,084)	(1,097)
Net deferred tax assets (liabilities)	$ 4,134	$ 5,837

The Company notes less than $0.1 million of a United States state refundable tax credit awarded in the year has been recorded as a component of income before income taxes in accordance with U.S. GAAP. As of November 30, 2025, the Company had federal and state NOL carryforwards of approximately $7.5 million and $3.2 million, respectively, which begin to expire in 2029 for federal and state purposes. The federal NOL carryforwards include approximately $4.7 million, which do not expire. The Company had foreign NOL carryforwards of $0.9 million which can be carried forward indefinitely. The Company had federal and state research and development tax credits of approximately $0.2 and $0.2 million, respectively, as of November 30, 2025. The federal and state research and development credits begin to expire in 2044 and 2039, respectively. There were $0.1 and $0.2 million of federal or state research and development tax credits as of November 30, 2024, respectively. Deferred tax assets are presented separately in the accompanying Consolidated Balance Sheets.

Future realization of the tax benefits of existing temporary differences and NOL carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. As of November 30, 2025 and 2024, respectively, the Company performed an evaluation to determine whether a valuation allowance was needed. The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. The Company determined that it was possible to reasonably quantify future taxable income and determined that it is more likely than not that all of the US deferred tax assets will be realized. Accordingly, the Company has reversed most of its US valuation allowance as of November 30, 2024, and maintains a full valuation allowance on the South Africa deferred tax assets as of November 30, 2025 and 2024.

At November 30, 2025 and 2024, the Company recognized valuation allowances of $0.8 million and $0.8 million, respectively, related to its deferred tax assets. The net increase (decrease) of less than $0.1 million and $(8.5) million in the valuation allowance reflects the net operating loss position in South Africa for November 30, 2025 and the release of the U.S. valuation allowance for November 30, 2024, respectively

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Pursuant to Internal Revenue Code Section 382, use of NOL carryforwards may be limited if the Company experiences a cumulative change in ownership of greater than 50% in a moving three-year period. Ownership changes could impact the Company's ability to utilize the NOL carryforwards remaining at an ownership change date. The Company last completed a Section 382 analysis regarding whether an ownership change had occurred for Company through November 30, 2024. Based on the analysis, the cumulative ownership change is 12.07%. As a result, no resulting limitation of NOL carryforwards has been considered in determining the valuation allowance position against the related deferred tax assets as noted above.

The Tax Cuts and Jobs Act of 2017 requires taxpayers to capitalize and amortize, rather than deduct, research and experimental, or R&E, expenditures under section 174 for tax years beginning after December 31, 2021. This rule became effective for the Company during the prior year ended November 30, 2023 and resulted in the capitalization for income tax purposes of R&E costs through November 30, 2024 of $4.5 million. During the year ended November 30, 2025, the

capitalization for income tax purposes of R&E costs is $2.4 million. The Company will amortize these costs for tax purposes over five years if the R&E was performed in the U.S. and over 15 years if the R&E was performed outside the U.S.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted. The OBBBA amends U.S. tax law including provisions related to domestic research and development expenses and bonus depreciation, among others. Bonus depreciation on new fixed asset additions placed in service after January 19, 2025 is now 100% and the Company has included the estimated impact of items affecting its current tax period as part of its income tax expense computed for the year ended November 30, 2025. The provision related to domestic research and development expenses and other provisions are in effect for tax years beginning after December 31, 2024 and will not be in effect for the Company until next year, but the Company does not expect a material impact of the OBBBA on its consolidated financial statements as of November 30, 2025.

18. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

In the ordinary course of its business, the Company may be subject to certain 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.

19. SEGMENT AND GEOGRAPHICAL DISCLOSURES

Effective for the fiscal year ended November 30, 2025, the Company adopted ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. As a result, the Company expanded its segment disclosures to provide information about significant segment channel expenses, other segment items, and the measures used by the Company's Chief Operating Decision Maker ("CODM") in evaluating segment performance. Beginning in fiscal 2025, the Company manages its operations through two reportable channels: (1) Direct-to-Consumer ("DTC") – includes sales through the Company's e-commerce websites, Amazon storefronts, and Company-operated retail stores, and (2) Wholesale ("dealer/distributor") – includes sales to distributors, law-enforcement agencies, retailers, and international distributors.

The CEO, who is also the CODM, evaluates sales channel performance primarily based on sales channel revenue less cost of sales and gross margin. Operating expenses, including marketing and variable expenses, executive compensation, public company costs, certain IT infrastructure costs, share-based compensation, and items not allocable to a specific segment, are reported as Other Items. No segment-specific balance sheet information is regularly reviewed by the CODM; therefore, the Company does not report segment assets or segment liabilities.

The tables below (in thousands) summarize the Company's revenue, long-lived assets and total assets as of November 30, 2025 and 2024, respectively by geographic region. The Company's long-lived assets consist of intangible assets, property and equipment, right of use assets, and deposits for equipment:

Revenue	U.S./Mexico	South Africa	Europe/South America/Asia	Canada	Total
2025	$ 106,128	$ 1,365	$ 8,114	$ 2,513	$ 118,120
2024	$ 78,932	$ 198	$ 4,156	$ 2,470	$ 85,756

Long-lived assets	US	South Africa	Total
2025	$ 14,256	$ 93	$ 14,349
2024	$ 10,966	$ 896	11,862

Total Assets	US	South Africa	Canada	Total
2025	$ 80,160	$ 3,990	$ 338	$ 84,488
2024	$ 66,794	$ 5,128	$ —	$ 71,922

The table below (in thousands) summarize the Company's revenue by reportable sales channel as of November 30, 2025:

	Year Ended November 30, 2025		
	DTC	**Wholesale**	**Total**
Revenue	$ 76,572	$ 41,548	$ 118,120
COS	26,493	20,157	46,650
Gross Margin	$ **50,079**	$ **21,391**	$ **71,470**
Gross Margin %	*65.4%*	*51.5%*	*60.5%*
Operating Expenses			$ 59,632
Profit from operations			$ **11,838**
Operating Margin %			*10.0%*

The table below (in thousands) summarize the Company's revenue by reportable sales channel as of November 30, 2024:

	Year Ended November 30, 2024		
	DTC	**Wholesale**	**Total**
Revenue	$ 65,856	$ 19,900	$ 85,756
COS	22,863	10,121	$ 32,984
Gross Margin	$ **42,993**	$ **9,779**	$ **52,772**
Gross Margin %	*65.3%*	*49.1%*	*61.5%*
Operating Expenses			$ 46,101
Profit from operations			$ **6,671**
Operating Margin %			*7.8%*

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 US in US dollars and with banks in South Africa in US dollars and South African rand. The value of the South African rand against the US dollar may fluctuate with the changes in economic conditions.

During the years ended November 30, 2025 and 2024, the US dollar weakened in relation to the South African rand, and upon the translation of the Company's subsidiaries' revenues, expenses, assets and liabilities, and intercompany loan held in South African rand, respectively. As a result, the Company recorded a translation adjustment loss of $0.4 million and $0.6 million primarily related to the South African rand during the years ended November 30, 2025 and 2024, respectively. The translation adjustment related to the Company's Canadian subsidiary, which was established in 2025, was immaterial for the period.

The Company's South African subsidiary's revenues, cost of goods sold, and operating costs are denominated in South African rand. Consequently, fluctuations in the US 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 US dollars. The Company is not using any forward or option contracts to fix the foreign exchange rates. Using a 10% fluctuation in the US exchange rate, the impact on the loss and stockholders' equity is not material.

The Company's Canadian subsidiary's revenues, cost of goods sold, operating costs, and capital expenditures are denominated in Canadian dollars. Consequently, fluctuations in the U.S. dollar exchange rate against the Canadian dollar may increase the volatility of reported sales, cost of goods sold, operating costs, and net earnings when translated into U.S. dollars. The Company does not currently use forward contracts, options, or other derivative instruments to manage foreign-currency exchange risk. Management believes that the impact of reasonably possible changes in foreign-currency exchange rates on the Company's loss and stockholders' equity 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 and cash equivalents, marketable securities, accounts receivable, and the loan receivable from Byrna LATAM. The Company maintains cash and cash equivalents with high credit quality financial institutions located in the US, Canada, and South Africa. The Company maintains cash and cash equivalents balances along with marketable securities with financial institutions in the US in excess of amounts insured by the Federal Deposit Insurance Corporation.

The Company provides credit to its customers in the normal course of its operations. It carries out, on a continuing basis, credit checks on its customers. As of November 30, 2025, two of the Company's customers accounted for approximately 47% of total accounts receivable. As of November 30, 2024, two customers accounted for 36% of total accounts receivable.

The Company loaned $1.6 million to Byrna LATAM in January 2023. As of November 30, 2025, the outstanding balance on this loan was $1.1 million. The Company determines if an estimate for a credit loss on this loan is needed by considering the financial position of Byrna LATAM, the current economic environment, collections on our accounts receivable balances with Byrna LATAM, as well reasonable and supportable forecasts to support the payment of this loan. The Company reviews these factors quarterly to determine if any adjustments are needed.

21. SUBSEQUENT EVENTS

On February 3, 2026, the Company entered into a credit agreement with Texas Capital Bank (the "Credit Agreement"). The Credit Agreement is for a total of $20 million credit facility and is made up of a $5 million revolving line of credit and a $15 million delayed term loan. The term of the Credit Agreement is five years with a maturity date of February 3, 2031. The interest rate is SOFR plus 2.5% - 2.75% depending on certain ratios. The Credit Agreement is collateralized by all assets of the Company.

(3) Exhibits.

The following exhibits are filed as part of this Report. Where such filing is made by incorporation by reference to a previously filed document, such document is identified.

Exhibit No.	Description
3.1	Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2021).
3.2	Certificate of Amendment to the Certificate of Incorporation, dated April 28, 2021 (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 28, 2021).
3.3	Certificate of Amendment to the Certificate of Incorporation, dated June 17, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 21, 2022).
3.4	Amended and Restated By-laws dated April 19, 2021 (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 26, 2021).
3.5	Certificate of Designations of Series A Convertible Preferred Stock (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 15, 2020).
3.6	Amendment to the Certificate of Designations of Series A Convertible Preferred Stock, dated January 15, 2021 (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 25, 2021).
4.1	Description of Capital Stock (incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2021).
4.2	Form of Common Stock Purchase Warrant (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 23, 2018).
4.3	Common Stock Purchase Warrant, dated January 15, 2020 (incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 22, 2020).
10.1#	Byrna Technologies Inc. 2020 Amended and Restated 2020 Equity Incentive Plan (incorporated herein by reference to Annex B to the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on May 6, 2022).
10.2#	Consulting Agreement dated June 15, 2016 between the Company and Northeast Industrial Partners, LLC, as amended by Extension Agreement to Consulting Agreement, dated May 1, 2017, between the Company and Northeast Industrial Partners, LLC (incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 28, 2018).
10.3#	Form of Incentive Stock Option Award Agreement under the Byrna Technologies Inc. 2020 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 filed with the Securities Exchange Commission on June 1, 2021).
10.4#	Form of Nonqualified Stock Option Award Agreement under the Byrna Technologies Inc. 2020 Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 filed with the Securities Exchange Commission on June 1, 2021).
10.5	Purchase and Sale Agreement by and among the Company and Andre Buys of South Africa, dated April 13, 2018 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 16, 2018).

10.6	Amendment to Purchase and Sale Agreement by and among the Company and Andre Buys of South Africa, dated December 19, 2019 (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities Exchange Commission on January 8, 2020).
10.7	Manufacturing Supply Agreement by and between the Company and Micron Products, Inc. dated August 11, 2017 (incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 28, 2018).
10.8	License and Supply Agreement by and between the Company and Safariland, LLC dated May 1, 2017 (incorporated herein by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 28, 2018).
10.9†	Securities Purchase Agreement, by and among the Company, Northeast Industrial Partners, LLC, and the purchasers party thereto, dated April 22, 2019 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 23, 2019).
10.10†	Securities Purchase Agreement, by and among the Company, Northeast Industrial Partners, LLC, and the purchasers party thereto, dated July 22, 2019 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 23, 2019).
10.11	Purchase and Sale Agreement by and among by and among the Company and Andre Buys of South Africa, dated April 13, 2018 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 8, 2020).
10.12	Amendment to Purchase and Sale Agreement by and among the Company and Andre Buys of South Africa, dated December 19, 2019 (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 8, 2020).
10.13†	Stock Purchase Agreement, dated as of May 5, 2020, by and among the Company, Roboro, the Sellers and the Seller Representative (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 18, 2020).

10.14†	Asset Purchase Agreement by and among the Company, Kore Outdoor (US) Inc. and Kore Outdoor Inc., dated as of May 12, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 21, 2021).
10.15#	Form of Indemnification Agreement by and between the Registrant and each of its officers and directors (incorporated by reference to Exhibit 10.17 to the Amendment to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on July 12, 2021).
10.16†	Asset Purchase Agreement by and between Byrna Technologies Inc. and Fox Labs International, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K wiled with the Securities and Exchange Commission on May 25, 2022).
10.17#	Employment Agreement, dated September 1, 2023, by and between the Company and Bryan Ganz (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 18, 2023).
10.18#	Employment Agreement, dated June 12, 2024, by and between the Company and Laurilee Kearnes (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2024).
10.19#	Separation Agreement, dated June 19, 2024 between the Company and David North (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2024).
10.20	Consulting Agreement, dated June 19, 2024 between the Company and David North (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2024).
10.21#	Byrna Technologies, Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 30, 2025).
10.22#	Form of Participation Agreement for Byrna Technologies, Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 30, 2025).
10.23	Credit Agreement dated February 3, 2026, between the Company and Texas Capital Bank.
19.1	Insider Trading Policy.*
21.1	List of Registrant's Subsidiaries*
23.1	Consent of Independent Registered Public Accounting Firm*
31.1	Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).*
31.2	Certification of the Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).*
32.1	Certification of the Principal Executive Officer and Principal Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350**
97.1	Byrna Technologies Inc. Clawback Policy.*
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document*
101.SCH	Inline XBRL Taxonomy Extension Schema*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase*
101.LAB	Inline XBRL Taxonomy Label Linkbase*
101.PRE	Inline XBRL Definition Linkbase Document*
101.DEF	Inline XBRL Definition Linkbase Document*
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document and include in Exhibit 101)

* Filed herewith

** Furnished herewith

Management contract or compensatory plan or arrangement

† Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby agrees to provide the Securities and Exchange Commission, upon request, copies of any omitted exhibits or schedules to this exhibit.

Item 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 5, 2026

Byrna Technologies Inc.

By: /s/ Bryan Ganz
Name: Bryan Ganz
Title: Chief Executive Officer, President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Position	Date
/s/ Bryan Ganz Bryan Ganz	Chief Executive Officer, President and Director (Principal Executive Officer)	February 5, 2026
/s/ Laurilee Kearnes Laurilee Kearnes	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 5, 2026
/s/ Herbert Hughes Herbert Hughes	Chairman	February 5, 2026
/s/ Leonard Elmore Leonard Elmore	Director	February 5, 2026
/s/ Chris Lavern Reed Chris Lavern Reed	Director	February 5, 2026
/s/ Emily Rooney Emily Rooney	Director	February 5, 2026

Exhibit 10.23

Execution Version

LOAN AND SECURITY AGREEMENT

by and among

BYRNA TECHNOLOGIES, INC., as Borrower,

and

TEXAS CAPITAL BANK, as Lender

DATED AS OF FEBRUARY 3, 2026

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (as it may be amended, restated, supplemented or otherwise modified from time to time, this "***Agreement***"), dated as of February 3, 2026 is by and among **BYRNA TECHNOLOGIES INC.**, a Delaware corporation ("***Borrower***"), and **TEXAS CAPITAL BANK**, a Texas state bank ("***Lender***").

R E C I T A L S:

Borrower has requested that Lender extend credit to Borrower as described in this Agreement. Lender is willing to make such credit available to Borrower upon and subject to the provisions, terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Definitions. As used in this Agreement, all exhibits, appendices and schedules hereto and in any note, certificate, report or other Loan Documents made or delivered pursuant to this Agreement, the following terms will have the meanings given such terms in this ***Section 1.1*** or in the provision, section or recital referred to below:

"***Account***" means any "*account*," as such term is defined in Article 9 of the UCC and, in any event, shall include each of the following: (a) all rights to payment for goods sold or leased or services rendered or the license of Intellectual Property, whether or not earned by performance, (b) all accounts receivable, (c) all rights to receive any payment of money or other form of consideration, (d) all security pledged, assigned, or granted to or held to secure any of the foregoing, and (e) all guaranties of, or indemnifications with respect to, any of the foregoing (in each case regardless of whether characterized as an "*account*" under the UCC and whether now owned or hereafter acquired and whether now existing or hereafter coming into existence).

"***Acquisition***" means the acquisition by any Person of (a) a majority of the Equity Interests of another Person, (b) all or substantially all of the assets of another Person or (c) all or substantially all of a business unit or line of business of another Person, in each case (i) whether or not involving a merger or consolidation with such other Person and (ii) whether in one (1) transaction or a series of related transactions.

"***Acquisition Holiday Period***" means the fiscal quarter of Borrower in which the applicable Permitted Acquisition occurs and the immediately following fiscal quarter.

"***Advance***" means an advance by Lender to Borrower pursuant to ***Article 2***.

"***Advance Request Form***" means a certificate, in a form approved by Lender, properly completed and signed by Borrower requesting an Advance.

"***Affiliate***" means, as to any Person, any other Person (a) that directly or indirectly, through one or more intermediaries, Controls or is Controlled by, or is under common Control with, such Person; (b) that directly or indirectly beneficially owns or holds five percent (5%) or more of any class of voting stock of such Person; or (c) five percent (5%) or more of the voting stock of which is directly or indirectly beneficially owned or held by such Person; *provided, however*, in no event shall Lender be deemed an Affiliate of Borrower or any of its Subsidiaries or Affiliates.

"***Agreement***" has the meaning set forth in the introductory paragraph hereto, and includes all schedules, exhibits and appendices attached or otherwise identified therewith.

"***Anti-Corruption Laws***" has the meaning set forth in ***Section 6.20***.

"***Anti-Terrorism Laws***" has the meaning set forth in ***Section 6.20***.

"***Applicable Guarantee***" has the meaning set forth in the definition of "***Excluded Hedge Obligation***."

"***Applicable Margin***" means (a) from the Closing Date to the date on which the Lender receives a Compliance Certificate pursuant to ***Section 7.1*** of this Agreement for the fiscal quarter ending May 31, 2026, 2.50% per annum, and (b) thereafter, the applicable percentage per annum set forth below determined by reference to the Leverage Ratio as set forth in the most recent Compliance Certificate received by the Lender pursuant to ***Section 7.1*** of this Agreement:

Pricing Level	***Leverage Ratio***	***Applicable Margin***	***Unused Commitment Fee***
1	Less than 1.00	2.50%	0.25%
2	Greater than or equal to 1.00	2.75%	0.25%

Any increase or decrease in the Applicable Margin resulting from a change in the Leverage Ratio shall become effective as of the first (1st) Business Day immediately following the date a Compliance Certificate is delivered pursuant to ***Section 7.1*** of this Agreement; *provided*, *however*, that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Level 2 shall apply as of the first (1st) Business Day after the date on which such Compliance Certificate was required to have been delivered.

Notwithstanding anything to contrary contained in the forgoing, if, as a result of any restatement of or other adjustment to the financial statements of Borrower required by GAAP, or Borrower's independent auditors, or due to a mathematical or clerical error, or other reasonably determinable error, Borrower or Lender determines that (a) the Leverage Ratio as calculated by Borrower as of any applicable date was inaccurate and (b) a proper calculation of the Leverage Ratio would have resulted in higher pricing for such period, then Borrower shall immediately and retroactively be obligated to pay to Lender, promptly on demand by Lender (or, after the occurrence of an actual or deemed entry of an order for relief with respect to Borrower under any Debtor Relief Laws, automatically and without further action by Lender), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of Lender upon the occurrence of an Event of Default. Borrower's obligations under this paragraph shall survive the termination of the Commitment and the repayment of all other Obligations.

"***Applicable Rate***" means for any Loan as of any day, the rate per annum equal to the sum of Term SOFR as it exists on such day, *plus* the Applicable Margin.

"***Assigned Contracts***" means, collectively, all of each Obligated Party's rights and remedies under, and all moneys and claims for money due or to become due to any Obligated Party under all contracts, and any and all amendments, supplements, extensions, and renewals thereof including all rights and claims of the Obligated Parties now or hereafter existing: (a) under any insurance, indemnities, warranties, and guarantees provided for or arising out of or in connection with any of the foregoing agreements; (b) for any damages arising out of or for breach or default under or in connection with any of the foregoing contracts; (c) to all other amounts from time to time paid or payable under or in connection with any of the foregoing agreements; or (d) to exercise or enforce any and all covenants, remedies, powers and privileges thereunder.

"***Bank Product Agreements***" means those certain agreements entered into from time to time between any Obligated Party or any of its Subsidiaries and a Secured Bank Product Provider in connection with any Bank Products.

"***Bank Products***" means any of the following services: (a) deposit accounts; (b) cash management services, including treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other cash management arrangements; and (c) debit cards, stored value cards, and credit cards (including commercial credit cards (including so-called "procurement cards" or "P-cards")) and debit card and credit card processing services.

"***Beneficial Ownership Certification***" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"***Beneficial Ownership Regulation***" means *31 C.F.R. §1010.230*.

"***Borrower***" means the Person identified as such in the introductory paragraph hereto, and its successors and assigns to the extent permitted by ***Section 12.8***.

"***Business Day***" means for all purposes, a weekday, Monday through Friday, except a legal holiday or a day on which banking institutions in Dallas, Texas are authorized or required by Law to be closed. Unless otherwise provided, the term "*days*" when used herein means calendar days.

"***Capital Expenditure***" means, with respect to any Person, any expenditure by such Person for (a) an asset which will be used in a year or years subsequent to the year in which the expenditure is made and which asset is properly classified in relevant Financial Statements of such Person as equipment, real property, a fixed asset or a similar type of capitalized asset in accordance with GAAP or (b) an asset relating to or acquired in connection with an acquired business, and any and all acquisition costs related to ***clause (a)*** or ***(b)*** above.

"***Casualty Event***" means any loss, casualty or other insured damage to, or any nationalization, taking under power of eminent domain or by condemnation or similar proceeding of, any Property of the Obligated Parties or any of their Subsidiaries.

"***Change in Law***" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "***Change in Law***", regardless of the date enacted, implemented, adopted or issued.

"***Change of Control***" means an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of thirty-five percent (35)% or more of the Equity Interests of Borrower entitled to vote for members of the board of directors or equivalent governing body of Borrower on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right);

(b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in ***clause (i)*** above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in ***clauses (i)*** and ***(ii)*** above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body;

(c) Borrower shall cease for any reason to have record and beneficial ownership of one hundred percent (100%) of the Equity Interests of any other Obligated Party; or

(d) a "change of control" or any comparable term under, and as defined in, any agreement or instrument to which any Obligated Party is a party governing any Material Debt shall have occurred.

"***Closing Date***" means the first date all the conditions precedent set forth in ***Section 5.1*** are satisfied or have been waived by Lender.

"***Code***" means the Internal Revenue Code of 1986.

"***Collateral***" means any and all Property owned or leased by an Obligated Party covered by this Agreement or any of the Security Documents and any and all other Property of any Obligated Party, now existing or hereafter acquired, that may at any time be, become or be intended to be, subject to a security interest or Lien in favor of Lender, on behalf of the Secured Parties, to secure the Obligations. The Collateral specifically includes all right, title and interest of each Obligated Party in, to and under each of the following: all (a) Accounts; (b) Chattel Paper; (c) Intellectual Property; (d) documents; (e) Equipment; (f) Fixtures; (g) General Intangibles; (h) Goods; (i) Instruments; (j) Inventory; (k) Investment Property; (l) cash and cash equivalents; (m) letters of credit, Letter of Credit Rights and supporting obligations; (n) Deposit Accounts, securities accounts and commodity accounts; (o) Assigned Contracts; (p) securities; (q) Commercial Tort Claims; (r) Hedge Agreements; and (s) all accessions to, substitutions for and replacements, Proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any general intangibles at any time evidencing or relating to any of the foregoing.

"***Commitment***" means the Revolving Credit Commitment and the Delayed Draw Term Loan Commitment, collectively.

"***Commodity Exchange Act***" means the Commodity Exchange Act (7 U.S.C. § 1 *et seq*.), and any successor statute.

"***Compliance Certificate***" means a certificate, substantially in the form of ***Exhibit A***, prepared by and certified by the chief financial officer of Borrower (or another Responsible Officer reasonably acceptable to Lender).

"***Constituent Documents***" means (a) in the case of a corporation, its articles or certificate of incorporation and bylaws; (b) in the case of a general partnership, its partnership agreement; (c) in the case of a limited partnership, its certificate of limited partnership and partnership agreement; (d) in the case of a trust, its trust agreement; (e) in the case of a joint venture, its joint venture agreement; (f) in the case of a limited liability company, its articles of organization, operating agreement, regulations and/or other organizational and governance documents and agreements; and (g) in the case of any other entity, its organizational and governance documents and agreements.

"***Control***" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "***Controlling***" and "***Controlled***" have meanings correlative thereto. As used in ***Section 6.24***, ***Section 7.5***, ***Section 7.15*** and ***Section 10.5***, "***Control***" shall have the meaning set forth in Sections 7.106, 8.106, 9.104, 9.105, 9.106, or 9.107 of the UCC, as applicable.

"***Cure Amount***" has the meaning set forth in ***Section 10.6***.

"***Cure Right***" has the meaning set forth in ***Section 10.6***.

"***Debt***" means, of any Person as of any date of determination (without duplication): (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments; (c) all obligations of such Person to pay the deferred purchase price of Property or services, except trade accounts payable of such Person arising in the ordinary course of business that are not past due by more than ninety (90) days; (d) all Finance Lease Obligations of such Person; (e) all Debt or other obligations of others Guaranteed by such Person; (f) all obligations secured by a Lien existing on Property owned by such Person, whether or not the obligations secured thereby have been assumed by such Person or are non-recourse to the credit of such Person; (g) any other financial accommodations which in accordance with GAAP would be shown as a liability on the balance sheet of such Person, but excluding deferred revenue, customer advances and customary obligations under employment arrangements not constituting borrowed money; (h) any repurchase obligation or liability of a Person with respect to accounts, chattel paper or notes receivable sold by such Person; (i) any liability under a sale and leaseback transaction that is not a Finance Lease Obligation; (j) any obligation under any so called "*synthetic leases;*" (k) any obligation arising with respect to any other transaction that is the functional equivalent of borrowing but which does not constitute a liability on the balance sheet of a Person; (l) all payment and reimbursement obligations of such Person (whether contingent or otherwise) in respect of letters of credit, bankers' acceptances, surety or other bonds and similar instruments; (m) all liabilities of such Person in respect of unfunded vested benefits under any Plan; (n) all net Hedge Obligations of such Person, valued at the Hedge Termination Value thereof; (o) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests in such Person or any other Person, valued, in the case of redeemable preferred stock interests, at the greater of its voluntary or involuntary liquidation preference plus all accrued and unpaid dividends; and (p) all obligations of such Person in respect of Disqualified Equity Interests.

"***Debt Service***" means, for any Person for any period, the sum of all regularly scheduled principal payments and all Interest Expense that are paid or payable during such period in respect of all Debt of such Person (other than scheduled payments of principal on Debt which pay such Debt in full, but only to the extent such final payment is greater than the scheduled principal payment immediately preceding such final payment).

"***Debtor Relief Laws***" means Title 11 of the United States Code, as now or hereafter in effect, or any other applicable Law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, arrangement or composition, extension or adjustment of debts, or similar Laws affecting the rights of creditors.

"***Default***" means an Event of Default or the occurrence of an event or condition which with notice or lapse of time or both would become an Event of Default.

"***Default Interest Rate***" as of any day means a rate per annum equal to the Applicable Rate on such day *plus* four percent (4%), but in no event in excess of the Maximum Rate.

"***Delayed Draw Term Loan***" has the meaning set forth in ***Section 2.1(b)***.

"***Delayed Draw Term Loan Availability Period***" means, with respect to the Delayed Draw Term Loan Commitment, the period commencing the day after the Closing Date to the earliest of (a) the date that is twenty-four (24) months from the Closing Date, (b) the date of termination of the Delayed Draw Term Loan Commitment in accordance with the terms of this Agreement, and (c) the date on which the Delayed Draw Term Loan Commitment is fully funded.

"***Delayed Draw Term Loan Commitment***" means the obligation of Lender to make Delayed Draw Term Loan Advances pursuant to ***Section 2.1(b)*** in an aggregate principal amount at any time outstanding up to but not exceeding $15,000,000, subject, however, to termination pursuant to ***Section 10.2***.

"***Delayed Draw Term Note***" means the promissory note of Borrower payable to the order of Lender, in substantially the form of ***Exhibit C***.

"***Deposit Account***" means any "*deposit account*", as such term is defined in Article 9 of the UCC, including those deposit accounts identified on ***Schedule 6.24***, and any account which is a replacement or substitute for any of such accounts, together with all monies, Instruments, certificates, checks, drafts, wire transfer receipts, and other property deposited therein and all balances therein. (in each case, regardless of whether characterized as "*deposit account*" under the UCC and whether now owned or hereafter acquired and whether now existing or hereafter coming into existence).

"***Disqualified Equity Interest***" means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Debt or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one (91) days after the Termination Date; *provided* that if such Equity Interests are issued pursuant to a plan for the benefit of employees of any Obligated Party or any Subsidiary of a Obligated Party or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by any Obligated Party or any of its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability.

"***Dollars***" and "***$***" mean lawful money of the United States of America.

"***EBITDA***" means, for any Person for any period, an amount equal to (a) net income determined in accordance with GAAP; *provided* that net income shall exclude (x) the net income of any Subsidiary of such Person during such period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Constituent Documents or any agreement, instrument or law applicable to such Subsidiary during such period, except that such Person's equity in any net loss of any such Subsidiary for such period shall be included in determining net income, and (y) any income (or loss) for such period of any other Person if such other Person is not a Subsidiary, except that Borrower's equity in the net income of any such Person for such period shall be included in net income up to the aggregate amount of cash actually distributed by such Person during such period to Borrower or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to Borrower as described in ***clause (x)*** of this proviso), *plus* (b) *the sum of* the following to the extent deducted in the calculation of net income: (i) Interest Expense; (ii) income taxes; (iii) depreciation; (iv) amortization; (v) extraordinary losses determined in accordance with GAAP; (vi) reasonable cash transaction costs and expenses incurred on or prior to the Closing Date not to exceed $375,000 in the aggregate; (vii) equity based compensation expenses which do not represent a cash item in such period or any future period; and (viii) other non-recurring and/or one-time expenses of such Person reducing such net income which do not represent a cash item in such period or any future period approved by Lender in its reasonable discretion; *provided* that the aggregate amount added back pursuant to this ***clause (viii)*** for any Test Period shall not exceed ten percent (10%) of EBITDA for such Test Period calculated prior to giving effect to this ***clause (vii)***, *minus* (c) *the sum of* the following to the extent included in the calculation of net income: (i) income tax credits of such Person; (ii) extraordinary gains determined in accordance with GAAP; and (iii) all non-recurring, non-cash items increasing net income. For purposes of calculating EBITDA for any Test Period, if during such Test Period such Person shall have consummated a Permitted Acquisition, EBITDA for such Test Period shall be calculated after giving pro forma effect thereto as if such Permitted Acquisition occurred on the first day of such Test Period; *provided* that all such pro forma calculations shall be reasonably satisfactory to Lender.

"***Electronic Record***" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

"***Electronic Signature***" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

"***Eligible Contract Participant***" has the meaning set forth in the Commodity Exchange Act and the regulations thereunder.

"***Environmental Laws***" means any and all federal, state, and local Laws, plans, rules, permits, licenses, and other governmental restrictions and requirements pertaining to health, safety, or the environment, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 *et seq*., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 *et seq*., the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq*., the Clean Air Act, 42 U.S.C. § 7401 *et seq*., the Clean Water Act, 33 U.S.C. § 1251 *et seq*., and the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq*.

"***Environmental Liabilities***" means, as to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs, and expenses (including all reasonable fees, disbursements and expenses of counsel, expert and consulting fees and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, including any Environmental Law, permit, order or agreement with any Governmental Authority or other Person, arising from environmental, health or safety conditions or the actual or alleged Release or threatened Release of a Hazardous Material into the environment, resulting from the past, present, or future operations of such Person or its Affiliates.

"***Equipment***" means (a) any "*equipment*", as such term is defined in Article 9 of the UCC; (b) all machinery, equipment, furnishings, Fixtures and vehicles; and (c) any and all additions, substitutions, and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment, and accessories installed thereon or affixed thereto (in each case, regardless of whether characterized as "*equipment*" under the UCC and whether now owned or hereafter acquired and whether now existing or hereafter coming into existence).

"***Equity Interests***" means, as to any Person, (a) all shares of capital stock of, membership or partnership (whether general, limited, limited liability or any other subcategory) interests, or other ownership or profit interests, in such Person, (b) all warrants, options or other rights for the purchase or acquisition from such Person of any interest described in ***clause (a)*** preceding in such Person, (c) all securities convertible into or exchangeable for any interest described in ***clause (a)*** or ***clause (b)*** preceding in such Person, (d) all other ownership or profit interests in such Person, whether voting or nonvoting, (e) all right, title, and interest to any and all distributions, issues, profits, and shares payable or distributable by such Person in respect of any of the foregoing interests, (f) all dividends, distributions, cash, warrants, rights, options, Instruments, securities, and other property or Proceeds from time to time received, receivable, or otherwise distributed in respect of or in exchange for any or all of any interest described in any of the preceding clauses and (g) all rights under the Constituent Documents arising by virtue of, ownership of Equity Interests relating to such Person (including rights in respect of voting, consent, control, management and/or the power to amend or waive provisions of such Constituent Documents or to compel performance thereunder).

"***ERISA***" means the Employee Retirement Income Security Act of 1974.

"***ERISA Affiliate***" means any corporation or trade or business which is a member of the same controlled group of corporations (within the meaning of *Section 414(b)* of the Code) as an Obligated Party or is under common control (within the meaning of *Section 414(c)* of the Code and *Sections 414(m)* and *(o)* of the Code for purposes of the provisions relating to *Section 412* of the Code) with an Obligated Party.

"***Event of Default***" has the meaning set forth in ***Section 10.1***.

"***Excluded Accounts***" means any Deposit Account, commodity account or securities account (a) established and used solely as (i) a payroll account or (ii) a zero-balance disbursement account through which disbursements are made and settled on a daily basis with no uninvested balance remaining overnight, (b) held in a fiduciary capacity and established in connection with employee benefit plans in the ordinary course of business or pursuant to applicable legal requirements, (c) securities accounts, brokerage accounts, and related deposit or settlement accounts in the ordinary course of business in connection with any equity offering, at-the-market offering, registered direct offering or similar capital markets transaction, including any account maintained with an at-the-market offering agent or broker-dealer, so long as (i) Borrower has given Lender prior written notice of such account, (ii) such accounts are used solely for capital markets transactions and (iii) proceeds thereof are promptly (and in any event within three (3) Business Days of receipt of funds) transferred to an account held at Lender or subject to an account control agreement in favor of Lender, and (d) Deposit Accounts (other than Deposit Accounts referred to in the foregoing ***clauses (a)*** through ***(c)***) that have an average daily account balance of less than $250,000 individually and less than $500,000 in the aggregate for all such Deposit Accounts.

"***Excluded Hedge Obligation***" means, with respect to any Obligated Party, any Hedge Obligations if, and to the extent that, all or a portion of such Obligated Party's Guarantee of (whether such Guarantee arises pursuant to a Guaranty, by such Obligated Party's being jointly and severally liable for such Hedge Obligations, or otherwise (any such Guarantee, an "***Applicable Guarantee***")), or the grant by such Obligated Party of a security interest to secure, such Hedge Obligations (or any Applicable Guarantee thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Obligated Party's failure for any reason not to constitute an Eligible Contract Participant (determined after giving effect to ***Section 7.14*** hereof or any other "*keepwell, support or other agreement*" (as defined in the Commodity Exchange Act), and any and all Guarantees of such Obligated Parties' Hedge Obligations by other Obligated Parties) at the time the Applicable Guarantee of such Obligated Party or the grant of such security interest becomes effective with respect to such related Hedge Obligations. If any Hedge Obligations arise under a Master Agreement governing more than one Hedge Agreement, then such exclusion shall apply only to the portion of such Hedge Obligations that is attributable to Hedge Agreements for which such Applicable Guarantee or security interest is or becomes illegal.

"***Facilities***" means the credit facilities governed by this Agreement.

"***Finance Lease Obligation***" means, with respect to any Person, the amount of Debt under a lease of Property by such Person that is or should be classified as a finance or capitalized lease on the balance sheet of such Person in accordance with GAAP; *provided*, *however*, that for purposes of calculations made hereunder, GAAP will be deemed to treat leases in a manner consistent with its treatment under GAAP applicable to private companies for fiscal years beginning prior to December 15, 2019, notwithstanding any modifications or interpretative changes thereto that may occur. For the avoidance of doubt, any lease that would be characterized as an operating lease in accordance with GAAP applicable to private companies for fiscal years beginning prior to December 15, 2019 (whether or not such operating lease was in effect on such date) shall continue to be accounted for as an operating lease (and not as a finance lease) for purposes of this Agreement regardless of any change in GAAP applicable to private companies for fiscal years beginning after December 15, 2019 that would otherwise require such lease to be re-characterized as a finance lease.

"***Financial Covenants***" means the covenants set forth in ***Sections 9.1*** and ***9.2***.

"***Financial Statements***" of any Person for any period means financial statements of such Person and its consolidated subsidiaries on a consolidated basis, and to the extent reasonably requested by the Lender or as required under this Agreement, on a consolidating basis for and as of the last day of such period, showing the financial position and results of operations of such Persons, all in reasonable detail certified by a Responsible Officer to have been prepared in conformity with GAAP (or other method of accounting acceptable to Lender) and to fairly and accurately present (subject to year-end audit adjustments, if applicable) the financial condition and results of operations of such Persons on a consolidated and consolidating basis, as of the dates and for the periods indicated therein, and containing a balance sheet and statements of income, retained earnings and cash flow, in each case setting forth in comparative form the figures for (a) the preceding fiscal year, in the case of annual financial statements, or (b) the corresponding period of the preceding fiscal year, in the case of quarterly or monthly financial statements.

"***Fixed Charge Coverage Ratio***" means, as of any date of determination, the ratio of (a) (i) EBITDA for the most recently completed Test Period, *minus* (ii) non-financed Capital Expenditures made in cash during the most recently completed Test Period, *minus* (iii) cash income Taxes paid during such period to (b) Fixed Charges for the most recently completed Test Period.

"***Fixed Charges***" means, for any Person for any Test Period, the sum of (a) Debt Service for such period, *plus* (b) the sum of distributions, dividends and other Restricted Payments made during such period, *plus* (c) any cash contributions made to any Plan during such period.

"***Funding Loss***" means an amount sufficient to compensate Lender for any loss, cost or expense incurred by Lender as a result of a prepayment, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by Lender or from fees payable to terminate the deposits from which such funds were obtained and includes any customary administrative fees charged by Lender in connection with the foregoing; *provided* that "***Funding Loss***" shall not include any prepayment penalty or losses, costs or expenses outside of customary administrative fees charged by Lender.

"***GAAP***" means generally accepted accounting principles, applied on a consistent basis, as set forth in opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question. Accounting principles are applied on a "*consistent basis*" when the accounting principles applied in a current period are comparable in all material respects to those accounting principles applied in a preceding period.

"***General Intangibles***" means: (a) any "*general intangibles*", as such term is defined in Article 9 of the UCC; and (b) all interest rate or currency protection or hedging arrangements, computer software, computer programs, all tax refunds and tax refund claims, all licenses, permits, concessions and authorizations, all contract rights, all joint venture interests, partnership interests, or membership interests that do not constitute a security, all Material Agreements, and all Intellectual Property (in each case, regardless of whether characterized as "*general intangibles*" under the UCC).

"***Goods***" means: (a) "goods", as that term is defined in Section 9.102(a)(44) of the UCC; (b) all Inventory; and (c) all Equipment (in each case, regardless of whether characterized as goods under the UCC).

"***Governmental Authority***" means any nation or government, any state or political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government.

"***Guarantee***" by any Person means any obligation or liability, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person as well as any obligation or liability, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or liability (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to operate Property, to take-or-pay, or to maintain net worth or working capital or other financial statement conditions or otherwise) or (b) entered into for the purpose of indemnifying or assuring in any other manner the obligee of such Debt or other obligation or liability of the payment thereof or to protect the obligee against loss in respect thereof (in whole or in part), *provided that* the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "***Guarantee***" used as a verb has a corresponding meaning.

"***Guarantors***" means each Person who from time to time Guarantees all or any part of the Obligations, and "***Guarantor***" means any one of the Guarantors.

"***Guaranty***" means a written guaranty of each Guarantor in favor of Lender, in form and substance satisfactory to Lender.

"***Hazardous Material***" means any substance, product, waste, pollutant, material, chemical, contaminant, constituent, or other material which is or becomes listed, regulated, or addressed under any Environmental Law, including asbestos, petroleum, and polychlorinated biphenyls.

"***Hedge Agreement***" means (a) any and all interest rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules and annexes, a "***Master Agreement***") and (c) any and all Master Agreements and any and all related confirmations.

"***Hedge Bank***" means Lender or any Affiliate of Lender, in its capacity as a party to a Hedge Agreement with an Obligated Party or a Subsidiary of an Obligated Party, regardless of whether any such Hedge Agreement is entered prior to, contemporaneously with or after the execution of this Agreement.

"***Hedge Obligations***" means, for any Person, any and all obligations (whether absolute or contingent and howsoever and whensoever created) of such Person to pay or perform under any agreement, contract or transaction that constitutes a "*swap*" within the meaning of *Section 1a(47)* of the Commodity Exchange Act arising, evidenced or acquired under (a) any and all Hedging Agreements, (b) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Agreements, and (c) any and all renewals, extensions and modifications of any Hedging Agreements and any and all substitutions of any Hedging Agreements.

"***Hedge Termination Value***" means, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and settlement amounts, early termination amounts or termination value(s) determined in accordance therewith, such settlement amounts, early termination amounts or termination value(s), and (b) for any date prior to the date referenced in ***clause (a)***, the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more commercially reasonable mid-market or other readily available quotations provided by any dealer which is a party to such Hedge Agreement or any other recognized dealer in such Hedge Agreements (which may include Lender or any Affiliate of Lender).

"***HMT***" has the meaning set forth in the definition of "Sanctions".

"***Intellectual Property***" means (i) all copyrights, patents, trademarks, trade secrets and other types of intellectual property, in whatever form, now owned or hereafter acquired, (ii) all applications for, licenses of and/or renewals of any of the foregoing, (iii) any and all agreements providing for the granting of any right in or to any of the foregoing, (iv) all goodwill of the business connected with the use of any of the foregoing, (v) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing, and (vi) the right to sue for past, present and future infringements of any of the foregoing.

"***Interest Expense***" means, for any Person for any period, total interest expense in respect of all outstanding Debt actually paid or that is payable by such Person during such period, including all commissions, discounts, and other fees and charges with respect to letters of credit and all net costs under Hedge Agreements in respect of interest rates to the extent such costs are allocable to such period, as determined in accordance with GAAP.

"***Inventory***" means: (a) any "*inventory*", as such term is defined by Article 9 of the UCC; (b) all wrapping, packaging, advertising, and shipping materials related to the foregoing; (c) all goods that have been returned, repossessed, or stopped in transit; (d) all contracts and Documents related to any of the foregoing and documents of title evidencing or representing any part thereof; (e) all computer programs embedded in any goods; and (f) all additions, accessions, products, and Proceeds of any of the foregoing, including insurance proceeds payable by reason of loss or damage to any Inventory (in each case, regardless of whether characterized as "*inventory*" under the UCC and whether now owned or hereafter acquired and whether now existing or hereafter coming into existence).

"***IRS***" means the United States Internal Revenue Service or any entity succeeding to all or any of its functions.

"***Law***" means at any time with respect to any Person or its Property, any statute, law, executive order, treaty, ordinance, order, writ, injunction, judgment, ruling, decree, regulation, or determination of an arbitrator, court or other Governmental Authority, existing at such time which are applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"***Lender***" means the Person identified as such in the introductory paragraph hereto, and includes its successors and assigns.

"***Leverage Ratio***" has the meaning set forth in ***Section 9.1***.

"***Lien***" means any lien, mortgage, security interest, tax lien, pledge, charge, hypothecation, assignment, preference, priority, or other encumbrance of any kind or nature whatsoever (including any conditional sale or title retention agreement or the filing of any financing statement), whether arising by contract, operation of law, or otherwise.

"***Loan***" means any Revolving Credit Loan or Delayed Draw Term Loan.

"***Loan Documents***" means this Agreement, the Security Documents, the Notes, each Guaranty, and all other promissory notes, guaranties, and other instruments, documents, certificates and agreements executed and delivered pursuant to or in connection with this Agreement or the Security Documents.

"***Master Agreement***" has the meaning set forth in the definition of "***Hedge Agreement***."

"***Material Adverse Event***" means any act, event, condition, or circumstance which has had, or could reasonably be expected to have, a materially and adversely effect on: (a) the operations, business, properties, liabilities (actual or contingent), or condition (financial or otherwise) of Borrower or Borrower and its Subsidiaries, taken as a whole; (b) the ability of any Obligated Party to perform its obligations under any Loan Document to which it is a party; (c) the legality, validity, binding effect or enforceability against any Obligated Party of any Loan Document to which it is a party; or (d) the rights of or remedies or benefits available to Lender under any of the Loan Documents.

"***Material Agreement***" means any contract or agreement (including any lease, license, indenture, or loan or credit agreement) of any Obligated Party or any of its Subsidiaries (a) involving a monetary liability of or payable to any such Person in an aggregate amount in excess of $5,000,000 in any twelve-month period or (b) the failure to renew, the breach, non-performance, or cancellation of which could result in a Material Adverse Event.

"***Material Debt***" means Debt (other than the Obligations) of any one or more of the Obligated Parties and their Subsidiaries in an aggregate principal amount exceeding $1,000,000.

"***Maximum Rate***" means, at all times, the maximum rate of interest which may be charged, contracted for, taken, received or reserved by Lender in accordance with applicable Texas Law (or applicable United States federal Law to the extent that such Law permits Lender to charge, contract for, receive or reserve a greater amount of interest than under Texas Law). The Maximum Rate shall be calculated in a manner that takes into account any and all fees, payments, and other charges in respect of the Loan Documents that constitute interest under applicable Law. Each change in any interest rate provided for herein based upon the Maximum Rate resulting from a change in the Maximum Rate shall take effect without notice to Borrower at the time of such change in the Maximum Rate.

"***Moody's***" means Moody's Investors Service, Inc. and any successor thereto that is a nationally-recognized rating agency.

"***Notes***" means, collectively, the Revolving Credit Note and the Delayed Draw Term Note, and "***Note***" means any one of the Notes.

"***Obligated Party***" means Borrower and each Guarantor.

"***Obligations***" means all obligations, indebtedness, and liabilities of Borrower, each Guarantor and any other Obligated Party to Lender or any Affiliate of Lender, or both, now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, including the obligations, indebtedness, and liabilities under this Agreement, all Hedge Obligations under any Secured Hedge Agreements, the other Loan Documents, all liabilities and obligations in respect of Bank Products owing to any Secured Bank Product Provider and all interest accruing on any of the foregoing (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether a claim for post-filing or post-petition interest is allowed in any bankruptcy, insolvency, reorganization or similar proceeding) and all attorneys' fees and other expenses incurred in the enforcement or collection thereof; *provided, however*, that any other term or provision of this Agreement or any other Loan Document to the contrary notwithstanding, the "***Obligations***" of any Obligated Party shall exclude, as to such Obligated Party, Excluded Hedge Obligations of such Obligated Party.

"***OFAC***" means the United States Treasury Department's Office of Foreign Assets Control.

"***Paid in Full***" or "***Payment in Full***" means the indefeasible payment in full in cash of all Obligations (other than contingent obligations for which no claim has been made) and the termination of the Commitment, all Bank Product Agreements and all Secured Hedge Agreements.

"***Patriot Act***" means the Uniting and Strengthening America by Providing Appropriate Tools to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56, signed into law October 26, 2001).

"***Payment Date***" means (a) the first day of each calendar month commencing with the first such date following the Closing Date, and (b) with respect to any Loan, upon maturity thereof (whether stated or by acceleration).

"***Permitted Acquisition***" means Acquisition by any Obligated Party in a transaction that satisfies each of the following requirements:

(a) no Default shall have occurred and be continuing either immediately prior to or immediately after giving effect to such Acquisition;

(b) both before and after giving effect to such Acquisition and the Loans (if any) requested to be made in connection therewith, each of the representations and warranties in the Loan Documents is true and correct in all material respects (without duplication of any applicable materiality qualification);

(c) such Acquisition is not a hostile or contested acquisition;

(d) the business acquired in connection with such Acquisition is (i) located in the United States, (ii) organized under applicable United States and state laws, and (iii) not engaged, directly or indirectly, in any line of business other than the businesses in which the Obligated Parties are engaged on the Closing Date and any business activities that are substantially similar, related, or incidental thereto, including, without limitation, personal safety, emergency notification, threat-detection, security, situational awareness, or incident-response technologies, products, or services;

(e) the aggregate acquisition consideration paid for all such Acquisitions during the term of this Agreement shall not exceed $25,000,000; *provided* that Acquisitions with consideration made solely with the issuance of Equity Interests of Borrower shall not be subject to this ***clause (e)***;

(f) for any Acquisition with aggregate acquisition consideration in excess of $15,000,000, the business, division or Person acquired shall not have a negative EBITDA after giving effect to reasonable pro forma adjustments which are approved by Lender; *provided* that Borrower shall provide to Lender prior to consummation of such Acquisition a written description of the justification and reasoning for such Acquisition;

(g) as soon as available, but not less than ten (10) Business Days prior to such Acquisition (or such shorter time period as Lender may reasonably agree), Borrower has provided Lender (i) notice of such Acquisition and (ii) a copy of all business and financial information reasonably requested by Lender and is available to Borrower, including pro forma financial statements and statements of cash flow;

(h) if such Acquisition is an acquisition of the Equity Interests of a Person, such Acquisition is structured so that the acquired Person shall become a wholly-owned domestic Subsidiary of Borrower and become an Obligated Party pursuant to the terms of this Agreement substantially concurrently with the consummation of such acquisition;

(i) if such Acquisition is an acquisition of assets, such Acquisition is structured so that an Obligated Party shall acquire such assets;

(j) if such Acquisition is an acquisition of Equity Interests, such Acquisition will not result in any violation of Regulation U;

(k) if such Acquisition involves a merger or a consolidation involving a Borrower or any other Obligated Party, such Borrower or such Obligated Party, as applicable, shall be the surviving entity;

(l) no Obligated Party shall, as a result of or in connection with any such Acquisition, assume or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation, or other matters) that could result in a Material Adverse Event;

(m) all actions required to be taken with respect to any newly acquired or formed Subsidiary of an Obligated Party and/or the assets acquired in connection with such Acquisition, as applicable, required under ***Section 7.13*** shall have been taken or shall be taken substantially concurrently with the consummation of such Acquisition;

(n) both before and after giving effect to such Acquisition and the Loans (if any) requested to be made in connection therewith, the Obligated Parties shall be in pro forma compliance with each of the Financial Covenants as of the most recent Test Period;

(o) Borrower shall have furnished to Lender at least five (5) Business Days and not more than ten (10) Business Days (or such shorter or longer period of time, as applicable, as may be agreed by Lender in its sole discretion) prior to the date on which any such Acquisition is to be consummated, (i) a current draft (or execution version, if available) of the applicable material acquisition documents and (ii) a certificate of a Responsible Officer of Borrower, in form and substance reasonably satisfactory to Lender, certifying that all requirements set forth in this definition with respect to such Acquisition will be satisfied on or prior to the date of such Acquisition; and

(p) Borrower shall have delivered to Lender the final executed material documentation relating to such Acquisition within five (5) Business Days following the consummation thereof.

"***Permitted Liens***" means those Liens expressly permitted by ***Section 8.2***.

"***Permitted Tax Distributions***" means, with respect to any Person, any dividend or distribution to any holder of such Person's Equity Interests to permit such holders to pay federal income taxes and all relevant state and local income taxes at a rate equal to the highest marginal applicable tax rate for the applicable tax year, however denominated (together with any interest, penalties, additions to tax, or additional amounts with respect thereto) imposed as a result of taxable income attributed to such holder as a partner of such Person under federal, state, and local income tax laws, determined on a basis that combines those liabilities arising out of the net effect of the income, gains, deductions, losses, and credits of such Person and attributable to it in proportion and to the extent in which such holders hold Equity Interests of such Person.

"***Person***" means any individual, corporation, limited liability company, business trust, association, company, partnership, joint venture, Governmental Authority, or other entity, and shall include such Person's heirs, administrators, personal representatives, executors, successors and assigns.

"***Plan***" means any employee benefit or other plan established or maintained by, or for which there is an obligation to make contributions by or there is any liability, contingent or otherwise with respect to Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA or subject to *Section 412 and 430* of the Code.

"***Pledged Equity Interests***" means all Equity Interests owned by Borrower or any other Obligated Party in any other Person, including all interests listed on ***Schedule 6.24*** attached hereto, and all certificates (if any) representing such Equity Interests, as such interests may be increased from time to time.

"***Principal Office***" means the principal office of Lender, presently located at 2000 McKinney Avenue, Suite 700, Dallas, Texas 75201, Texas.

"***Proceeds***" means any "*proceeds*," as such term is defined in Article 9 of the UCC and, in any event, shall include, but not be limited to, (a) any and all proceeds of any insurance, indemnity, warranty, or guaranty payable to any Obligated Party from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to any Obligated Party from time to time in connection with any requisition, confiscation, condemnation, seizure, or forfeiture of all or any part of the Collateral by any Governmental Authority (or any person acting under color of Governmental Authority), and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral (in each case regardless of whether characterized as "*proceeds*" under the UCC and whether now owned or hereafter acquired and whether now existing or hereafter coming into existence).

"***Property***" of a Person means any and all property, whether real, personal, tangible, intangible or mixed, of such Person, or any other assets owned, operated or leased by such Person.

"***Rate Conforming Changes***" means, with respect to Term SOFR or any Successor Rate, any technical, administrative or operational changes (including, and as applicable, changes to the definition of "Adjusted Term SOFR" (or to any defined term used in such definition), the definition of "Business Day," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, length of lookback periods, the definition of "Funding Loss," the applicability and terms of breakage provisions and other technical, administrative or operational matters) that Lender decides may be appropriate to reflect the adoption and implementation of Term SOFR or any Successor Rate and to permit the administration thereof by Lender in a manner substantially consistent with market practice (or, if Lender decides that adoption of any portion of such market practice is not administratively feasible or if Lender determines that no market practice for the administration of Term SOFR or any Successor Rate, as applicable, exists, in such other manner of administration as Lender decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents). Rate Conforming Changes may be made in or to this Agreement and/or any other Loan Document.

"***Related Indebtedness***" has the meaning set forth in ***Section 12.20***.

"***Related Parties***" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, sub agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"***Release***" means, as to any Person, any release, spill, emission, leaking, pumping, injection, deposit, disposal, disbursement, leaching, or migration of Hazardous Materials into the indoor or outdoor environment or into or out of Property owned by such Person, including the movement of Hazardous Materials through or in the air, soil, surface water, ground water, or Property.

"***Remedial Action***" means all actions required to (a) clean up, remove, treat, or otherwise address Hazardous Materials in the indoor or outdoor environment, (b) prevent the Release or threat of Release or minimize the further Release of Hazardous Materials so that they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care.

"***Responsible Officer***" means the chief executive officer, president, chief financial officer, or treasurer of Borrower or another Obligated Party, as applicable, or any Person designated by a Responsible Officer to act on behalf of a Responsible Officer; *provided that* such designated Person may not designate any other Person to be a Responsible Officer. Any document delivered hereunder that is signed by a Responsible Officer of an Obligated Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Obligated Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Obligated Party.

"***Restricted Payment***" means, collectively, (a) any dividend or other distribution (whether in cash, securities or other Property) with respect to any Equity Interest of Borrower or any Subsidiary and (b) any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interest or on account of any return of capital to Borrower's stockholders, partners or members (or the equivalent Person thereof); *provided* that, for the avoidance of doubt, public offerings, private placements, at-the-market offerings or issuances pursuant to employee equity plans shall not constitute Restricted Payments so long as the proceeds thereof are not used to make Restricted Payments otherwise prohibited hereunder.

"***Revolving Credit Commitment***" means the obligation of Lender to make Revolving Credit Loans pursuant to ***Section 2.1(a)*** in an aggregate principal amount at any time outstanding up to but not exceeding $5,000,000, subject, however, to termination pursuant to ***Section 10.2*** .

"***Revolving Credit Loan***" has the meaning set forth in ***Section 2.1(a)***.

"***Revolving Credit Note***" means the promissory note of Borrower payable to the order of Lender, in substantially the form of ***Exhibit B***.

"***RICO***" means the Racketeer Influenced and Corrupt Organization Act of 1970.

"***Right***" mean any right, remedy, power, and privilege exercisable by Lender under any of the Loan Documents, at Law, equity, or otherwise.

"***S&P***" means S&P Global Ratings, a S&P Global Inc. business and any successor thereto that is a nationally-recognized rating agency.

"***Sanctioned Country***" means, at any time, a country, region or territory which is itself (or whose government is) the subject or target of any Sanctions.

"***Sanctioned Person***" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including OFAC's Specially Designated Nationals and Blocked Persons List and OFAC's Consolidated Non-SDN List), the U.S. Department of State or by the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom, as such lists are amended and supplemented from time to time, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or Controlled by any such Person or Persons, in each case, to the extent dealings are prohibited or restricted with such Person under Sanctions or (d) any Person otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

"***Sanctions***" means any economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions imposed, administered or enforced from time to time by the United States Government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, any European Union member state, His Majesty's Treasury ("***HMT***") or other relevant sanctions authority.

"***Secured Bank Product Provider***" means Lender and any Affiliate of Lender that provides Bank Products to any Obligated Party or any Subsidiary of an Obligated Party.

"***Secured Hedge Agreement***" means any Hedge Agreement permitted under this Agreement entered into by and between any Obligated Party and any Hedge Bank.

"***Secured Parties***" means the collective reference to Lender, each Hedge Bank, each Secured Bank Product Provider and any other Person the Obligations owing to which are, or are purported to be, secured by the Collateral under the terms of this Agreement and the Security Documents.

"***Security Documents***" means each and every security agreement, pledge agreement, account control agreement, mortgage, deed of trust or other collateral security agreement required by or delivered to Lender from time to time that purport to create a Lien in favor of any of the Secured Parties to secure the payment or performance of the Obligations or any portion thereof.

"***Solvent***" means, with respect to any Person, as of any date of determination, that the fair value of the assets of such Person (at fair valuation) is, on the date of determination, greater than the total amount of liabilities (including contingent and unliquidated liabilities) of such Person as of such date, that the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the probable liability of such Person on its debts as such debts become absolute and matured, and that, as of such date, such Person will be able to pay all liabilities of such Person as such liabilities mature and such Person does not have unreasonably small capital with which to carry on its business. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability discounted to present value at rates believed to be reasonable by such Person acting in good faith.

"***Specified Obligated Party***" means any Obligated Party that is not an Eligible Contract Participant (determined prior to giving effect to ***Section 7.14*** hereof or any other "*keepwell, support or other agreement*" (as defined in the Commodity Exchange Act), or any similar provision contained in any Guaranty).

"***Stock Rights***" means all dividends, instruments or other distributions and any other right or property which the Obligated Parties shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest and any right to receive earnings, in which the Obligated Parties now have or hereafter acquire any right, issued by an issuer of such Equity Interest.

"***Subordinated Debt***" means any unsecured Debt of Borrower (other than the Obligations) that has been subordinated to the Obligations by written agreement, in form and substance satisfactory to Lender and which has been approved in writing by Lender in its sole discretion as constituting Subordinated Debt for purposes of this Agreement.

"***Subsidiary***" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise Controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Borrower.

"***Successor Rate***" has the meaning set forth in ***Section 2.2(c)***.

"***taxes***" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"***Term SOFR***" means, for any calendar month, the Term SOFR Reference Rate for a one-month interest period on the day (such day, the "***Periodic Term SOFR Determination Day***") that is two (2) Business Days prior to the first day of such month, as such rate is published by the Term SOFR Administrator; *provided*, that (a) if as of 5:00 p.m. on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for a one-month period has not been published by the Term SOFR Administrator, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding Business Day is not more than three (3) Business Days prior to such Periodic Term SOFR Determination Day, and (b) if the initial funding of the first Loan advanced under this Agreement does not occur on the first day of a calendar month, then Term SOFR shall be calculated for the period from and including such funding date through the end of the month in which such initial funding occurs on the basis of the Term SOFR Reference Rate for a one-month interest period on the day that is two (2) Business Days prior to such initial funding date.

"***Term SOFR Administrator***" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by Lender in its reasonable discretion).

"***Term SOFR Reference Rate***" means the forward-looking term rate based on the secured overnight financing rate as administered by the Term SOFR Administrator.

"***Termination Date***" means 11:00 a.m. on (a) with respect to the Revolving Credit Loans and the Commitment, February 3, 2031, or such earlier date on which the Revolving Credit Commitment terminates as provided in this Agreement, and (b) with respect to the Delayed Draw Term Loan Advances, February 3, 2031, or such earlier date on which the Delayed Draw Term Loan Commitment terminates as provided in this Agreement.

"***Test Period***" means, at any time, the four (4) consecutive fiscal quarters of Borrower then last ended.

"***U.S.***" or "***United States***" means the United States of America.

"***UCC***" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Texas; *provided, however*, that in any event, by reason of mandatory provisions of Law, any or all of the attachment, perfection or priority (or terms of similar import in any applicable jurisdiction) of Lender's security interest in any Collateral is governed by the Uniform Commercial Code (or other similar Law) as in effect in a jurisdiction (whether within or outside the United States) other than the State of Texas, the term "***UCC***" shall mean the Uniform Commercial Code (or other similar Law) as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority (or terms of similar import in such jurisdiction) and for purposes of definitions related to such provisions.

"***Upfront Fee***" means $100,000.

Accounting Matters. Any accounting term used in this Agreement or any other Loan Document shall have, unless otherwise specifically provided therein, the meaning customarily given such term in accordance with GAAP, and all financial computations thereunder shall be computed, unless otherwise specifically provided therein, with respect to Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied; *provided, however*, that all financial covenants and calculations in the Loan Documents shall be made in accordance with GAAP as in effect on the date of this Agreement unless Borrower and Lender shall otherwise specifically agree in writing. That certain items or computations are explicitly modified by the phrase "*in accordance with GAAP*" shall in no way be construed to limit the foregoing.

Other Definitional Provisions. All definitions contained in this Agreement are equally applicable to the singular and plural forms of the terms defined. The words "*hereof*", "*herein*", and "*hereunder*" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear. Terms used herein that are defined in the UCC, unless otherwise defined herein, shall have the meanings specified in the UCC. Any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document). Any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law shall, unless otherwise specified, refer to such Law as amended, modified or supplemented from time to time. Words denoting gender shall be construed to include the masculine, feminine and neuter, when such construction is appropriate; specific enumeration shall not exclude the general but shall be construed as cumulative; the word "or" is not exclusive; the word "including" (in its various forms) means "including, without limitation"; in the computation of periods of time, the word "from" means "from and including" and the words "to" and "until" mean "to but excluding"; all references to money refer to Dollars; and all references to time of day refer to time in Dallas, Texas.

Interpretative Provisions. For purposes of ***Section 10.1***, a breach of a financial covenant shall be deemed to have occurred as of any date of determination thereof by Borrower or Lender or as of the last date of any specified measurement period, regardless of when the Financial Statements or the Compliance Certificate reflecting such breach are delivered to Lender. Unless otherwise expressly stated, if a Person may not take an action under this Agreement, then it may not take that action indirectly, or take any action assisting or supporting any other Person in taking that action directly or indirectly.

ARTICLE 2

ADVANCES

2.1 **Advances**

(a) Revolving Credit Loans. Subject to the terms and conditions of this Agreement, Lender agrees to make one or more revolving credit loans (each such loan a "Revolving Credit Loan") to Borrower from time to time from the Closing Date until the Termination Date in an aggregate principal amount at any time outstanding up to but not exceeding the amount of the Revolving Credit Commitment, provided that the aggregate amount of all Revolving Credit Loans at any time outstanding shall not exceed the Revolving Credit Commitment. Subject to the foregoing limitations, and the other terms and provisions of this Agreement, Borrower may borrow, repay, and reborrow Revolving Credit Loans hereunder.

(i) The Revolving Credit Note. The obligation of Borrower to repay the Revolving Credit Loans and interest thereon shall be evidenced by the Revolving Credit Note executed by Borrower, and payable to the order of Lender, in the principal amount of the Revolving Credit Commitment as originally in effect.

(ii) Repayment of Revolving Credit Loans. Without limiting the requirements of Section 3.2 with respect to prepayments, Borrower shall repay the unpaid principal amount of all Revolving Credit Loans and all accrued but unpaid interest thereon on the Termination Date, unless sooner due by reason of acceleration by Lender as provided in this Agreement. The unpaid principal balance of the Revolving Credit Loans at any time shall be the total amount advanced hereunder by Lender less the amount of principal payments made thereon by or for Borrower, which balance may be endorsed on the Revolving Credit Note from time to time by Lender or otherwise noted in Lender's records, which notations shall be, absent manifest error, conclusive evidence of the amounts owing hereunder from time to time.

(iii) Interest. The unpaid principal amount of the Revolving Credit Loans shall, subject to the following sentence, bear interest at a rate per annum equal to the lesser of (a) the Applicable Rate or such higher rate as is specified in Section 2.2(a), or (b) the Maximum Rate; provided, however, that if at any time the Applicable Rate exceeds the Maximum Rate, then any subsequent reduction in the Applicable Rate shall not reduce the rate of interest on the Revolving Credit Loans below the Maximum Rate until the aggregate amount of interest accrued on the Revolving Credit Loans equals the aggregate amount of interest which would have accrued on the Revolving Credit Loans if the interest rate had not been limited by the Maximum Rate. Accrued and unpaid interest on the Revolving Credit Loans shall be payable on each Payment Date and on the Termination Date; provided that interest accrued pursuant to Section 2.2(a) shall be payable on demand.

(iv) Borrowing Procedure. Borrower shall give Lender notice of each Revolving Credit Loan by means of an Advance Request Form containing the information required therein and delivered (by hand or by mechanically confirmed facsimile) to Lender no later than 11:00 a.m. two (2) Business Days prior to the requested date of the requested Loan. Revolving Credit Loans shall be in a minimum amount of $100,000. Lender at its option may accept telephonic requests for such Revolving Credit Loans, provided that such acceptance shall not constitute a waiver of Lender's right to require delivery of an Advance Request Form in connection with subsequent Revolving Credit Loans. Any telephonic request for a Revolving Credit Loan by Borrower shall be promptly confirmed by submission of a properly completed Advance Request Form to Lender, but failure to deliver an Advance Request Form shall not be a defense to payment of the Revolving Credit Loan. Lender shall have no liability to Borrower for any loss or damage suffered by Borrower as a result of Lender's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to it telephonically, by facsimile or electronically and purporting to have been sent to Lender by Borrower and Lender shall have no duty to verify the origin of any such communication or the identity or authority of the Person sending it, so long as Lender acts in good faith and in accordance with its customary verification procedures. Subject to the terms and conditions of this Agreement, each Revolving Credit Loan shall be made available to Borrower by depositing the same, in immediately available funds, in an account of Borrower designated by Borrower maintained with Lender at the Principal Office.

(b) Delayed Draw Term Loans. Subject to the terms and conditions of this Agreement, Lender agrees to make Delayed Draw Term Loans (each such loan, a "Delayed Draw Term Loan") to Borrower, from time to time during the Delayed Draw Term Loan Availability Period; provided, however, that the outstanding principal amount of all Delayed Draw Term Loans shall not exceed the Delayed Draw Term Loan Commitment and Borrower may not borrow, repay, and reborrow the Delayed Draw Term Loans.

(i) The Delayed Draw Term Note. The obligation of Borrower to repay the Delayed Draw Term Loans and interest thereon shall be evidenced by the Delayed Draw Term Note executed by Borrower, and payable to the order of Lender, in the principal amount of the Delayed Draw Term Loan Commitment.

(ii) Repayment of Principal and Interest. Without limiting the requirements of Section 3.2(c) with respect to prepayments and subject to prior acceleration or any prepayment obligation as provided in this Agreement, installments of principal of the Delayed Draw Term Loans, each in an amount determined by Lender based on a 10-year straight-line amortization schedule, plus accrued interest on the unpaid balance of the Delayed Draw Term Loans shall be due and payable on each Payment Date, beginning on the first Payment Date following the first Advance of a Delayed Draw Term Loan and continuing on each Payment Date thereafter. The outstanding principal balance of the Delayed Draw Term Loans and any and all accrued but unpaid interest thereon shall be due and payable in full on the Termination Date or upon the earlier maturity hereof, whether by acceleration or otherwise.

(iii) Interest. The unpaid principal amount of the Delayed Draw Term Loans shall, subject to the following sentence, bear interest at a rate per annum equal to the lesser of (a) the Applicable Rate or such higher rate as is specified in Section 2.2(a), or (b) the Maximum Rate; provided, however, that if at any time the Applicable Rate exceeds the Maximum Rate, then any subsequent reduction in the Applicable Rate shall not reduce the rate of interest on the Delayed Draw Term Loans below the Maximum Rate until the aggregate amount of interest accrued on the Delayed Draw Term Loans equals the aggregate amount of interest which would have accrued on the Delayed Draw Term Loans if the interest rate had not been limited by the Maximum Rate. Accrued and unpaid interest on the Delayed Draw Term Loans shall be payable on each Payment Date and on the Termination Date; provided that interest accrued pursuant to Section 2.2(a) shall be payable on demand.

(iv) Borrowing Procedure. Borrower shall give Lender notice of each Delayed Draw Term Loan by means of an Advance Request Form containing the information required therein and delivered (by hand or by mechanically confirmed facsimile) to Lender no later than 11:00 a.m. two (2) Business Days prior to the date of any Delayed Draw Term Loan. Delayed Draw Term Loans shall be in a minimum amount of $1,000,000. Lender at its option may accept telephonic requests for such Delayed Draw Term Loans, provided that such acceptance shall not constitute a waiver of Lender's right to require delivery of an Advance Request Form in connection with subsequent Delayed Draw Term Loans. Any telephonic request for a Delayed Draw Term Loan by Borrower shall be promptly confirmed by submission of a properly completed Advance Request Form to Lender, but failure to deliver an Advance Request Form shall not be a defense to payment of the Delayed Draw Term Loan. Lender shall have no liability to Borrower for any loss or damage suffered by Borrower as a result of Lender's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to it telephonically, by facsimile or electronically and purporting to have been sent to Lender by Borrower and Lender shall have no duty to verify the origin of any such communication or the identity or authority of the Person sending it, so long as Lender acts in good faith and in accordance with its customary verification procedures. Subject to the terms and conditions of this Agreement, each Delayed Draw Term Loan shall be made available to Borrower by depositing the same, in immediately available funds, in an account of a Borrower designated by Borrower maintained with Lender at the Principal Office.

2.2 **General Provisions Regarding Interest; Late Charges; Etc.**

(a) Default Interest Rate. Any outstanding principal of any Advance and (to the fullest extent permitted by Law) any other amount payable by Borrower under this Agreement or any other Loan Document that is not paid in full when due (whether at stated maturity, by acceleration, or otherwise) shall bear interest at the Default Interest Rate for the period from and including the due date thereof to but excluding the date the same is paid in full. Additionally, at any time that an Event of Default exists, all outstanding and unpaid principal amounts of all of the Obligations shall, to the extent permitted by Law, bear interest at the Default Interest Rate. Interest payable at the Default Interest Rate shall be payable from time to time on demand and all such interest shall continue to accrue on the Obligations after the filing by or against Borrower of any petition seeking any relief in bankruptcy or under any Debtor Relief Law (and regardless of whether a claim for post-filing or post-petition interest is allowed in any bankruptcy, insolvency, reorganization or similar proceeding).

(b) Computation of Interest. Interest on the Advances and all other amounts payable by Borrower hereunder shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the day funds are advanced but excluding the day funds are repaid, unless repayment is received after the cutoff for same-day crediting pursuant to Section 3.1) unless such calculation would result in a usurious rate, in which case interest shall be calculated on the basis of a year of 365 or 366 days, as the case may be. The Term SOFR component of the Applicable Rate shall adjust automatically as of the first day of each calendar month as provided in the definition of such term. The determination by Lender of the applicable rate of interest shall, in the absence of manifest error, and provided such determination is made in good faith, be conclusive and binding in all respects. Lender does not warrant or accept any responsibility for, and shall not have any liability with respect to, (i) the administration of, submission of, calculation of or any other matter related to Term SOFR or any component thereof or with respect to any Successor Rate (defined below), including the selection of any such rate or component or whether the composition or characteristics of any rate or component will be similar to, or produce the same value or economic equivalence of, Term SOFR or (ii) the effect, implementation or composition of any Rate Conforming Changes.

(c) Successor Rate. The interest rate applicable to the Loans is subject to change as provided for herein. If (i) Term SOFR (or any component thereof) is not available at any time for any reason (except to the limited extent provided within the definition of "Term SOFR"), (ii) Lender makes the determination to incorporate or adopt a new benchmark interest rate to replace Term SOFR in one or more credit agreements to which it is a party as sole lender or administrative agent, or (iii) Lender determines that any Law has made it unlawful for Lender or its applicable lending office to make, maintain, fund or continue any Loans whose interest is determined by reference to Term SOFR, or to determine or charge interest rates based on Term SOFR, then in any such case Lender may replace Term SOFR with an alternate benchmark interest rate and adjustment, if applicable, as reasonably selected by Lender, giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Board of Governors or the Federal Reserve Bank of New York or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for Term SOFR for U.S. dollar-denominated bilateral credit facilities at such time (any such successor interest rate, as adjusted, the "Successor Rate"). In connection with the implementation of any Successor Rate, Lender will have the right, from time to time, in good faith to make any Rate Conforming Changes as may be appropriate to reflect the adoption and administration thereof and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments or modifications to any Loan Document implementing or evidencing such Successor Rate will become effective upon notice to Borrower without any further action or consent of the other parties hereto. If an event occurs under clause (iii) preceding, then until the earlier of the termination of such event or Lender's selection and implementation of a Successor Rate, its obligation to extend new Loans shall be suspended.

(d) Late Charges. At the option of Lender, Borrower will pay Lender, on demand, (i) a "late charge" equal to five percent (5%) of the amount of any principal payment due under any Note when such payment is not paid within fifteen (15) days following the due date therefor and (ii) a processing fee in the amount of $25.00 for each check which is provided to Lender by Borrower in payment for an obligation owing to Lender under any Loan Document but is returned or dishonored for any reason, in order to cover the additional expenses involved in handling delinquent and returned or dishonored payments.

2.3 **Unused Fees for Revolving Credit Commitments**

. Borrower agrees to pay to Lender an unused facility fee on the daily average unused amount of the Revolving Credit Commitment for the period from and including the date of this Agreement to and including the earlier of (i) the Termination Date applicable to the Revolving Credit Commitment, or (ii) the date on which the Revolving Credit Commitment is permanently reduced to zero, at the rate set forth in the definition of "Applicable Margin" per annum based on a 360 day year and the actual number of days elapsed. For the purpose of calculating the unused facility fee hereunder, the Revolving Credit Commitment shall be deemed utilized by the principal amount of all outstanding Revolving Credit Loans. Accrued unused facility fees shall be payable quarterly in arrears on the first day of each April, July, October, and January during the term of this Agreement and on the Termination Date.

2.4 **Ticking Fee for Delayed Draw Term Loan Commitments**

. Borrower agrees to pay to Lender an unused facility fee on the daily average unused amount of the Delayed Draw Term Loan Commitment for the period from and including the date of this Agreement to and including the earlier of (i) the last day of the Delayed Draw Term Loan Availability Period, or (ii) the date on which the Delayed Draw Term Loan Commitment has been fully drawn or permanently terminated, at the rate of one quarter of one percent (0.25%) per annum based on a 360 day year and the actual number of days elapsed. For the purpose of calculating the unused facility fee hereunder, the Delayed Draw Term Loan shall be deemed utilized by the principal amount of all outstanding Delayed Draw Term Loans. Accrued unused facility fees shall be payable quarterly in arrears on the first day of each April, July, October, and January during the term of this Agreement and on the last Business Day of the calendar quarter containing the last day of the Delayed Draw Term Loan Availability Period.

2.5 **Use of Proceeds**

. The proceeds of the Revolving Credit Loans shall be used by Borrower for working capital in the ordinary course of business. The proceeds of the Delayed Draw Term Loans will be used by Borrower to fund Permitted Acquisitions.

2.6 **Uncommitted Increase of Commitments**

. So long as no Default has occurred and is continuing, Borrower may from time to time, request in writing an increase in the Delayed Draw Term Loan Commitment (each a "Commitment Increase") by an amount (for all such requests) not exceeding $10,000,000; provided that (a) any such request for an increase shall be in a minimum amount of $5,000,000, (b) Borrower may make a maximum of two (2) such requests and (c) Lender shall not be required or otherwise obligated to provide any portion of such Commitment Increase unless agreed to by Lender in its sole discretion. As a condition precedent to such Commitment Increase, Borrower shall deliver to Lender (A) a certificate of each Obligated Party dated as of the effective date of such Commitment Increase signed by a Responsible Officer of such Obligated Party, in each case in form and substance satisfactory to Lender, (1) certifying and attaching the resolutions adopted by such Obligated Party approving or consenting to such Commitment Increase, and (2) in the case of Borrower, certifying that, before and after giving effect to such increase, (x) the representations and warranties contained in Article 6 and the other Loan Documents are true and correct on and as of the effective date of such Commitment Increase, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.6, the representations and warranties contained in Section 6.2 shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) and (b), respectively, of Section 7.1, and (y) no Default exists and (B) legal opinions (or a recertification of legal opinions if applicable) and documents consistent those delivered on the Closing Date to the extent reasonably requested by Lender.

ARTICLE 3

PAYMENTS

3.1 **Method of Payment**

(a) All payments of principal, interest, and other amounts to be made by Borrower under this Agreement and the other Loan Documents shall be made to Lender at the Principal Office (or at such other place as Lender may have established by delivery of written notice thereof to Borrower from time to time) in Dollars and immediately available funds, without setoff, deduction, or counterclaim, and free and clear of all taxes at the time and in the manner provided in the Notes and as set forth in Section 3.2. Payments by check or draft shall not constitute payment in immediately available funds until the required amount is actually received by Lender in full. Payments in immediately available funds received by Lender in the place designated for payment on a Business Day prior to 11:00 a.m. at such place of payment shall be credited prior to the close of business on the Business Day received, while payments received by Lender on a day other than a Business Day or after 11:00 a.m. on a Business Day shall not be credited until the next succeeding Business Day. If any payment of principal or interest shall become due and payable on a day other than a Business Day, then such payment shall be made on the next succeeding Business Day. Any such extension of time for payment shall be included in computing interest which has accrued and shall be payable in connection with such payment. Any payment in less than the full required amount, and any acceptance by Lender thereof, shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be an Event of Default.

(b) In order to ensure timely payment to Lender of principal, accrued interest, fees and other amounts due and owing under or in connection with the Loans, Borrower hereby irrevocably authorizes and directs Lender to automatically debit any account maintained by Borrower with Lender, on or at any time after the due date for any payment of such principal, accrued interest, fees or other amounts due hereunder. Borrower agrees to maintain sufficient funds in its accounts maintained at Lender to pay in full all such required payments as and when due; provided, however, that if the funds in such account(s) are insufficient to cover any such payment when due, Lender shall not be obligated to advance funds to cover the payment. No such debit under this Section shall be deemed a setoff.

3.2 **Prepayments**

(a) Voluntary Prepayments. Borrower may prepay all or any portion of the Loans at any time and from time to time upon at least two (2) Business Days prior written notice to Lender, without fee, premium or penalty. Prepayments shall be in a minimum amount of $100,000 (or, if less, then in the remaining outstanding principal amount of the applicable Loan). All prepayments shall be accompanied by (a) accrued but unpaid interest on the amount of principal being prepaid through and including the date of prepayment, plus any other sums which have become due to Lender under the other Loan Documents on or before the date of prepayment, but which have not been fully paid and (b) an amount equal to any Funding Loss incurred in connection with such prepayment. Prepayments of principal of the Delayed Draw Term Loan shall be applied in inverse order of maturity. Borrower shall prepay the Delayed Draw Term Loans, Revolving Credit Loans and the other Obligations as and when required under this Agreement.

(b) Mandatory Prepayment of Revolving Credit Loans. If at any time the unpaid principal balance of the Revolving Credit Loans exceeds the Revolving Credit Commitment then in effect, then Borrower shall immediately prepay the entire amount of such excess to Lender for application to such principal balance.

(c) Mandatory Prepayment of All Loans.

(i) Concurrently with the receipt of the proceeds of any disposition permitted by Sections 8.8(b) and (f), Borrower shall use all net proceeds of such disposition to prepay the outstanding principal of the Loans.

(ii) Subject to Section 7.5(b), concurrently with the receipt of the proceeds of any Casualty Event, Borrower shall use all net proceeds of such Casualty Event to prepay the outstanding principal of the Loans.

(iii) Promptly, and in any event within five (5) Business Days after the incurrence or issuance by any Obligated Party of any Debt that is not expressly permitted to be incurred pursuant to Section 7.1, Borrower shall prepay the Loans in an amount equal to one hundred percent (100%) of the net cash proceeds thereof.

(iv) Concurrently with the receipt of any Cure Amount, Borrower shall prepay the Loans in an amount equal to one hundred percent (100%) of such Cure Amount.

(v) Each prepayment of Loans under clauses (i), (ii), (iii) and (iv) of this Section 3.2(c) shall be applied as follows: first, to the remaining scheduled amortization payments of the Delayed Draw Term Loans in inverse order of maturity (including any bullet payment) and second, to the extent of any excess, to repay the Revolving Credit Loans.

(d) Application of Payments. Subject to Section 10.3 and Section 11.5, all payments under this Agreement not constituting either (i) a specific payment of principal, interest, fees or other sum payable under the Loan Documents (which shall be applied as specified in the applicable Loan Documents) or (ii) a mandatory prepayment required pursuant to Section 3.2(b) or (c) above (which shall be applied in accordance with such Section 3.2(b) or (c)), shall be applied in the following order of priority: (A) the payment or reimbursement of any indemnities, expenses, costs or obligations (other than outstanding principal and interest) for which either Borrower shall be obligated or Lender shall be entitled pursuant to the provisions of the Loan Documents; (B) the payment of accrued but unpaid interest on the Loans; (C) the payment of any principal balance of the Revolving Credit Loans then outstanding; and (D) the payment of the principal balance of the Delayed Draw Term Loans then outstanding.

3.3 **Withholding of Taxes; Gross-Up; Certain Direct Taxes**

(a) Payments Free of Taxes. Lender shall provide Borrower with a valid and duly executed IRS Form W-9 promptly upon reasonable demand of Borrower. Any direct or indirect successor or assign of Lender shall promptly provide Borrower with a valid and duly executed IRS Form W-9 in connection with its succession or assignment. Any IRS Form W-9 shall confirm Lender or such successor or assign is not subject to U.S. federal withholding taxes (including backup withholding) under the Code. On the basis of the foregoing, (i) any and all payments by or on account of any obligation of any Obligated Party under any Loan Document shall be made without deduction or withholding for any taxes, except as required by applicable Law, (ii) if any applicable Law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and (iii) the sum payable by the applicable Obligated Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 3.3), Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Certain Direct Taxes. The Obligated Parties shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of Lender, timely reimburse it for the payment of the full amount of any and all present or future stamp, court or documentary, intangible, recording, filing or similar taxes (for the avoidance of doubt, not including income taxes) that arise in connection with the Loan Documents and any reasonable expenses arising therefrom or with respect thereto. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

(c) Survival. Each party's obligations under this Section 3.3 shall survive the resignation or replacement of Lender or any assignment of rights by, or the replacement of, Lender, the termination of the Commitment and the repayment, satisfaction or discharge of all obligations under any Loan Document (including the Payment in Full of the Obligations).

3.4 **Increased Costs**

(a) Increased Costs. If Lender determines that any Change in Law shall (i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, the Lender (except any such reserve requirement reflected in Term SOFR), (ii) subject Lender to any taxes (other than income taxes and taxes accounted for under Section 3.3) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or (iii) impose on the Lender any other condition, cost or expense (other than taxes) affecting the Loan Documents or Loans made by Lender, and the result of any of the foregoing is to increase the cost to Lender of making, continuing, converting into or maintaining any Loan (or of maintaining its obligation to make any Loan) or to reduce the amount of any sum received or receivable by the Lender under any Loan Document (whether principal, interest or otherwise), then Borrower will pay to Lender such additional amount or amounts as will compensate Lender for such additional costs incurred or reduction suffered.

(b) Capital or Liquidity Requirements. If Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on Lender's capital or on the capital of Lender's holding company as a consequence of any Note, this Agreement, the Commitment of or the Loans made by Lender to a level below that which Lender or Lender's holding company could have achieved but for such Change in Law (taking into consideration Lender's policies and the policies of Lender's holding company with respect to capital adequacy and liquidity), then from time to time Borrower will pay to Lender such additional amount or amounts as will compensate Lender or Lender's holding company for any such reduction suffered.

(c) Reimbursement Procedures. A certificate of Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in clause (a) or (b) of this Section 3.4 and the reasonable basis of the claim shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof. Failure or delay on the part of Lender to demand compensation pursuant to this Section 3.4 shall not constitute a waiver of Lender's right to demand such compensation.

(d) Delay in Requests. Failure or delay on the part of Lender to demand compensation pursuant to this Section shall not constitute a waiver of Lender's right to demand such compensation; provided that Borrower shall not be required to compensate Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that Lender notifies Borrower of the Change in Law giving rise to such increased costs or reductions, and of Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9)-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.5 **Unconditional Payment**

. Borrower is and shall be obligated to pay all principal, interest and any and all other amounts which become payable under the Loan Documents absolutely and unconditionally and without any abatement, postponement, diminution or deduction whatsoever and without any reduction for counterclaim or setoff whatsoever. If at any time any payment received by Lender hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any Debtor Relief Law, then the obligation to make such payment shall survive any cancellation or satisfaction of the applicable Note(s) or return thereof to Borrower and shall not be discharged or satisfied with any prior payment thereof or cancellation of such Note(s), but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof and thereof, and such payment shall be immediately due and payable upon demand.

ARTICLE 4

SECURITY

4.1 **Security Interests**

. To secure the prompt and complete payment and performance of all of the Obligations when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, each Obligated Party hereby grants Lender a continuing first priority security interest in, a Lien upon, and a right of set off against, and hereby assigns to Lender as security, all of such Obligated Party's right, title, and interest in the Collateral, whether now owned by such Obligated Party or hereafter acquired. If the security interest granted hereby in any rights of such Obligated Party under any contract included in the Collateral is expressly prohibited by such contract, then the security interest hereby granted therein shall nonetheless remain effective to the extent allowed by Article 9 of the UCC or other applicable Law but is otherwise limited by that prohibition. Notwithstanding any contrary provision, each Obligated Party agrees that, if, but for the application of this paragraph, granting a security interest in the Collateral would constitute a fraudulent conveyance under 11 U.S.C. § 548 or a fraudulent conveyance or transfer under any state fraudulent conveyance, fraudulent transfer, or similar Law in effect from time to time (each a "fraudulent conveyance"), then the security interest remains enforceable to the maximum extent possible without causing such security interest to be a fraudulent conveyance, and this Agreement is automatically amended to carry out the intent of this sentence.

4.2 **Obligated Parties Remain Liable**

. Notwithstanding anything to the contrary contained herein, (a) Borrower and each other Obligated Party shall remain liable under the contracts and agreements to which such Person is a party and which are included in the Collateral and shall perform all of its respective duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) Lender's exercise of any of its Rights shall not release Borrower or any Obligated Party from any of its duties or obligations under the contracts and agreements included in the Collateral (including the Assigned Contracts), and (c) Lender shall not have any obligation or liability under any of the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Lender be obligated to perform any of the obligations or duties of Borrower or any other Obligated Party thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

4.3 **Further Cooperation and Authorization to File Financing Statements**

. TO SECURE THE FULL AND COMPLETE PAYMENT AND PERFORMANCE OF THE OBLIGATIONS, EACH OBLIGATED PARTY (AT THE SOLE COST AND EXPENSE OF SUCH OBLIGATED PARTY) SHALL EXECUTE AND DELIVER OR CAUSE TO BE EXECUTED AND DELIVERED ALL OF THE DOCUMENTS AND INSTRUMENTS REQUIRED TO CARRY OUT THE PROVISIONS AND PURPOSES OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND TO CREATE, PRESERVE, AND PERFECT THE LIENS OF LENDER IN THE COLLATERAL IN ACCORDANCE WITH APPLICABLE LAW INCLUDING (A) THE PREPARATION (AND EXECUTION, IF NECESSARY) AND FILING OF SUCH FINANCING STATEMENTS AS LENDER MAY REQUIRE AND (B) THE DEPOSIT OF ALL CERTIFICATES OF TITLE ISSUABLE WITH RESPECT TO ANY OF THE COLLATERAL AND NOTING THEREON THE LENDER'S SECURITY INTEREST HEREUNDER. IN THE EVENT ANY OF THE DOCUMENTS OR INSTRUMENTS EVIDENCING OR SECURING THE OBLIGATIONS MISREPRESENTS OR INACCURATELY REFLECTS THE CORRECT TERMS AND/OR PROVISIONS OF THE OBLIGATIONS, EACH OBLIGATED PARTY SHALL UPON REQUEST BY LENDER AND IN ORDER TO CORRECT SUCH MISTAKE, EXECUTE SUCH NEW DOCUMENTS OR INITIAL CORRECTED, ORIGINAL DOCUMENTS AS LENDER MAY DEEM NECESSARY TO REMEDY SAID ERRORS OR MISTAKES. EACH OBLIGATED PARTY SHALL EXECUTE SUCH OTHER DOCUMENTS AS LENDER SHALL DEEM NECESSARY TO CORRECT ANY DEFECTS OR DEFICIENCIES IN THE LOAN DOCUMENTS.

BORROWER AND EACH OTHER OBLIGATED PARTY HEREBY IRREVOCABLY AUTHORIZES LENDER AT ANY TIME AND FROM TIME TO TIME TO PREPARE AND FILE ONE OR MORE FINANCING STATEMENTS (AND ANY CONTINUATION STATEMENTS AND AMENDMENTS THERETO) WHETHER OR NOT BORROWER'S OR SUCH OTHER OBLIGATED PARTY'S SIGNATURE APPEARS THEREON that (i) indicate the Collateral (a) as "all assets of Borrower" or "all assets of Debtor" or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, or (b) as being of an equal or lesser scope or with greater detail, and (ii) contain any other information required by Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment.

4.4 **Setoff**

. If an Event of Default exists, Lender shall have the right to set off and apply against the Obligations in such manner as Lender may determine, at any time and without notice to Borrower or any other Obligated Party, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from Lender to Borrower or any other Obligated Party whether or not the Obligations are then due. As further security for the Obligations, Borrower and each other Obligated Party hereby grants to Lender a security interest in all money, instruments, and other Property of Borrower or such other Obligated Party now or hereafter held by Lender, including Property held in safekeeping. In addition to Lender's right of setoff and as further security for the Obligations, Borrower and each other Obligated Party hereby grants to Lender a security interest in all deposits (general or special, time or demand, provisional or final) and other accounts (including all deposit accounts, securities accounts and commodities accounts) of Borrower or such other Obligated Party now or hereafter on deposit with or held by Lender or any Affiliate of Lender and all other sums at any time credited by or owing from Lender or any Affiliate of Lender to Borrower or any other Obligated Party. The rights and remedies of Lender hereunder are in addition to other rights and remedies (including other rights of setoff) which Lender may have in Law or in equity, under the Loan Documents, or otherwise.

4.5 **Commercial Tort Claims**

. If any Obligated Party at any time holds or acquires a commercial tort claim, such Obligated Party shall notify Lender in writing within five (5) Business Days of such occurrence with the details thereof and grant to Lender a security interest therein or Lien thereon and in the Proceeds thereof, in form and substance satisfactory to Lender.

4.6 **Subordination of Landlord Liens**

. Subject to Section 7.17, Borrower and each other Obligated Party shall cause the landlord under each of their Leases for (a) its headquarters location and (b) each other leased location with Collateral in excess of $500,000 at such location, in each case, to execute and deliver to Lender a collateral access and lien subordination agreement in form and substance satisfactory to Lender.

4.7 **Satisfaction of Indebtedness and Obligations**

. Until the Obligations have been Paid in Full and the Commitment of Lender has been terminated, Lender shall be entitled to retain the security interests in the Collateral granted under this Agreement and the other Loan Documents and the ability to exercise all Rights available to Lender under this Agreement, the other Loan Documents and applicable Law.

ARTICLE 5

CONDITIONS PRECEDENT

5.1 **Initial Extension of Credit**

. The obligation of Lender to make the initial Advance under this Agreement is subject to the condition precedent that Lender shall have received on or before the day of such Advance all of the following, each dated (unless otherwise indicated) the date hereof, in form and substance satisfactory to Lender:

(a) Resolutions. Resolutions of the board of directors (or other governing body) of Borrower and each other Obligated Party certified by the Secretary or an Assistant Secretary (or other custodian of records) of such Person which authorize the execution, delivery, and performance by such Person of this Agreement and the other Loan Documents to which such Person is or is to be a party and any Hedge Agreements with Lender to which such Person is or is to be a party;

(b) Incumbency Certificate. A certificate of incumbency certified by a Responsible Officer of each Obligated Party certifying the names of the individuals or other Persons authorized to sign this Agreement and each of the other Loan Documents to which Borrower and each other Obligated Party is or is to be a party (including the certificates contemplated herein) on behalf of such Person together with specimen signatures of such individual Persons;

(c) Constituent Documents. The Constituent Documents for Borrower and each other Obligated Party certified as of a date acceptable to Lender by the appropriate government officials of the state of incorporation or organization of Borrower and each other Obligated Party;

(d) Governmental Certificates. Certificates of the appropriate government officials of the state of incorporation or organization of each Obligated Party as to the existence and good standing of such Obligated Party, each dated within ten (10) days prior to the date of the initial Advance;

(e) Notes. The Notes executed by Borrower;

(f) Security Documents. The Security Documents executed by Borrower and the other Obligated Parties;

(g) Financing Statements; Recordings. Each document (including UCC financing statements reflecting Borrower and the other Obligated Parties, as debtors, and Lender, as secured party), required by this Agreement and/or the Security Documents or under Law or reasonably requested by Lender to be filed, registered or recorded in order to create in favor of Lender, for the benefit of the Secured Parties, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 8.2), shall be in proper form for filing, registration or recordation;

(h) Guaranty. The Guaranty executed by each Guarantor;

(i) Insurance Matters. Copies of insurance certificates describing all insurance policies required by Section 7.5, together with lender's loss payable and additional insured endorsements, as applicable, in favor of Lender with respect to all insurance policies covering Collateral and all other insurance policies required by Section 7.5;

(j) Lien Searches. The results of UCC, tax lien and judgment lien searches showing all financing statements and other documents or instruments on file against Borrower and each other Obligated Party in the appropriate filing offices, such search to be as of a date no more than thirty (30) days prior to the date of the initial Advance and such searches shall reveal no Liens on any of the assets of the Obligated Parties except for Liens permitted by Section 8.2 or discharged on or prior to the Closing Date pursuant to a pay-off letter or other documentation satisfactory to Lender;

(k) Opinion of Counsel. A favorable opinion of Blank Rome LLP, legal counsel to Borrower and Guarantors, as to such other matters as Lender may reasonably request;

(l) Attorneys' Fees and Expenses. Evidence that the costs and expenses (including reasonable attorneys' fees) referred to in Section 12.1, to the extent invoiced, shall have been paid in full by Borrower;

(m) Closing Certificate. A certificate, signed by a Responsible Officer of Borrower (i) stating that no Default has occurred and is continuing, (ii) stating that the representations and warranties contained in the Loan Documents are true and correct as of the Closing Date, and (iii) certifying as to any other factual matters as may be reasonably requested by Lender;

(n) KYC Information; Beneficial Ownership Information. Borrower and each of the other Obligated Parties shall have provided to Lender at least five (5) Business Days prior to the Closing Date (i) the documentation and other information requested by Lender as it deems necessary in order to comply with requirements of any Anti-Corruption Laws and Anti-Terrorism Laws, including the Patriot Act and any applicable "know your customer" rules and regulations and (ii) to the extent Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to Borrower;

(o) Payoff of Existing Debt; Release of Liens. Satisfactory pay-off letters for all existing Debt (other than Debt permitted under Section 8.1) and which confirms that all Liens upon any of the Property of the Obligated Parties intended to constitute Collateral will be terminated concurrently with the repayment of such Debt and all letters of credit issued or guaranteed as part of such Debt shall have been terminated or cash collateralized;

(p) Closing Fees. Evidence that the Upfront Fee and any other fees required to be paid on or prior to the Closing Date have been paid;

(q) Legal Due Diligence. Lender and its counsel shall have completed all legal due diligence, the results of which shall be satisfactory to Lender in its sole discretion;

(r) Perfection Certificate. A perfection certificate in form reasonably satisfactory to Lender signed by a Responsible Officer of Borrower; and

(s) Additional Items. Such other additional approvals, opinions, or documents as Lender or its legal counsel may reasonably request.

5.2 **All Extensions of Credit**

. The obligation of Lender to make any Loan (including the initial Loan) is subject to the following additional conditions precedent:

(a) Request for Advance. Lender shall have received in accordance with this Agreement an Advance Request Form pursuant to Lender's requirements and executed by a Responsible Officer of Borrower;

(b) No Default. No Default shall have occurred and be continuing, or would result from or after giving effect to such Advance;

(c) No Material Adverse Event. No Material Adverse Event has occurred and no circumstance exists that could reasonably be expected to result in a Material Adverse Event;

(d) Representations and Warranties. All of the representations and warranties contained in Section 6 and in the other Loan Documents shall be true and correct and as of the date of such Advance with the same force and effect as if such representations and warranties had been made on and as of such date (it being understood and agreed that (i) any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date and (ii) for purposes of this clause (d), the representations and warranties contained in Section 6.2 shall be deemed to refer to the most recent statements furnished pursuant to Section 7.1(a) and (b), respectively);

(e) Covenant Compliance. After giving effect to such Advance, Borrower shall provide a pro forma Compliance Certificate to Lender demonstrating compliance with the financial covenant set forth in Section 9.1; and

(f) Additional Documentation. Lender shall have received such additional approvals, opinions, or documents as Lender or its legal counsel may reasonably request.

Each Advance hereunder shall be deemed to be a representation and warranty by Borrower that the conditions specified in this Section 5.2 have been satisfied on and as of the date of the applicable Advance.

5.3 **Extensions of Delayed Draw Term Loans**

. The obligation of Lender to make any Delayed Draw Term Loan hereunder is subject to the following additional conditions precedent:

(a) Request for Advance. Lender shall have received in accordance with this Agreement an Advance Request Form pursuant to Lender's requirements and executed by a Responsible Officer of Borrower;

(b) No Default. No Default shall have occurred and be continuing, or would result from or after giving effect to such Advance;

(c) No Material Adverse Event. No Material Adverse Event has occurred and no circumstance exists that could reasonably be expected to result in a Material Adverse Event;

(d) Representations and Warranties. All of the representations and warranties contained in Section 6 and in the other Loan Documents shall be true and correct and as of the date of such Advance with the same force and effect as if such representations and warranties had been made on and as of such date (it being understood and agreed that (i) any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date and (ii) for purposes of this clause (d), the representations and warranties contained in Section 6.2 shall be deemed to refer to the most recent statements furnished pursuant to Section 7.1(a) and (b), respectively);

(e) Covenant Compliance. After giving effect to such Delayed Draw Term Loan, Borrower shall provide a pro forma Compliance Certificate to Lender demonstrating a Leverage Ratio of not greater than 1.25 to 1.00;

(f) Draws. Including the requested Delayed Draw Term Loan, Borrower shall not have drawn more than five (5) separate Delayed Draw Term Loans;

(g) Supporting Information. No less than five (5) Business Days prior to such Delayed Draw Term Loan, Borrower shall have delivered to Lender all information required pursuant to clause (n) of the definition of "Permitted Acquisition"; and

(h) Additional Documentation. Lender shall have received such additional approvals, opinions, or documents as Lender or its legal counsel may reasonably request.

Each Delayed Draw Term Loan made hereunder shall be deemed to be a representation and warranty by Borrower that the conditions specified in this Section 5.3 have been satisfied on and as of the date of the applicable Delayed Draw Term Loan.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES

To induce Lender to enter into this Agreement, and to make Advances hereunder, Borrower represents and warrants to Lender that:

6.1 **Entity Existence**

. Each Obligated Party and each of its Subsidiaries (a) is duly incorporated or organized, as the case may be, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation or organization; (b) has all requisite power and authority to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business in all jurisdictions in which the nature of its business makes such qualification necessary. Each of Borrower and the other Obligated Parties has the power and authority to execute, deliver, and perform its obligations under this Agreement and the other Loan Documents to which it is or may become a party.

6.2 **Financial Statements; Etc.**

All Financial Statements of Borrower and its Subsidiaries delivered to Lender are true and correct, have been prepared in accordance with GAAP, and fairly and accurately present, on a consolidated basis, the financial condition of Borrower and its Subsidiaries as of the respective dates indicated therein and the results of operations for the respective periods indicated therein. Neither Borrower nor any of its Subsidiaries or any other Obligated Party has any material contingent liabilities, liabilities for taxes, unusual forward or long-term commitments, or unrealized or anticipated losses from any unfavorable commitments except as referred to or reflected in such Financial Statements. No Material Adverse Event has occurred since the effective date of the Financial Statements referred to in this Section 6.2. All projections delivered by Borrower to Lender have been prepared in good faith, with care and diligence and use assumptions that are reasonable under the circumstances at the time such projections were prepared and delivered to Lender and all such assumptions are disclosed in the projections. Neither Borrower nor any of its Subsidiaries has any material Guarantees, contingent liabilities, liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, or any Hedge Agreement or other transaction or obligation in respect of derivatives, that are not reflected in the most-recent Financial Statements referred to in this Section 6.2. Other than the Debt permitted by Section 8.1, Borrower and each Subsidiary have no Debt.

6.3 **Action; No Breach**

. The execution, delivery, and performance by each of Borrower and each other Obligated Party of this Agreement and the other Loan Documents to which such Person is or may become a party and compliance with the terms and provisions hereof and thereof have been duly authorized by all requisite action on the part of such Person and do not and will not (a) violate or conflict with, or result in a breach of, or require any consent under (i) the Constituent Documents of such Person, (ii) any applicable Law of any Governmental Authority or arbitrator, or (iii) any agreement or instrument to which such Person is a party or by which it or any of its Properties is bound or subject, or (b) constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of such Person.

6.4 **Operation of Business**

. Each Obligated Party and its Subsidiaries possess all licenses, permits, consents, authorizations, franchises, Intellectual Property, or rights thereto, necessary to conduct its respective businesses substantially as now conducted and as presently proposed to be conducted, and neither any Obligated Party nor any of its Subsidiaries is in violation of any valid rights of others with respect to any of the foregoing.

6.5 **Litigation and Judgments**

. As of the date hereof, there is no action, suit, investigation, or proceeding before or by any Governmental Authority or arbitrator pending, or to the knowledge of Borrower after reasonable investigation, threatened against or affecting Borrower, any of its Subsidiaries, or any other Obligated Party or any of their Properties that could, if adversely determined, reasonably be expected to (i) result in liabilities of or economic loss to any Obligated Party or Subsidiary of an Obligated Party in excess of $1,000,000 or (ii) result in a Material Adverse Event. There are no outstanding judgments against Borrower, any of its Subsidiaries, or any other Obligated Party.

6.6 **Rights in Properties; Liens**

. Each Obligated Party and its Subsidiaries has good and indefeasible title to or valid leasehold interests in its respective Properties, including the Properties reflected in the Financial Statements described in Section 6.2, and none of the Properties of Borrower or any of its Subsidiaries is subject to any Lien, except as permitted by Section 8.2.

6.7 **Enforceability**

. This Agreement constitutes, and the other Loan Documents to which Borrower or any other Obligated Party is a party, when delivered, shall constitute legal, valid, and binding obligations of such Person, enforceable against such Person in accordance with their respective terms, except as limited by bankruptcy, insolvency, or other Laws of general application relating to the enforcement of creditors' rights.

6.8 **Approvals**

. No authorization, approval, or consent of, and no filing or registration with, any Governmental Authority or third party is or will be necessary for the execution, delivery, or performance by Borrower or any other Obligated Party of this Agreement and the other Loan Documents to which such Person is or may become a party or the validity or enforceability thereof.

6.9 **Taxes**

. Each Obligated Party and its Subsidiaries has filed all tax returns (federal, state, and local) required to be filed, including all income, franchise, employment, Property, and sales tax returns, and has paid all of their respective liabilities for taxes, assessments, governmental charges, and other levies that are due and payable. Borrower knows of no pending investigation of any Obligated Party or any of its Subsidiaries by any taxing authority or of any pending but unassessed tax liability of any Obligated Party or any of its Subsidiaries.

6.10 **Use of Proceeds; Margin Securities**

. Neither any Obligated Party nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T, U, or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

6.11 **ERISA**

. No Obligated Party nor any ERISA Affiliate of an Obligated Party sponsors, maintains or contributes to or has at any time sponsored, maintained or contributed to any Plan.

6.12 **Disclosure**

. No statement, information, report, representation, or warranty made by Borrower or any other Obligated Party in this Agreement or in any other Loan Document or furnished to Lender in connection with this Agreement or any of the transactions contemplated hereby contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Borrower which is a Material Adverse Event, or which might in the future be a Material Adverse Event that has not been disclosed in writing to Lender. As of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects. No Default has occurred and is continuing.

6.13 **Subsidiaries**

. Borrower has no Subsidiaries other than those listed on Schedule 6.13 and Schedule 6.13 sets forth the jurisdiction of incorporation or organization of each such Subsidiary and the percentage of Borrower's Equity Interests in such Subsidiary. All of the outstanding Equity Interests of each Subsidiary described on Schedule 6.13 have been validly issued, are fully paid, and are non-assessable. There are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments of any nature relating to any Equity Interests of Borrower or any Subsidiary, other than (i) issuances permitted under this Agreement, (ii) registration statements, shelf registrations or at-the-market equity programs entered into in the ordinary course of capital markets activity, and (iii) equity awards issued pursuant to employee benefit or equity incentive plans disclosed to Lender.

6.14 **Material Agreements**

. Borrower has furnished Lender with true and complete copies of all Material Agreements of the Obligated Parties (provided that Borrower may provide redacted copies to the extent disclosure of the full agreement is subject to confidentiality restrictions not reasonably waived). No Obligated Party nor any of its Subsidiaries is in default in any respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any Material Agreement to which it is a party.

6.15 **Compliance with Laws**

. Neither Borrower nor any of its Subsidiaries is in violation of any Law, except for violations that could not reasonably be expected to result in a Material Adverse Event.

6.16 **Inventory**

. All inventory of the Obligated Parties and their Subsidiaries has been and will hereafter be produced in compliance with all applicable Laws and governmental standards in all material respects, including the minimum wage and overtime provisions of the Fair Labor Standards Act (29 U.S.C. §§ 201-219).

6.17 **Regulated Entities**

. No Obligated Party nor any of its Subsidiaries is (a) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940 or (b) subject to regulation under the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other federal or state statute, rule or regulation limiting its ability to incur Debt, pledge its assets or perform its obligations under the Loan Documents.

6.18 **Environmental Matters**

. Except to the extent that a Material Adverse Event could not reasonably be expected to arise as a result:

(a) Each Obligated Party and its Subsidiaries, and all of its respective Properties, assets, and operations are in full compliance with all Environmental Laws, including all permitting, licensing and authorization requirements thereunder, reporting of any Releases, and all applicable financial responsibility requirements. No Obligated Party is aware of any past, present, or future conditions, events, activities, practices, or incidents which may interfere with or prevent the compliance or continued compliance of each Obligated Party and its Subsidiaries with all Environmental Laws;

(b) Neither any Obligated Party nor any of its Subsidiaries nor any of their respective currently or previously owned or leased Properties or operations is subject to any outstanding or threatened order from or agreement with any Governmental Authority or other Person or subject to any judicial or docketed administrative proceeding with respect to (i) failure to comply with Environmental Laws, (ii) Remedial Action, or (iii) any Environmental Liabilities arising from a Release or threatened Release;

(c) There are no conditions or circumstances associated with the currently or previously owned or leased Properties or operations of any Obligated Party or any of its Subsidiaries that could reasonably be expected to give rise to any Environmental Liabilities, including the use, generation, storage, transportation, disposal or Release of any Hazardous Materials on, about or within any Property of any Obligated Party or any of their Subsidiaries, and no Lien arising under any Environmental Law has attached to any Property or revenues of any Obligated Party or any of its Subsidiaries; and

(d) Neither any Obligated Party nor any of its Subsidiaries is a treatment, storage, or disposal facility requiring a permit under the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., regulations thereunder or any comparable provision of state Law.

6.19 **Intellectual Property**

. Each Obligated Party (a) owns, or is licensed to use, all Intellectual Property necessary to conduct its business as currently conducted, (b) will maintain the patenting and registration of all of its Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office, or other appropriate Governmental Authority, and (c) will promptly patent or register, as the case may be, all new Intellectual Property and notify Lender in writing five (5) Business Days prior to filing any such new patent or registration.

6.20 **Foreign Assets Control Regulations; Anti-Money Laundering; Patriot Act; Anti-Corruption Laws**

. Each Obligated Party and each Subsidiary of each Obligated Party, and in the case of clause (b) in this sentence, each of their respective Affiliates, (i) is and will remain in compliance in all respects with (a) all United States economic sanctions Laws as promulgated by OFAC, and all applicable anti-money laundering and counter-terrorism financing provisions of the Bank Secrecy Act and all regulations issued pursuant to it, (b) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B Chapter V, as amended), and all other Laws relating thereto, the Patriot Act, and all other federal or state "know your customer" and anti-money laundering Laws (collectively, "Anti-Terrorism Laws") and (c) the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other Laws of any jurisdiction applicable to any Obligated Party or any of its Subsidiaries from time to time concerning or relating to bribery or corruption (collectively, "Anti-Corruption Laws"), and (ii) has instituted and maintained policies and procedures designed to promote and achieve compliance with Anti-Corruption Laws, Sanctions and Anti-Terrorism Laws. No Obligated Party and no Subsidiary, Affiliate, or any director, officer, employee, nor to the knowledge of any Obligated Party, any agent, affiliate or representative of any Obligated Party is a Person that is, or is owned or Controlled by any Person that is (a) currently the subject or target of any Sanctions, (b) a Person designated by the United States government on the list of the Specially Designated Nationals and Blocked Persons with which a United States Person cannot deal with or otherwise engage in business transactions, or included on HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List or any similar list enforced by any other relevant sanctions authority, (c) a Person who is otherwise the target of United States economic sanction Laws such that a United States Person cannot deal or otherwise engage in business transactions with such Person, or (d) located, organized or resident in a Sanctioned Country. No proceeds of any Loan have been or will be used directly or indirectly (a) in any manner in violation of any Anti-Corruption Law, (b) to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person, or (c) in any other manner that will result in any violation by any Person (including Lender) of any Anti-Terrorism Laws, Anti-Corruption Laws or any Sanctions.

6.21 **Solvency**

. Each of Borrower and each Obligated Party is Solvent and have not entered into any transaction with the intent to hinder, delay or defraud a creditor.

6.22 **Labor Matters**

. There are no strikes, work stoppages or other labor controversies pending, or to the knowledge of any Obligated Party, threatened against any Obligated Party or any of its Subsidiaries which could reasonably be expected to result in a Material Adverse Event. The hours worked by and payments made to employees of the Obligated Parties and their Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign Law dealing with such matters, except for violations that could not reasonably be expected to result in a Material Adverse Event. All payments due from any Obligated Party or any Subsidiary, or for which any claim may be made against any Obligated Party or any Subsidiary, on account of wages and employee health and welfare insurance and other material benefits, have been paid or accrued as a liability on the books of such Obligated Party or such Subsidiary.

6.23 **Affiliate Transactions**

. As of the Closing Date, there are no existing or proposed agreements, arrangements, understandings or transactions between any Obligated Party and any of the officers, members, managers, directors, stockholders, parents, holders of other Equity Interests, employees or Affiliates of any Obligated Party or any members of their respective immediate families.

6.24 **Representations and Warranties Relating to the Collateral**

(a) Title and Authorization. Each Obligated Party has, and at all times will have, good and valid rights in and title to the Collateral with respect to which it has purported to grant a security interest hereunder and has full right, power and authority to grant a security interest in the Collateral to Lender in the manner provided herein, free and clear of any Lien, security interest or other charge or encumbrance other than Permitted Liens.

(b) Maintenance of Collateral. All tangible Collateral which is material to Borrower's business is in good repair and condition consistent with the ordinary course of business and its intended use, ordinary wear and tear excepted.

(c) Accounts. Each of the Obligated Parties' Accounts represents the valid and legally binding indebtedness of a bona fide account debtor arising from the sale or lease by such Obligated Party of goods or the rendition by such Obligated Party of services and is not subject to contra accounts, setoffs, defenses or counterclaims by or available to account debtors obligated on the Accounts except as disclosed by Borrower to Lender from time to time in writing. The amount shown as to each Account on Borrower's books is the true and undisputed amount owing and unpaid thereon, subject only to discounts, allowances, rebates, credits and adjustments to which the account debtor has a right and which have been disclosed to Lender in writing.

(d) Inventory. Lender's security interest in the Obligated Parties' Inventory shall continue through all stages of manufacture and shall, without further action, attach to the Accounts or other Proceeds resulting from the sale or other disposition thereof and to all such Inventory as may be returned to any Obligated Party by its account debtors. All Inventory of the Obligated Parties has been and will hereafter be produced in all material respects and in compliance with all applicable Laws and governmental standards, including the minimum wage and overtime provisions of the Fair Labor Standards Act (29 U.S.C. §§ 201-219).

(e) Deposit, Commodity, and Securities Accounts. Schedule 6.24 correctly identifies all Deposit Accounts, commodity accounts, and securities accounts of the Obligated Parties and the institutions holding such accounts. The applicable Obligated Party is the sole direct and beneficial owner of each such account, and such Obligated Party has not consented to, and is not otherwise aware of, any person (other than such Obligated Party) having Control over, or any other interest in, any such account or the property credited thereto.

(f) Letter of Credit Rights. All Letter of Credit Rights of the Obligated Parties are listed on Schedule 6.24, and the Obligated Parties have obtained the consent of each issuer or the nominated person of any letter of credit to the assignment of the Proceeds of the Letter of Credit to Lender.

(g) Instruments; Chattel Paper; and Promissory Notes. Schedule 6.24 correctly identifies all Instruments, Chattel Paper, and promissory notes of the Obligated Parties. All such Instruments, Chattel Paper, and promissory notes of the Obligated Parties have been delivered to Lender, together with corresponding endorsements duly executed in favor of Lender, and such endorsements have been duly and validly executed and are binding and enforceable in accordance with their terms. Each Instrument, Chattel Paper and promissory note is in full force and effect; there have been no renewals or extensions of, or amendments, modifications, or supplements to, any thereof about which Lender has not been advised in writing; and no "default" or "event of default" has occurred and is continuing under any such Instrument, Chattel Paper or promissory note, except as disclosed to Lender in writing.

(h) Assigned Contracts. No Assigned Contract contains a provision that would, prohibit or restrict the grant of a security interest to the Lender under this Agreement, except (i) such consents or notices as has been given or made (or currently being sought by the applicable Obligated Party using its best efforts), or (ii). where the failure to obtain such consent or give such notice could not reasonably be expected to result in a Material Adverse Event.

(i) Investment Property. Schedule 6.24 sets forth all Investment Property (including all Pledged Equity Interests) of the Obligated Parties, and such Pledged Equity Interests constitute the percentage of issued and outstanding shares of stock, percentage of membership interests, percentage of partnership interests or percentage of beneficial interest of the respective issuers thereof indicated on Schedule 6.24.

(i) Each Obligated Party is the record and beneficial owner of the Investment Property owned by it free of all Liens, rights or claims of other persons other than Permitted Liens. Except as disclosed to Lender in writing, no Obligated Party has acquired any equity interests of another entity or substantially all the assets of another entity within the past five years. There are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests, other than as disclosed on Schedule 6.24. No consent of any person including any other general or limited partner, any other member of a limited liability company, any other shareholder or any other trust beneficiary is necessary or desirable in connection with the creation, perfection or first priority status of the security interest of Lender in any Pledged Equity Interests or the exercise by Lender of the voting or other rights provided for in this Agreement or the exercise of remedies in respect thereof.

(ii) None of the Pledged Equity Interests are or represent interests in issuers that (A) are registered as investment companies or (B) are dealt in or traded on securities exchanges or markets.

(iii) Except as otherwise set forth on Schedule 6.24, all of the Pledged Equity Interests issued by limited liability companies or partnerships are or represent interests in issuers that have not opted to be treated as securities under the UCC of any jurisdiction.

(iv) The Obligated Parties have delivered to Lender all stock certificates, or other instruments or documents representing or evidencing the Investment Property required to be delivered under the Loan Documents, together with corresponding assignment or transfer powers duly executed in blank by the applicable Obligated Party, and such powers have been duly and validly executed and are binding and enforceable against the applicable Obligated Party in accordance with their terms. To the extent any Pledged Equity Interests are uncertificated, the Obligated Parties have taken all actions necessary to establish Lender's Control over such Pledged Equity Interests.

(j) The foregoing representations and warranties will be true and correct in all respects with respect to any additional Collateral or additional specific descriptions of certain Collateral delivered to Lender in the future by any Obligated Party. The failure of any of these representations or warranties or any description of Collateral therein to be accurate or complete shall not impair the security interest in any such Collateral.

ARTICLE 7

AFFIRMATIVE COVENANTS

Each Obligated Party covenants and agrees that until the Obligations have been Paid in Full:

7.1 **Reporting Requirements**

. Borrower will furnish to Lender:

(a) Annual Financial Statements. As soon as available, and in any event within one hundred and twenty (120) days after the last day of each fiscal year of Borrower, beginning with the fiscal year ending November 30, 2025, audited by a certified public accountant reasonably acceptable to Lender, the annual consolidated Financial Statements of Borrower as of, and for the fiscal year ended on, such last day, together with (if the Financial Statements are audited) the unqualified opinion of such certified public accountant that such Financial Statements present fairly, in all material respects, the financial position of Borrower and its consolidated subsidiaries as of the last day of such fiscal year and the results of operations and the cash flow of Borrower and its Subsidiaries for the fiscal year then ended in conformity with GAAP, or other method of accounting acceptable to Lender and with no exceptions, inconsistencies, material qualifications, limitations on scope, or uncertainties described or disclosed therein, provided that Borrower's delivery to Lender of the applicable Annual Report on Form 10-K filed with the SEC shall be sufficient to satisfy the requirements of this subsection (a);

(b) Quarterly Financial Statements. As soon as available, and in any event within forty-five (45) days after the last day of each fiscal quarter of each fiscal year of Borrower, beginning with the fiscal quarter ending February 28, 2026, a copy of unaudited Financial Statements of Borrower;

(c) Compliance Certificate. Concurrently with the delivery of each of the Financial Statements referred to in Sections 7.1.(a) and 7.1.(b), (1) a Compliance Certificate (i) stating that to the best of such officer's knowledge, no Default has occurred and is continuing, or if a Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto and (ii) showing in reasonable detail the calculations demonstrating compliance with the covenants set forth in Article 9 of this Agreement and (2) a report describing in reasonable detail each outstanding Secured Hedge Agreement and the approximate amount of Hedge Obligations (and Hedge Termination Value) of Borrower or the applicable Obligated Party thereunder as of the date of such report;

(d) Notice of Litigation. Promptly (but in no event later than five (5) Business Days) after the commencement or occurrence thereof, notice of (i) all actions, suits, and proceedings before any Governmental Authority or arbitrator affecting any Obligated Party or any of its Subsidiaries or assets which, if determined adversely to such Obligated Party or such Subsidiary, could reasonably be expected to (A) result in liabilities of such Obligated Party or such Subsidiary in excess of $1,000,000 or (B) result in a Material Adverse Event, or (ii) any material adverse change in the status of any such action, suit or proceeding;

(e) Notice of Default. As soon as possible and in any event within five (5) Business Days after the occurrence of any Default, a written notice setting forth the details of such Default and the action that Borrower has taken and proposes to take with respect thereto;

(f) ERISA Matters. As soon as possible and in any event within five (5) Business Days after any Obligated Party or an ERISA Affiliate of an Obligated Party first adopts, sponsors or contributes to any Plan, written notice thereof;

(g) Updates to Security Document Schedules. Concurrently with the delivery of each Compliance Certificate delivered in connection with the Financial Statements pursuant to Section 7.1(a) and (b), updates to all schedules to this Agreement and the Security Documents to the extent that information contained in such schedules has become inaccurate or incomplete since the initial delivery or the most recent update thereof;

(h) Tax Returns. Within thirty (30) days after each filing thereof by each Obligated Party with any Governmental Authority, if requested by Lender, complete copies of any U.S. federal income tax returns so filed, together with any other materials requested by Lender in connection with such Obligated Party's tax obligations;

(i) Insurance. Within ten (10) Business Days after any material change in insurance coverage by Borrower or any other Obligated Party from that previously disclosed to Lender, a report describing such change, and, within thirty (30) days after each request by Lender, certificates of insurance from the insurance companies insuring Borrower and the other Obligated Parties, describing such insurance coverage;

(j) Notice of Material Adverse Event. As soon as possible and in any event within five (5) Business Days after the occurrence thereof, written notice of any event or circumstance that could result in a Material Adverse Event;

(k) Material Agreements. Promptly, and in any event within five (5) Business Days after (i)(A) any Material Agreement of any Obligated Party or any of its Subsidiaries is terminated or amended in a manner that is materially adverse to such Obligated Party or such Subsidiary, as the case may be, or (B) any new Material Agreement is entered into, or (ii) any officer of any Obligated Party or any of its Subsidiaries obtaining knowledge (1) of any condition or event that constitutes a default or an event of default under any Material Agreement or Material Debt, (2) that any event, circumstance, or condition exists or has occurred that gives any counterparty to such Material Agreement a termination or assignment right thereunder, or (3) that notice has been given to any Obligated Party or any of its Subsidiaries asserting that any such condition or event has occurred, a certificate of a Responsible Officer of the applicable Obligated Party specifying the nature and period of existence of such condition or event and, in the case of clause (i), including copies of such material amendments or new contracts, delivered to Lender (provided, however, that Borrower may provide redacted copies to the extent disclosure of the full agreement is subject to confidentiality restrictions not reasonably waived) and, in the case of clause (ii), as applicable, explaining the nature of such claimed default or event of default, and including an explanation of any actions being taken or proposed to be taken by such Obligated Party with respect thereto;

(l) Notice of Casualty Events. Prompt written notice, and in any event within five (5) Business Days, of the occurrence of any Casualty Event or the commencement of any action or proceeding that could reasonably be expected to result in a Casualty Event, in each case with respect to Property of any Obligated Party having an aggregate fair market value in excess of $1,000,000;

(m) Notice of Certain Changes. Promptly, (i) notice of any material change in the business conducted by any Obligated Party or any of its Subsidiaries, (ii) copies of any amendment, restatement, supplement or other modification to any of the Constituent Documents of any Obligated Party or any of its Subsidiaries and (iii) any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in such certification;

(n) Annual Budget. As soon as available, and in any event prior to the earlier of (i) the filing of an annual report for any fiscal year of Borrower on Form 10-K with the SEC and (ii) one hundred and twenty (120) days after the last day of each fiscal year of Borrower, beginning with the fiscal year ending November 30, 2025, projections for Borrower and its Subsidiaries for the following fiscal year, prepared in good faith based on assumptions believed by management to be reasonable at the time, such projections to be prepared in accordance with GAAP and to include, on a quarterly basis, an operating and capital budget and a projected income statement, statement of cash flows and balance sheet; provided that such projections are forward-looking and subject to uncertainties and shall not constitute a guarantee of future performance; and

(o) General Information. Promptly, certification or such other information concerning Borrower, any of its Subsidiaries, or any other Obligated Party as Lender may from time to time reasonably request including, but not limited to, certification regarding or information about the ownership and management of such entities.

All representations and warranties set forth in the Loan Documents with respect to any financial information concerning Borrower or any Guarantor shall apply to all financial information delivered to Lender by Borrower, such Guarantor, or any Person purporting to be an Responsible Officer or other representative of Borrower or such Guarantor, pursuant to this Agreement, regardless of the method of transmission to Lender or whether or not signed by Borrower, such Guarantor, or such Responsible Officer or other representative, as applicable.

7.2 **Maintenance of Existence; Conduct of Business**

. Each Obligated Party shall, and shall cause each of its Subsidiaries to, preserve and maintain its existence and all of its leases, privileges, licenses, permits, franchises, qualifications, and rights that are necessary or desirable in the ordinary conduct of its business. Each Obligated Party shall, and shall cause each of its Subsidiaries to, conduct its business in an orderly and efficient manner in accordance with good business practices.

7.3 **Maintenance of Properties**

. Each Obligated Party shall, and shall cause each of its Subsidiaries to, maintain, keep, and preserve all of its Properties (tangible and intangible) necessary or useful in the proper conduct of its business in good working order and condition.

7.4 **Taxes and Claims**

. Each Obligated Party shall, and shall cause each of its Subsidiaries to, pay or discharge at or before maturity or before becoming delinquent (a) all taxes, levies, assessments, and governmental charges imposed on it or its income or profits or any of its Property, and (b) all lawful claims for labor, material, and supplies, which, if unpaid, might become a Lien upon any of its Property; provided, however, that neither any Obligated Party nor any of its Subsidiaries shall be required to pay or discharge any tax, levy, assessment, or governmental charge which is being contested in good faith by appropriate proceedings diligently pursued, and for which adequate reserves in accordance with GAAP have been established.

7.5 **Insurance**

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(a) Each Obligated Party shall, and shall cause each of its Subsidiaries to, maintain insurance with financially sound and reputable insurance companies in such amounts and covering such risks as is usually carried by corporations engaged in similar businesses and owning similar Properties in the same general areas in which such Obligated Party and its Subsidiaries operate, provided that in any event each Obligated Party will maintain and cause each of its Subsidiaries to maintain workmen's compensation insurance, property insurance, comprehensive general liability insurance, and products liability insurance reasonably satisfactory to Lender. Each property insurance policy covering Collateral shall name Lender as lender's loss payable and each insurance policy covering liabilities shall name Lender as additional insured, and each such insurance policy shall provide that such policy will not be cancelled or reduced without thirty (30) days prior written notice to Lender.

(b) All proceeds of insurance shall be paid over to Lender for application to the Obligations, unless Lender otherwise agrees in writing in its sole discretion. If Lender agrees in writing, in its sole discretion, then Borrower or the applicable Obligated Party may apply the net proceeds of a casualty or condemnation (each a "Loss") to the repair, restoration, or replacement of the assets suffering such Loss, so long as (i) such repair, restoration, or replacement, exercising reasonable diligence, is completed within one hundred eighty (180) days after the date of such Loss (or such longer period of time agreed to in writing by Lender, such agreement not to be unreasonably withheld or delayed), (ii) while such repair, restoration, or replacement is underway, all of such net proceeds are on deposit with Lender in a separate deposit account over which Lender has exclusive Control, and (iii) such Loss did not cause an Event of Default. If an Event of Default occurs pursuant to which Lender exercises its rights to accelerate the Obligations as provided in Section 10.2 or such repair, restoration, or replacement is not completed within one hundred eighty (180) days of the date of such Loss (or such longer period of time agreed to in writing by Lender), then Lender may immediately and without notice to any Person apply all of such net proceeds to the Obligations, regardless of any other prior agreement regarding the disposition of such net proceeds.

7.6 **Inspection Rights**

. At any reasonable time and from time to time, each Obligated Party shall, and shall cause each of its Subsidiaries to, (a) permit representatives and independent contractors of Lender to examine, inspect, review, evaluate and make physical verifications and appraisals of the Collateral and other assets of the Obligated Parties in a commercially reasonable manner and through any medium that Lender considers advisable, (b) to examine, copy, and make extracts from its books and records, (c) to visit and inspect its Properties and conduct field examinations, and (d) to discuss its business, operations, and financial condition with its directors, officers, employees, and independent certified public accountants. All such inspections shall be conducted during normal business hours and in a manner reasonably designed to minimize disruption, and Borrower shall pay the reasonable, documented out-of-pocket costs of one (1) such inspection per year provided that when an Event of Default exists Lender (or any of its respective representatives or independent contractors) may do any of the foregoing under this Section at the sole cost and expense of Borrower and at any time during normal business hours and without advance notice.

7.7 **Keeping Books and Records**

. Each Obligated Party shall, and shall cause each of its Subsidiaries to, maintain proper books of record and account in which full, true, and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities.

7.8 **Compliance with Laws**

. Each Obligated Party shall, and shall cause each of its Subsidiaries to, comply in all material respects with all applicable Laws. Without limiting the generality of the foregoing, each Obligated Party shall, and shall cause each of its Subsidiaries to, conduct its businesses in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other Anti-Corruption Laws, and maintain policies and procedures designed to promote and achieve compliance with such Laws.

7.9 **Compliance with Agreements**

. Each Obligated Party shall, and shall cause each of its Subsidiaries to, comply with all material agreements, contracts, and instruments binding on it or affecting its Properties or business, except where any failure to comply could not reasonably be expected to result in a Material Adverse Event.

7.10 **Further Assurances**

. Each Obligated Party shall, and shall cause each of its Subsidiaries and each other Obligated Party to, execute and deliver such further agreements and instruments and take such further action as may be reasonably requested by Lender to carry out the provisions and purposes of this Agreement and the other Loan Documents and to create, preserve, and perfect the Liens of Lender in the Collateral.

7.11 **ERISA**

. Each Obligated Party shall, and shall cause each of its Subsidiaries and ERISA Affiliates to, comply with all minimum funding requirements, and all other material requirements, of ERISA, if applicable, so as not to give rise to any liability or liens thereunder.

7.12 **Depository Relationship**

. To induce Lender to establish the interest rates provided for in the Notes and to extend credit to Borrower hereunder, each Obligated Party shall, and shall cause each of its domestic Subsidiaries to, commencing not later than ninety (90) days following the Closing Date and at all times thereafter, use Lender as its principal depository bank and each Obligated Party shall, and shall cause each of its domestic Subsidiaries to, maintain Lender as its principal depository bank, including for the maintenance of business, cash management, operating and administrative deposit accounts (other than Excluded Accounts). Additionally, the Lender shall be the principal provider of Bank Products to Borrower and its domestic Subsidiaries.

7.13 **Additional Guarantors**

. Borrower shall notify Lender at the time that any Person becomes a Subsidiary of an Obligated Party, and, in the case of (x) any domestic Subsidiary or (y), any foreign Subsidiary with EBITDA or assets that compromise more than five percent (5%) of the total EBITDA or assets, as applicable, of Borrower and its Subsidiaries as a whole, promptly thereafter (and any event within ten (10) days) cause such Person to (a) become a Guarantor by executing and delivering to Lender a Guaranty, (b) execute and deliver all Security Documents requested by Lender pledging to Lender for the benefit of the Secured Parties all of its Property constituting Collateral (subject to such exceptions as Lender may permit in its sole discretion) and take all actions required by Lender to grant to Lender for the benefit of the Secured Parties a perfected first priority security interest in such Property, including the filing of Uniform Commercial Code financing statements (or similar financing statements) in such jurisdictions as may be requested by Lender and the execution and delivery of account control agreements to the extent required under the Security Documents, (c) deliver all documentation and other information regarding such newly formed or acquired Subsidiary as may be required to comply with the applicable "know your customer" rules and regulations, including the Patriot Act and (d) deliver to Lender such other documents and instruments as Lender may require, including appropriate favorable opinions of counsel to such Person in form, content and scope reasonably satisfactory to Lender.

7.14 **Keepwell**

. Borrower hereby absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Obligated Party with respect to such Hedge Obligations as may be needed by such Specified Obligated Party from time to time to honor all of its obligations under its Guaranty and the other Loan Documents in respect of such Hedge Obligations and to cause such Specified Obligated Party to be an Eligible Contract Participant with respect to all Hedge Obligations (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering Borrower's obligations and undertakings under this Section 7.14 voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of Borrower under this Section 7.14 shall remain in full force and effect until the Obligations have been indefeasibly paid and performed in full. Borrower intends this Section 7.14 to constitute, and this Section 7.14 shall be deemed to constitute, a Guarantee of the obligations of, and a "keepwell, support, or other agreement" (as defined in the Commodity Exchange Act) for the benefit of, each Specified Obligated Party for all purposes of the Commodity Exchange Act.

7.15 **Covenants Relating to Collateral**

(a) General:

(i) Records and Reports. The Obligated Parties shall maintain complete and accurate books and records with respect to the Collateral, and furnish to Lender such reports relating to the Collateral as Lender shall from time to time reasonably request. Each Obligated Party shall mark its books and records to reflect the security interest of Lender under this Agreement and the Obligated Parties shall promptly update any Schedules if any information therein shall become inaccurate or incomplete. The failure of property descriptions to be accurate or complete on any Schedule shall not impair Lender's security interest in such property.

(ii) Financing Statements; Defense of Title. The Obligated Parties will deliver to Lender all financing statements and execute and deliver control agreements and other Documents and take such other actions as may from time to time as may be reasonably requested by Lender in order to maintain a first priority perfected security interest in, and where applicable, Control of, the Collateral. The Obligated Parties shall take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of Lender in the Collateral and the priority thereof against any Lien not expressly permitted hereunder.

(iii) Change in Location, Jurisdiction of Organization or Name. No Obligated Party shall (A) have any of its Inventory, Equipment, Fixtures or Proceeds or products thereof at a location other than a location specified on Schedule 7.15(a) (excluding Inventory or Equipment in transit or located at customer sites in the ordinary course of business), (B) maintain a place of business at a location other than a location specified on Schedule 7.15(a), (C) change its name or taxpayer identification number, (D) change its mailing address, or (E) change its jurisdiction of organization, unless Borrower shall have given Lender not less than thirty (30) days' prior written notice thereof, and Lender shall have determined that such change shall not adversely affect the validity, perfection or priority of Lender's security interest in the Collateral. Prior to making any of the foregoing changes, the applicable Obligated Party shall execute and deliver all such additional Documents and perform all additional acts as Lender, in its reasonable discretion, may request in order to continue or maintain the existence and priority of its security interest in all of the Collateral.

(b) Accounts.

(i) Collection of Accounts. Except as otherwise provided in this Agreement, each Obligated Party shall collect and enforce, at Borrower's sole cost and expense, all amounts due or hereafter due to such Obligated Party under any of its Accounts. No Obligated Party shall make or agree to make any discount, credit, rebate or other reduction in the original amount owing to it on an Account or accept in satisfaction of an Account less than the original amount thereof, except that, prior to the occurrence of an Event of Default, an Obligated Party may reduce the amount of Accounts arising from the sale of its Inventory or the performance of services in accordance with its present policies and in the ordinary course of business.

(ii) Verification of Accounts. Lender shall have the right, and so long as no Event of Default exists and is continuing, upon reasonable notice and at reasonable times hereafter, in its name or in the name of a nominee of Lender, to verify the validity, amount or any other matter relating to any of the Obligated Parties' Accounts, by mail, telephone, electronic mail or otherwise. The Obligated Parties shall deliver to Lender immediately upon its request on or after the occurrence of an Event of Default duplicate invoices with respect to each of the Obligated Parties' Accounts bearing such language of assignment as Lender shall specify.

(iii) Notice to Account Debtor. Lender may, in its sole discretion, at any time or times prior to or following the occurrence of an Event of Default, and without prior notice to any Obligated Party (A) notify any or all account debtors that such Obligated Party's Accounts have been assigned to Lender and that Lender has a security interest therein, and/or (B) direct any or all account debtors to make all payments upon any Account directly to Lender. Prior to the occurrence of an Event of Default, Lender shall not exercise the rights set forth in this subsection (iii) except to the extent reasonably necessary to preserve or protect its Lien in the Accounts.

(c) Inventory and Equipment.

(i) Maintenance of Goods. Borrower shall do all things necessary to maintain, preserve, protect and keep its Inventory and Equipment in good repair and working and saleable condition.

(ii) Safekeeping Covenants. Lender shall not be responsible for: (A) the safekeeping of Borrower's Inventory or Equipment; (B) any loss or damage thereto or destruction thereof occurring or arising in any manner or fashion from any cause; (C) any diminution in the value of its Inventory or Equipment; or (D) any act or default of any carrier, warehouseman, bailee or forwarding agency or any other Person in any way dealing with or handling its Inventory or Equipment. All risk of loss, damage, distribution or diminution in value of the Inventory and Equipment shall be borne by Borrower.

(iii) Records and Schedules. Borrower shall keep correct and accurate daily records on a basis reasonably acceptable to Lender, itemizing and describing the kind, type, quality and quantity of its Inventory and Equipment and other information reasonably requested by Lender. A physical count of Borrower's Inventory shall be conducted no less often than annually and a report based on such count of Inventory, if requested by Lender, shall be provided to Lender within five (5) Business Days thereof, together with such supporting information, as Lender shall request.

(iv) Certificates of Title. With respect to any item of Borrower's Equipment which is covered by a certificate of title and indication of a security interest on such certificate is required as a condition of perfection, upon the request of Lender, Borrower shall cause Lender's security interest to be properly indicated thereon.

(d) Possession of Instruments, Chattel Paper and Investment Property. Each Obligated Party shall deliver to Lender the originals (now and hereafter received by any Obligated Party) of all Chattel Paper, certificated Investment Property and Instruments of such Obligated Party, endorsed or assigned, if required by Lender, in favor of Lender, and, if required by Lender, shall mark such with a legend indicating that it is subject to the security interest granted hereunder.

(e) Investment Property.

(i) If any Collateral is uncertified Investment Property or held by a securities intermediary, each applicable Obligated Party shall take any actions necessary to cause (x) the issuers of uncertificated securities which is Collateral, and (y) any financial intermediary which is the holder of any Investment Property, to cause Lender to have Control over such Collateral, as contemplated by the UCC, through a control agreement or similar arrangement which is satisfactory to Lender.

(ii) Each Obligated Party shall permit any Collateral which is registerable to be registered in Lender's, or its nominee's, name.

(iii) Without the prior written consent of Lender, no Obligated Party shall vote to enable nor take any other action to: (a) amend or terminate any Constituent Document in any way that materially changes the rights of such Obligated Party with respect to any Investment Property or adversely affects the validity, perfection or priority of Lender's security interest; (b) permit any issuer of any Pledged Equity Interest to issue any additional Equity Interests except as permitted hereunder or, dispose of all or a material portion of its assets or divide, merge or consolidate with any other Person; (c) waive any default under or breach of any terms of Constituent Document relating to the issuer of any Pledged Equity Interest; or (d) cause any issuer (other than a corporation) of any Pledged Equity Interests which are not securities for purposes of the UCC on the date hereof to elect or otherwise take any action to cause such Pledged Equity Interests to be treated as securities for purposes of the UCC; provided, however, notwithstanding the foregoing, if any issuer of any Pledged Equity Interests takes any such action in violation of the foregoing in this clause (e), each Obligated Party shall promptly notify Lender in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish Lender's Control thereof.

(iv) Each Obligated Party shall comply with all of its obligations under any Constituent Document relating to Pledged Equity Interests and shall enforce in all material respects its rights with respect to any Investment Property.

(v) To the extent the consent of any Obligated Party, whether in its capacity as a partner, member, general partner, managing member, shareholder, issuer, or otherwise, is required for the transfer, conveyance, or encumbrance of all or any portion of the Pledged Equity Interests in any partnership or limited liability company, each Obligated Party hereby irrevocably (a) consents to the grant of the security interests herein, (b) consents to the transfer or conveyance of the Pledged Equity Interests pursuant to Lender's exercise of its rights and remedies following the occurrence and during the continuance of an Event of Default under this Agreement or any of the other Loan Documents, at law or in equity, (c) consents to the admission of Lender, its nominees, or any other transferee of any Pledged Equity Interest as a partner (including as the general partner) or member (including as the managing member) of such partnership or limited liability company, and (d) agrees that all terms and conditions in the constituent documents applicable to the pledge of any Pledged Equity Interest, the enforcement thereof, the transfer of any Pledged Equity Interest or the admission of Lender, its nominees, or any other transferee of any Pledged Equity Interest as a partner (including as the general partner) or member (including as the managing member) of such partnership or limited liability company have been satisfied or waived. Lender hereby irrevocably agrees not to vote to amend the applicable constituent documents to provide that its equity interests are securities governed by Article 8 of the UCC, and hereby agrees and acknowledges that any such vote shall be invalid and any such amendment shall be void ab initio.

(vi) Prior to the occurrence of an Event of Default, each Obligated Party is entitled to exercise all voting rights pertaining to any Investment Property; provided, however, that no vote shall be cast or consent, waiver, or ratification given or action taken without the prior written consent of Lender which would (i) be inconsistent with or violate any provision of this Agreement or any other Loan Document, (ii) amend, modify, or waive any term, provision or condition of the certificate of incorporation, bylaws, certificate of formation, or other charter document, or other agreement relating to, evidencing, providing for the issuance of, or securing any Collateral, or (iii) result in a dilution of such Obligated Party's ownership interest outside the ordinary course of business; and provided further that such Obligated Party shall give Lender at least five (5) Business Days' prior written notice for any action outside the ordinary course of business in the form of an officers' certificate of the manner in which it intends to exercise, or the reasons for refraining from exercising, any voting or other consensual rights pertaining to the Collateral or any part thereof which might have a material adverse effect on the value of the Collateral or any part thereof.

(vii) On or after the occurrence of an Event of Default, with regard to Investment Property which constitute Collateral, (i) each Obligated Party shall provide to Lender all cash and stock dividends which are distributed by the issuer and (ii) if Lender elects to exercise such right, the right to vote with respect to any Investment Property shall be vested exclusively in Lender (or its nominee). To this end, each Obligated Party hereby irrevocably constitutes and appoints Lender the proxy and attorney in fact of such Obligated Party with full power of substitution, to vote, and to act with respect to, any and all Collateral that is Investment Property standing in the name of such Obligated Party or with respect to which such Obligated Party is entitled to vote and act, subject to the understanding that such proxy may not be exercised unless an Event of Default has occurred. The proxy herein granted is coupled with an interest, is irrevocable, and shall continue until the termination of this Agreement.

(f) Deposit Accounts, Commodity Accounts and Securities Accounts. With respect to any Obligated Party's Deposit Accounts, commodity accounts or securities accounts (other than Excluded Accounts), each Obligated Party shall (a) notify each institution with whom it maintains such accounts of Lender's Lien and (b) cause each such institution to acknowledge such Lien and execute a control account agreement or similar arrangement in a form reasonably acceptable to Lender. Without Lender's consent, no Obligated Party shall establish any additional accounts (other than Excluded Accounts, so long as Borrower provides prompt notice to Lender following establishment of any such Excluded Account), unless such accounts are subject to Lender's exclusive Control.

(g) Intellectual Property. Each Obligated Party shall prosecute diligently all applications in respect of Intellectual Property, now or hereafter pending. Except to the extent not required in such Obligated Party's reasonable business judgment, each Obligated Party shall (i) make federal applications on all of its unpatented but patentable inventions and all of its registrable but unregistered copyrights and trademarks, (ii) preserve and maintain all of its material rights in its Intellectual Property and protect it from infringement, unfair competition, cancellation, or dilution by all appropriate action and (iii) maintain the quality of any and all products and services with respect to which its Intellectual Property is used. No Obligated Party shall (i) abandon any of the Intellectual Property necessary to the conduct of its business, (ii) sell or assign any of its interest in any of its Intellectual Property other than in the ordinary course of business for full and fair consideration without the prior written consent of Lender, or (iii) grant any license or sublicense with respect to any of its material Intellectual Property.

7.16 **Use and Operation of Collateral**

. Should any Collateral come into the possession of Lender following the occurrence and during the continuance of an Event of Default, or pursuant to a court order, Lender may use or operate such Collateral for the purpose of preserving it or its value, pursuant to the order of a court of appropriate jurisdiction or in accordance with any other rights held by Lender in respect of such Collateral. Each Obligated Party covenants to promptly reimburse and pay to Lender, at Lender's request, the amount of all reasonable and documented expenses (including the cost of any insurance and payment of taxes or other charges) incurred by Lender in connection with its custody and preservation of the Collateral, and all such expenses, costs, taxes, and other charges shall bear interest at the Default Interest Rate (only if an Event of Default has occurred and is continuing) until repaid and, together with such interest, shall be payable by Borrower to Lender upon demand and shall become part of the Obligations. However, the risk of accidental loss or damage to, or diminution in value of, the Collateral is on Borrower, and Lender shall have no liability whatever except for losses resulting from Lender's gross negligence or willful misconduct for failure to obtain or maintain insurance, nor to determine whether any insurance ever in force is adequate as to amount or as to the risks insured. With respect to the Collateral that is in the possession of Lender, Lender shall have no duty to fix or preserve rights against prior parties to such Collateral and shall never be liable for any failure to use diligence to collect any amount payable in respect of such Collateral, but shall be liable only to account to Lender for what it may actually collect or receive thereon. The provisions of this subparagraph are applicable whether or not an Event of Default has occurred.

7.17 **Post-Closing Covenant**

. The Obligated Parties shall execute and deliver the documents and take each action set forth on Schedule 7.17, in each case within the applicable corresponding time limits specified on such schedule.

ARTICLE 8

NEGATIVE COVENANTS

Each Obligated Party covenants and agrees that until the Obligations have been Paid in Full, without the prior written consent of the Lender (which may granted or withheld in the Lender's sole and absolute discretion for any reason or for no reason):

8.1 **Debt**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, incur, create, assume, or permit to exist any Debt, except

(a) the Obligations,

(b) Hedge Obligations permitted by Section 8.16,

(c) purchase money Debt and Finance Lease Obligations not to exceed $5,000,000 in the aggregate at any time outstanding,

(d) Subordinated Debt; provided that at the time of incurring such Subordinated Debt, the Leverage Ratio, on a pro forma basis after giving effect to such Subordinated Debt as of the most recently ended Test Period, is not greater than 2.00 to 1.00;

(e) other Debt not to exceed $500,000 in the aggregate at any time outstanding; and

(f) unsecured performance bonds, surety bonds, bid bonds, and similar instruments (including letters of credit related thereto), in each case not constituting an obligation for borrowed money and issued in the ordinary course of business, not to exceed $2,000,000 in the aggregate at any time outstanding.

8.2 **Limitation on Liens**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries or ERISA Affiliates to, incur, create, assume, or permit to exist any Lien upon any of its Property, assets, or revenues, whether now owned or hereafter acquired, except:

(a) Liens created pursuant to any Loan Document in favor of the Secured Parties to secure the Obligations;

(b) purchase money Liens on specific Property to secure Debt used to acquire such Property and Liens securing Finance Lease Obligations with respect to specific leased Property to the extent such obligations are permitted under Section 8.1(c);

(c) encumbrances consisting of minor easements, zoning restrictions, or other restrictions on the use of real Property that do not (individually or in the aggregate) materially affect the value of the assets encumbered thereby or materially impair the ability of any Obligated Party or its Subsidiaries to use or operate such assets in their respective businesses, and none of which is violated in any material respect by existing or proposed structures or land use or operation;

(d) Liens for taxes, assessments, or other governmental charges which are not delinquent or which are being contested in good faith by appropriate proceedings diligently pursued and for which adequate reserves in accordance with GAAP have been established and for which such contest operates to suspend the enforcement of any foreclosure or levy on any Property of any Obligated Party or any of its Subsidiaries; and

(e) Liens of mechanics, materialmen, warehousemen, carriers, or other similar statutory Liens securing obligations incurred in the ordinary course of business that are not yet due or which are being contested in good faith by appropriate proceedings diligently pursued and for which adequate reserves in accordance with GAAP have been established and for which such contest operates to suspend the enforcement of any foreclosure or levy on any Property of any Obligated Party or any of its Subsidiaries.

8.3 **Mergers, Etc.**

No Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, divide, become a party to a merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets of any Person or any shares or other evidence of beneficial ownership of any Person, or wind-up, dissolve, or liquidate, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing, (a) any Subsidiary may merge or consolidate with (i) Borrower so long as Borrower is the surviving entity, or (ii) another Subsidiary so long as if a Subsidiary that is a Guarantor is involved in such merger or consolidation, such Guarantor is the surviving entity, (b) any Subsidiary may dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to Borrower or to another Subsidiary that is a wholly-owned Subsidiary; provided that if the transferor in such transaction is an Obligated Party, then the transferee must be an Obligated Party, (c) an Obligated Party may form or acquire a Subsidiary to the extent permitted under Sections 8.5 and 8.15, and (d) (i) solely in connection with a Permitted Acquisition, any Person may merge or consolidate with or into any Obligated Party provided such Obligated Party shall be the surviving entity and (ii) any Obligated Party may acquire all or substantially all of the assets of any Person or all of the Equity Interests of any Person pursuant to a Permitted Acquisition.

8.4 **Restricted Payments**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, declare or make any Restricted Payment, or incur any obligation (contingent or otherwise) to make any Restricted Payment, except (a) to or in favor of Borrower; (b) annually, but only so long as Borrower is treated as a partnership, disregarded entity or other pass-through entity for federal income tax purposes, Borrower may make Permitted Tax Distributions, provided that no Default exists or will exist after giving effect to the payment thereof; and (c) repurchases of Equity Interests of Borrower, so long as after giving effect to any such repurchase, (i) no Default has occurred and is continuing and (ii) the Leverage Ratio, on a pro forma basis after giving effect to such repurchase as of the most recently ended Test Period, is not greater than 1.00 to 1.00.

8.5 **Loans and Investments**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, make, hold or maintain, any advance, loan, extension of credit, or capital contribution to or investment in, Guarantee any obligations of, or purchase any stock, bonds, notes, debentures, or other securities of, any Person, or consummate any Acquisition, except

(a) Permitted Acquisitions;

(b) investments consisting of Hedge Agreements permitted under Section 8.16;

(c) readily marketable direct obligations of the United States of America or any agency thereof with maturities of one (1) year or less from the date of acquisition;

(d) fully insured certificates of deposit with maturities of one (1) year or less from the date of acquisition issued by either (i) any commercial bank operating in the United States of America having capital and surplus in excess of $50,000,000.00 or (ii) Lender;

(e) commercial paper of a domestic issuer if at the time of purchase such paper is rated BBB- by S&P or Baa3 by Moody's or higher;

(f) investments (other than Acquisitions) in Subsidiaries that are, or substantially contemporaneously with the making of such investment will become, Guarantors;

(g) (i) investments (other than Acquisitions), loans or advances made by any Obligated Party or any Subsidiary of any Obligated Party to any Obligated Party or substantially contemporaneously with the making of such investment will become an Obligated Party in compliance with Section 7.13, (ii) investments (other than Acquisitions), loans or advance by any Obligated Party to any Subsidiary that is a non-Obligated Party so long as the aggregate amount of such investments, loans or advances outstanding at any time shall not exceed $1,000,000 or (iii) investments (other than Acquisitions), loans or advances made by any Subsidiary that is a non-Obligated Party to any other Subsidiary that is a non-Obligated Party;

(h) existing investments described on Schedule 8.5; and

(i) other investments (excluding (i) Guarantees of Debt or other obligations and (ii) Acquisitions) made in cash in an amount not to exceed $1,500,000 in the aggregate at any time outstanding.

8.6 **Limitation on Issuance of Equity**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, issue, sell, assign, or otherwise dispose of any of its Equity Interests, other than (a) to Borrower or another Obligated Party, (b) in connection with a Permitted Acquisition, (c) to the extent otherwise constituting a Restricted Payment permitted under Section 8.4(a), (d) issuances by Borrower of Equity Interests to the extent not constituting a Change of Control, including public offerings, private placements, at-the-market offerings, issuances pursuant to shelf registrations and issuances under employee equity or incentive plans, provided that the applicable Obligated Party shall provide notice to Lender within five (5) Business Days thereof; or (e) any Disqualified Equity Interests, in each case, other than to an Obligated Party.

8.7 **Transactions With Affiliates**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, enter into any transaction, including the purchase, sale, or exchange of Property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate of Borrower or such Subsidiary, except (a) in the ordinary course of and pursuant to the reasonable requirements of Borrower's or such Subsidiary's business, pursuant to a transaction which is otherwise expressly permitted under this Agreement, and upon fair and reasonable terms no less favorable to Borrower or such Subsidiary than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate of Borrower or such Subsidiary, including compensation arrangements, equity incentive plans, employment and severance agreements, director compensation, indemnification obligations and insurance arrangements approved by the Board of Directors, (b) transactions solely among Obligated Parties and (c) Restricted Payments permitted under Section 8.4.

8.8 **Disposition of Assets**

1.1.1 . No Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, sell, lease, assign, transfer, or otherwise dispose of any of its assets, including any deemed transfer as a result of a division of an Obligated Party, except (a) dispositions of inventory in the ordinary course of business, (b) dispositions, for fair value, of worn-out and obsolete equipment not necessary or useful to the conduct of business, (c) dispositions from any Obligated Party or any of its Subsidiaries to any other Obligated Party, (d) dispositions of cash and cash equivalents in connection with any transaction not prohibited under this Agreement, (e) the write-off, discount, sale or other disposition of defaulted or past-due receivables and similar obligations in the ordinary course of business and not undertaken as part of an accounts receivable financing transaction, and (f) other dispositions (other than with respect to any Accounts) not otherwise permitted under this Section 8.8; provided that, in the case of this clause (f), (i) no Default shall have occurred and be continuing or would result therefrom, both before and after giving effect thereto, (ii) one hundred percent (100%) of the consideration received in respect to any such disposition shall be cash, (iii) the consideration received shall be equal to or greater than the fair market value thereof (as reasonably determined by a Responsible Officer of Borrower and if requested by Lender, Borrower shall deliver a certificate of a Responsible Officer of Borrower certifying to that effect); and (iv) the aggregate fair market value (as reasonably determined by Borrower in good faith) of all Property disposed of pursuant to this clause (f) in any fiscal year of Borrower shall not exceed $1,000,000; provided, further, that in the case of any disposition permitted under clauses (b) or (f) of this Section 8.8, Borrower shall use the net proceeds of such disposition to make the mandatory prepayment of Loans to the extent required pursuant to Section 3.2(c).

Notwithstanding anything to the contrary herein, in no event shall any Obligated Party sell, transfer, assign, distribute, contribute or otherwise dispose of any material Intellectual Property to any Person that is not an Obligated Party other than to the extent constituting non-exclusive outbound licenses of Intellectual Property granted by the Obligated Parties in the ordinary course of business and not interfering in any respect with the ordinary conduct of or materially detracting from the value of the business of the Obligated Parties and their Subsidiaries.

8.9 **Sale and Leaseback**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, enter into any arrangement with any Person pursuant to which it leases from such Person real or personal Property that has been or is to be sold or transferred, directly or indirectly, by it to such Person.

8.10 **Prepayment of Debt**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, make any optional or voluntary payment, prepayment, repurchase or redemption of any Debt for borrowed money, except for (i) the Obligations, and (ii) Subordinated Debt and other Debt, so long as after giving effect to any such payment, (i) no Default has occurred and is continuing and (ii) the Leverage Ratio, on a pro forma basis after giving effect to such repurchase as of the most recently ended Test Period, is not greater than 1.00 to 1.00.

8.11 **Nature of Business**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, engage in any business other than the businesses in which they are engaged as of the date hereof and other businesses that are reasonably related, incidental or complementary thereto, including any business permitted in connection with a Permitted Acquisition. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, make any material change in its credit collection policies if such change would materially impair the collectability of any Account, nor will it rescind, cancel or modify any Account except in the ordinary course of business.

8.12 **Environmental Protection**

. Except as could not otherwise be expected to result in a Material Adverse Event, no Obligated Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly (a) use (or permit any tenant to use) any of their respective Properties or assets for the handling, processing, storage, transportation, or disposal of any Hazardous Material, (b) generate any Hazardous Material, (c) conduct any activity that is likely to cause a Release or threatened Release of any Hazardous Material, or (d) otherwise conduct any activity or use any of their respective Properties or assets in any manner that is likely to violate any Environmental Law or create any Environmental Liabilities for which Borrower or any of its Subsidiaries would be responsible.

8.13 **Accounting**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, change its fiscal year or make any change (a) in accounting treatment or reporting practices, except as required by GAAP and disclosed to Lender, or (b) in tax reporting treatment, except as required by Law and disclosed to Lender.

8.14 **No Negative Pledge**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, enter into or permit to exist any arrangement or agreement, other than pursuant to this Agreement or any other Loan Document, which directly or indirectly prohibits Borrower, any of its Subsidiaries, or any Obligated Party from creating or incurring a Lien on any of its Property, revenues, or assets, whether now owned or hereafter acquired, or the ability of any of its Subsidiaries, or any Obligated Party to make any payments, directly or indirectly, to Borrower by way of dividends, distributions, advances, repayments of loans, repayments of expenses, accruals, or otherwise.

8.15 **Subsidiaries**

. Neither Borrower nor any other Obligated Party shall, directly or indirectly, form or acquire any Subsidiary unless such Subsidiary is a wholly-owned Subsidiary and (a) in the case of a domestic Subsidiary, Borrower or such other Obligated Party complies with the requirements of Section 7.13 and (b) and in the case of a foreign Subsidiary, Borrower or such other Obligated Party promptly delivers written notice to Lender of such formation or acquisition and complies with the requirements of Section 7.13 to the extent required thereby.

8.16 **Hedge Agreements**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, enter into any Hedge Agreement, except (a) Hedge Agreements entered into in the ordinary course of business to hedge or mitigate interest rate risks or other financial risks incidental to the Loans to which such Obligated Party or any Subsidiary of such Obligated Party has actual exposure which have terms and conditions acceptable to Lender, and (b) other Hedge Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of any Obligated Party or any of its Subsidiaries.

8.17 **OFAC; Anti-Corruption Laws**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, (a) fail to comply with the Laws referred to in Section 6.20, or (b) directly or indirectly use or distribute any proceeds of any Loan (i) in any manner in violation of any Anti-Corruption Law, (ii) to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person, or (iii) in any other manner that will result in any violation by any Person (including Lender) of any Anti-Terrorism Laws, Anti-Corruption Laws or any Sanctions.

8.18 **Amendment of Constituent Documents and Material Agreements**

. No Obligated Party shall, nor shall it permit any of its Subsidiaries to, (a) violate the provisions of its Constituent Documents, or (b) modify, repeal, replace or amend any provision of, or waive any of its rights under, its Constituent Documents or any Material Agreement, in each case, in a manner materially adverse to the interests of Lender, without the prior written consent of Lender.

ARTICLE 9

FINANCIAL COVENANTS

Borrower covenants and agrees that until the Obligations have been Paid in Full:

9.1 **Leverage Ratio**

. Borrower shall not permit as of the last day of any fiscal quarter the ratio of all Debt of Borrower and its Subsidiaries, on a consolidated basis, as of such date, to EBITDA, for Borrower and its Subsidiaries (the "Leverage Ratio"), on a consolidated basis, for the Test Period ending on the last day of such fiscal quarter, to be greater than 1.50 to 1.00; provided that, notwithstanding anything to the contrary set forth in this Section 9.1, (a) in connection with any Permitted Acquisition with consideration in excess of $5,000,000, upon the election of Borrower by written notice to Lender (which notice shall be delivered to Lender on or before the date by which the Compliance Certificate required under Section 7.1(c) for the fiscal quarter of Borrower in which the Permitted Acquisition is consummated is required to be delivered), the maximum Leverage Ratio permitted by this Section 9.1 for the Acquisition Holiday Period shall be automatically increased to 1.75 to 1.00, (b) following the expiration of the Acquisition Holiday Period, the maximum Leverage Ratio permitted shall be automatically decreased to 1.50 to 1.00, (c) only one election of the Acquisition Holiday Period shall be in effect at any given time, and such election shall not be made in consecutive fiscal quarters, and (d) there shall be no more than two (2) Acquisition Holiday Periods during the term of this Agreement.

9.2 **Fixed Charge Coverage Ratio**

. Borrower shall not permit, as of the last day of any fiscal quarter, the Fixed Charge Coverage Ratio, in each case for Borrower and its Subsidiaries, on a consolidated basis, for the Test Period ending on the last day of such fiscal quarter, to be less than 1.25 to 1.00.

ARTICLE 10

DEFAULT

10.1 **Events of Default**

. Each of the following shall be deemed an "Event of Default":

(a) Borrower shall fail to pay the Obligations or any part thereof shall not be paid when due or declared due, and other than with respect to payments of principal, such failure shall continue unremedied for three (3) days after such payment became due;

(b) Borrower shall fail to provide to Lender timely any notice of Default as required by Section 7.1.(g) or Borrower or any other Obligated Party or any of their Subsidiaries shall breach any provision of Sections 4.3, 7.2, 7.5, 7.6, 7.13, 7.15, 7.17 or Article 8 or Article 9 of this Agreement;

(c) Any representation or warranty made or deemed made by or on behalf of any Obligated Party (or any of their respective officers) in any Loan Document or in any certificate, report, notice, or Financial Statement furnished at any time in connection with this Agreement or any other Loan Document shall be false, misleading, or erroneous in any material respect (without duplication of any materiality qualifier contained therein) when made or deemed to have been made;

(d) Borrower, any of its Subsidiaries, or any other Obligated Party shall fail to perform, observe, or comply with any covenant, agreement, or term contained in this Agreement or any other Loan Document (other than as covered by Sections 10.1(a) or (b)), and such failure continues for more than fifteen (15) days following the earlier of (x) the date upon which an Obligated Party becomes aware of such failure or (y) the receipt of written notice thereof from Lender to such Obligated Party;

(e) Borrower, any of its Subsidiaries, or any other Obligated Party shall commence a voluntary proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or a substantial part of its Property or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it or shall make a general assignment for the benefit of creditors or shall generally fail to pay its debts as they become due or shall take any corporate action to authorize any of the foregoing;

(f) An involuntary proceeding shall be commenced against Borrower, any of its Subsidiaries, or any other Obligated Party seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official for it or a substantial part of its Property, and such involuntary proceeding shall remain undismissed and unstayed for a period of thirty (30) days;

(g) Borrower, any of its Subsidiaries, or any other Obligated Party shall fail to pay when due any principal of or interest on any Debt beyond any applicable grace period (other than the Obligations), or the maturity of any such Debt shall have been accelerated, or any such Debt shall have been required to be prepaid, repurchased, defeased or redeemed prior to the stated maturity thereof, or any event shall have occurred that permits (or, with the giving of notice or lapse of time or both, would permit) any holder or holders of such Debt or any Person acting on behalf of such holder or holders to accelerate the maturity thereof or require any such prepayment, repurchase, defeasance or redemption or to require the cash collateralization thereof;

(h) This Agreement or any other Loan Document shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by Borrower, any of its Subsidiaries, any other Obligated Party or any of their respective equity holders, or Borrower or any other Obligated Party shall deny that it has any further liability or obligation under any of the Loan Documents, or any Lien created by the Loan Documents shall for any reason cease to be a valid, first priority perfected Lien (subject to Liens permitted under Section 8.2 that have priority over the Liens in favor of Lender under applicable Law or that are expressly permitted to have priority over such Liens pursuant to the terms of the Loan Documents) upon any of the Collateral purported to be covered thereby;

(i) Any Obligated Party or any ERISA Affiliate of an Obligated Party shall adopt, maintain, sponsor or contribute to any Plan or acquire 80% of more of the Equity Interests of an entity which has adopted, maintained, sponsored or contributed to any Plan;

(j) Borrower, any Guarantor or any other Obligated Party that is an individual shall have died or have been declared incompetent by a court of proper jurisdiction;

(k) Borrower, any of its Subsidiaries, or any other Obligated Party, or any of their Properties, revenues, or assets, shall become subject to an order of forfeiture, seizure, or divestiture (whether under RICO or otherwise) and the same shall not have been discharged within thirty (30) days from the date of entry thereof;

(l) Borrower, any of its Subsidiaries, or any other Obligated Party shall become a Sanctioned Person;

(m) The occurrence of a Change of Control;

(n) Borrower, any of its Subsidiaries, or any other Obligated Party shall fail to discharge within a period of thirty (30) days after the commencement thereof any attachment, sequestration, or similar proceeding or proceedings involving an aggregate amount in excess of $1,000,000 against any of its assets or Properties;

(o) A final judgment or judgments for the payment of money in excess of $1,000,000 in the aggregate shall be rendered by a court or courts against Borrower, any of its Subsidiaries, or any other Obligated Party and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within thirty (30) days from the date of entry thereof and Borrower, such Subsidiary, or such Obligated Party shall not, within such period of thirty (30) days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal;

(p) There shall occur an Early Termination Date (as defined in a Hedge Agreement) under any Hedge Agreement to which any Obligated Party or Subsidiary of an Obligated Party is a party resulting from (1) any event of default under such Hedge Agreement to which any Obligated Party or any Subsidiary of any Obligated Party is the Defaulting Party (as defined in such Hedge Agreement), or (2) any Termination Event (as so defined) under such Hedge Agreement as to which any Obligated Party or any Subsidiary of any Obligated Party is an Affected Party (as so defined) and, in either event, the Hedge Termination Value, if any, owed by any Obligated Party or any Subsidiary of any Obligated Party as a result thereof exceeds $1,000,000; or

(q) Lender determines that a Material Adverse Event has occurred.

10.2 **Remedies Upon Default**

. If any Event of Default shall occur and shall not have been waived, then Lender may without notice terminate the Commitment or declare the Obligations or any part thereof to be immediately due and payable, or both, and the same shall thereupon become immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by Borrower; provided, however, that upon the occurrence of an Event of Default under Section 10.1(e) or (f), the Commitment shall automatically terminate, and the Obligations shall become immediately due and payable, in each case without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by Borrower. In addition to the foregoing, if any Event of Default shall occur and shall not have been waived, Lender may exercise all rights and remedies available to it in Law or in equity, under the Loan Documents, or otherwise, including those set forth in Article 11 of this Agreement.

10.3 **Application of Funds**

. After, or in connection with, the exercise of remedies provided for in Section 10.2 (or after the Loans have automatically become immediately due and payable), any amounts received on account of the Obligations shall be applied by Lender in such order as it elects in its sole discretion. Excluded Hedge Obligations with respect to any Obligated Party shall not be paid with the amounts received from such Obligated Party or its assets but appropriate adjustments shall be made with respect to payments from other Obligated Parties to preserve the allocation to Obligations as determined by Lender.

10.4 **Performance by Lender**

. If any Obligated Party shall fail to perform any covenant or agreement contained in any of the Loan Documents, then Lender may (but shall have no obligation to) perform or attempt to perform such covenant or agreement on behalf of such Obligated Party. In such event, Borrower shall, at the request of Lender, promptly pay to Lender any amount expended by Lender in connection with such performance or attempted performance, together with interest thereon at the Default Interest Rate from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that Lender shall not have any liability or responsibility for the performance of any covenant, agreement, or other obligation of Borrower or any other Obligated Party under this Agreement or any other Loan Document.

10.5 **Cash Collateral**

. On and after the occurrence and during the continuance of an Event of Default, Lender shall have, and Borrower hereby grants to Lender, the right and authority to transfer all funds on deposit in any of its Deposit Accounts (other than Excluded Accounts) to a "Cash Collateral Account" (herein so called) maintained with Lender or another depository institution acceptable to Lender and subject to the exclusive direction, domain, and Control of Lender, and no disbursements or withdrawals shall be permitted to be made by Borrower from such Cash Collateral Account. Such Cash Collateral Account shall be subject to the security interest in favor of Lender herein created, and each Borrower hereby grants a security interest to Lender in and to, such Cash Collateral Account and all checks, drafts, and other items ever received by Borrower for deposit therein. Furthermore, if an Event of Default has occurred, Lender shall have the right, at any time in its discretion without notice to Borrower, (a) to transfer to or to register in the name of Lender or nominee any certificates of deposit or deposit instruments constituting Deposit Accounts and shall have the right to exchange such certificates or Instruments representing Deposit Accounts for certificates or Instruments of smaller or larger denominations and (b) to take and apply against the Obligations any and all funds then or thereafter on deposit in the Cash Collateral Account or otherwise constituting Deposit Accounts. Borrower shall pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of cash collateral.

10.6 **Right to Cure**

. Notwithstanding anything to the contrary contained in Sections 10.1 or 10.2, in the event that Borrower fails to comply with the requirements of the Financial Covenants as of the last day of any fiscal quarter of Borrower, at any time after the last day of such fiscal quarter until the expiration of the tenth (10th) Business Day following the date on which the financial statements with respect to such fiscal quarter are required to be delivered pursuant to Section 7.1(b), Borrower or any other Person that is a direct or indirect parent of Borrower shall have the right to issue common Equity Interests for cash or otherwise receive cash contributions to the capital of Borrower as cash common Equity Interests (collectively, the "Cure Right"), and upon the receipt by Borrower of the net cash proceeds of such issuance that are not otherwise applied (the "Cure Amount"), pursuant to the exercise by Borrower of such Cure Right such Financial Covenants shall be recalculated giving effect to the following pro forma adjustment:

(a) EBITDA shall be increased with respect to such applicable fiscal quarter and any four (4) fiscal quarter period that contains such fiscal quarter, solely for the purpose of measuring the Financial Covenants and not for any other purpose under this Agreement, by an amount equal to the Cure Amount;

(b) if, after giving effect to the foregoing pro forma adjustment, Borrower shall then be in compliance with the requirements of the Financial Covenants, Borrower shall be deemed to have satisfied the requirements of the Financial Covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Financial Covenants that had occurred shall be deemed cured for the purposes of this Agreement;

(c) notwithstanding anything herein to the contrary, (i) in each four (4) consecutive fiscal quarter period of Borrower there shall be at least two (2) fiscal quarters in which the Cure Right is not exercised, (ii) during the term of this Agreement, the Cure Right shall not be exercised more than four (4) times, (iii) the Cure Amount shall be no greater than the amount required for purposes of complying with the Financial Covenants and any amounts in excess thereof shall not be deemed to be a Cure Amount, (iv) there shall be no pro forma reduction in Debt with the proceeds of any Cure Amount, and (v) the Cure Amount shall be included in the calculation only after calculating EBITDA on an annualized basis without giving effect to such increase (i.e., the Cure Amount shall not be annualized). Notwithstanding any other provision in this Agreement to the contrary, the Cure Amount received pursuant to any exercise of the Cure Right shall be disregarded for purposes of determining the satisfaction of any Default or Event of Default condition, any financial ratio-based conditions or tests, pricing or any available basket under Article 8 of this Agreement; and

(d) to the extent that the proceeds of the Cure Amount are used to repay Debt, such Debt shall not be deemed to have been repaid for purposes of calculating any Financial Covenant for the four (4) fiscal quarter period ending on (and including) the last day of the fiscal reporting period for which Borrower is requesting to cure a Financial Covenant Event of Default.

ARTICLE 11

CERTAIN RIGHTS AND REMEDIES OF LENDER

11.1 **Other Remedies**

. In addition to the remedies described in Section 10.2 above, if any Event of Default shall occur and shall not have been waived, then Lender may, from time to time, at its sole discretion, and without notice to any Obligated Party (except as expressly provided in any of the Loan Documents), do any one or more of the following: (a) exercise any Right available to Lender under any Loan Document, applicable Law, or in equity, (b) exercise any Right available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or any other applicable Law when a debtor is in default under a security agreement, (c) require the Obligated Parties to, and each Obligated Party hereby agrees that it shall at its expense and upon request by Lender, assemble all or any part of the Collateral as directed by Lender and make it (along with any books and record pertaining thereto) available to Lender at a place to be designated by Lender which is reasonably convenient to both parties, (d) reduce its claim to judgment or foreclose or otherwise enforce, in whole or in part, the security interest granted hereunder or by any of the other Loan Documents by any available judicial or nonjudicial procedure, (e) sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at its office, on the premises of Borrower or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Lender may deem commercially reasonable, (f) buy the Collateral, or any portion thereof, at (i) any public sale or (ii) at any private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, and/or (g) retain the Collateral in satisfaction of the Obligations whenever the circumstances are such that the Lender is entitled to do so under the UCC or otherwise.

11.2 **Sale of Collateral**

. Each Obligated Party hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable Law, any notice made shall be deemed reasonable if sent to Borrower, addressed as set forth in the signature page hereof, at least ten (10) days prior to (a) the date of any public sale, or (b) the time after which any such private sale or other disposition may be made. Lender shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. Subject to the provisions of applicable Law, Lender may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, to the extent permitted by Law, be made at the time and place to which the sale was postponed, or Lender may further postpone such sale by announcement made at such time and place. Lender has no obligation to clean-up or otherwise prepare the Collateral for sale. Neither Lender's compliance with any applicable Law in the conduct of any sale, or its disclaimer of any warranties relating to the Collateral, shall be considered to affect the commercial reasonableness of such sale. Lender may specifically disclaim any warranties of title or the like in connection with any sale of the Collateral. Each Obligated Party hereby waives (to the extent permitted by Law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any Law now existing or hereafter enacted.

11.3 **Non-Judicial Remedies**

. In granting Lender the power to enforce its Rights hereunder without prior judicial process or judicial hearing, each Obligated Party expressly waives, renounces and knowingly relinquishes any legal right which might otherwise require Lender to enforce its rights by judicial process. Borrower recognizes and concedes that non-judicial remedies are consistent with the usage of trade, are responsive to commercial necessity and are the result of a bargain at arm's length. Nothing herein is intended to prevent Lender or Borrower from resorting to judicial process at either party's option.

11.4 **Sales on Credit**

. If Lender sells any of the Collateral upon credit, Borrower shall be credited only with payments actually made by the purchaser, received by Lender and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Lender may resell the Collateral and Borrower shall be credited with the proceeds of the sale.

11.5 **Application of Funds/Proceeds**

. On and after the occurrence of an Event of Default, Lender may apply any amounts received by Lender or held by Lender as Collateral or received by Lender in respect of any sale or other disposition of, collection from, or other realization upon, all or any part of the Collateral, to the Obligations (or any part thereof) in such order and manner as Lender elects in its sole discretion.

11.6 **Deficiency**

. In the event that the proceeds of any sale of, collection from, or other realization upon, all or any part of the Collateral by Lender are insufficient to pay all amounts to which Lender is legally entitled, the Obligated Parties shall be jointly and severally liable for the deficiency, together with interest thereon as provided for in the Loan Documents.

11.7 **Waivers/Other Recourse**

. Each Obligated Party waives (a) any right to require Lender to proceed against any third party, exhaust any Collateral or other security for the Obligations, or to have any third party joined with Borrower or any other Obligated Party in any suit arising out of the Obligations or any of the Loan Documents, or pursue any other remedy available to Lender; (b) any and all notice of acceptance of this Agreement; (c) any and all notice of the creation, modification, rearrangement, renewal or extension of the Obligations; (d) any and all notice of presentment, demand for payment, protest, notice of protest and nonpayment, notice of intent to accelerate, notice of acceleration with respect to the Obligations and notice of any other action; (e) to the fullest extent permitted by Law, all rights to the benefits of any moratorium, reinstatement, marshaling, forbearance, valuation, stay, extension, redemption, appraisement, exemption and homestead now or hereafter provided by the constitution and laws of the United States of America and of each state thereof, both as to itself and in and to all of its Property, against the enforcement and collection of the Obligations; and (f) any defense arising by reason of any disability or other defense of any third party or by reason of the cessation from any cause whatsoever of the liability of any third party. Until all of the Obligations shall have been indefeasibly paid and performed in full, the Obligated Parties shall have no right of subrogation against each other and each Obligated Party waives the right to enforce any remedy which Lender has or may hereafter have against any third party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by Lender. Each Obligated Party authorizes Lender, without notice or demand and without any reservation of rights against such Obligated Party and without affecting such party's liability hereunder or on the Obligations, to (a) take or hold any other property of any type from any third party as security for the Obligations, and exchange, enforce, waive and release any or all of such other property, (b) apply such other property and direct the order or manner of sale thereof as Lender may determine, (c) renew, extend, accelerate, modify, compromise, settle or release any of the Obligations or security therefore, (d) waive, enforce or modify any of the provisions of any of the Loan Documents executed by any third party, and (e) release or substitute any third party.

11.8 **Obligated Parties' Receipt of Proceeds**

. On and after the occurrence of an Event of Default, all amounts and proceeds (including instruments and writings) received by any Obligated Party in respect of any of the Collateral shall be received in trust for the benefit of Lender hereunder and, upon the written request of Lender, shall be segregated from other property of the Obligated Parties and shall be forthwith delivered to Lender in the same form as so received (with any necessary endorsement) and applied to the Obligations in accordance with the Loan Documents.

11.9 **Use and Possession of Certain Premises**

. On and after the occurrence of an Event of Default, Lender shall be entitled to occupy and use any premises owned or leased by any Obligated Party where any of the Collateral or any records relating to the Collateral are located until the Obligations are Paid in Full or the Collateral is removed therefrom, whichever first occurs, without any obligation to pay any Obligated Party for such use and occupancy.

11.10 **License**

. Lender is hereby granted an irrevocable, nonexclusive license or other right to use, license, or sublicense, on and after the occurrence of an Event of Default, without charge, each Obligated Party's Intellectual Property, including labels, rights of use of any name, trade names, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Collateral. On and after the occurrence of an Event of Default, each Obligated Party's rights under all licenses and all franchise agreements shall inure to Lender's benefit.

11.11 **Power of Attorney**

. Each Obligated Party hereby appoints Lender and Lender's designee as such Obligated Party's attorney-in-fact, such power of attorney being coupled with an interest, with full authority in the place and stead of and in the name of the Obligated Party or otherwise, subject to applicable Law, from time to time to take any action and to execute any instrument which Lender may deem necessary or appropriate to accomplish the purposes of the Loan Documents, including: (a) to obtain and adjust insurance required by Lender hereunder; (b) to file any claims or take any action or institute any proceedings which Lender may deem necessary or appropriate for the collection and/or preservation of the Collateral or otherwise to enforce the rights of Lender with respect to the Collateral; (c) to sign such Obligated Party's name on any invoice, bill of lading, warehouse receipt, or other negotiable or non-negotiable Document constituting Collateral, on drafts against customers, on assignments of Accounts, on notices of assignment, financing statements, and other public records, and to file any such financing statements by electronic means with or without a signature as authorized or required by applicable Law or filing procedure; (d) to complete in such Obligated Party's or Lender's name, any order, sale, or transaction, obtain the necessary Documents in connection therewith, and collect the Proceeds thereof; (e) on and after the occurrence of an Event of Default, (i) to demand, collect, sue for, recover, compound, receive and give acquaintance and receipts for moneys due and to become due under or in respect of the Collateral, (ii) to endorse such Obligated Party's name on any checks, notes, acceptances, money orders, or other forms of payment or security that come into Lender's possession, and (iii) to notify the post office authorities to change the address for delivery of such Obligated Party's mail to an address designated by Lender, have access to any lock box or postal box into which any of such Obligated Party's mail is deposited, and open and dispose of all mail addressed to such Obligated Party; (f) to send requests for verification of any of such Obligated Party's Accounts to customers or account debtors; (g) on and after the occurrence of an Event of Default, with respect to any Account of such Obligated Party, to (i) exercise and enforce all of such Obligated Party's rights with respect to such Account, including, but not limited to demand payment on account thereof, enforce payment thereof by legal proceedings or otherwise, (ii) sell or assign any Account upon such terms, for such amount and at such time or times as Lender deems advisable; (iii) settle, adjust, compromise, extend, renew, discharge or release an Account, (iv) take control in any manner of any item of payment or proceeds thereof; and (v) prepare, file and sign such Obligated Party's name on any proof of claim in Bankruptcy or other similar document against an account debtor; (h) to the extent that any Obligated Party's authorization otherwise provided herein is not sufficient, to execute (where applicable) and file such financing statements with respect to this Agreement, or to file a photocopy of this Agreement in substitution for a financing statement, as Lender may deem appropriate; (i) to act on such Obligated Party's behalf as permitted by any of the Loan Documents; and (j) to do all acts and things which are necessary, in Lender's sole discretion, (i) to fulfill Borrower's obligations or exercise Lender's rights under the Loan Documents, or (ii) to carry out the terms and conditions of the Loan Documents. The rights granted by this Section 11.11 to Lender as power of attorney shall be in addition to and not in place of any other rights grated to Lender herein or in any of the other Loan Documents. This power, being coupled with an interest, is irrevocable until the Obligations have been Paid in Full.

11.12 **Performance by Lender**

. Should any covenant, duty, or agreement of any Obligated Party fail to be performed in accordance with the terms of any of the Loan Documents, Lender may, at its option, perform or attempt to perform such covenant, duty, or agreement on behalf of such Obligated Party. In such event, any amount expended by Lender in such performance or attempted performance, together with interest thereon at the Maximum Rate from the date of such expenditure by Lender until paid, shall be and become a part of the Obligations and, at the request of Lender, immediately paid by Borrower. Notwithstanding the foregoing, it is expressly understood that Lender shall not have any liability or responsibility for the performance of any covenant, duties, or agreements or other obligations of Borrower or any other Obligated Party hereunder or any other Loan Document or in connection with all or any part of the Collateral.

11.13 **Appointment of Receiver**

. On and after the occurrence of an Event of Default, Lender shall be entitled to exercise the right to appoint or seek appointment of a receiver, custodian, or trustee of Borrower or any of the Collateral pursuant to an order by any Governmental Authority, and each Obligated Party consents to such appointment and shall not oppose Lender's efforts to obtain such receiver, custodian, or trustee.

11.14 **Diminution in Collateral Value**

. Lender does not assume, and shall never have, any liability or responsibility for any loss or diminution in the value of all or any part of the Collateral.

11.15 **Lender Not in Control**

. None of the covenants or other provisions contained in this Agreement shall, or shall be deemed to, give Lender the Right to exercise control over the affairs and/or management of Borrower, the power of Lender being limited to the Right to exercise the remedies provided in this Article; provided however, if Lender becomes the owner of any ownership interest of any Person, whether through foreclosure or otherwise, Lender shall be entitled to exercise such Rights as it may have by virtue of being an owner of such Person.

11.16 **Equitable Relief**

. Each Obligated Party recognizes that in the event Borrower fails to pay, perform, observe, or discharge any or all of the Obligations, any remedy at law may prove to be inadequate relief to Lender. Each Obligated Party therefore agrees that Lender, if Lender so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

11.17 **Waivers**

. The acceptance of Lender at any time and from time to time of part payment on the Obligations shall not be deemed to be a waiver of any Event of Default then existing. No waiver by Lender of any Event of Default shall be deemed to be a waiver of any other then-existing or subsequent Event of Default. No waiver by Lender of any of its Rights hereunder, in the other Loan Documents, or otherwise shall be considered a waiver of any other or subsequent Right of Lender. No delay or omission by Lender in exercising any Right under the Loan Documents shall impair such Right or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such Right preclude other or further exercise thereof, or the exercise of any other Right under the Loan Documents or otherwise.

11.18 **Collection of Accounts**

. On and after the occurrence and during the continuance of an Event of Default, Lender may at any time in its sole discretion, by giving Borrower at least one (1) Business Day's advance written notice, elect to require that its Accounts be paid directly to Lender. In such event, Borrower shall, and shall permit Lender to, direct the account debtors to make payment of all amounts then or thereafter due under any of Borrower's Accounts directly to Lender. Upon receipt of any such notice from Lender, Borrower shall thereafter segregate and hold in trust for Lender, all amounts and Proceeds received by it with respect to the Accounts and immediately and at all times thereafter deliver to Lender all such amounts and Proceeds in the same form as so received, whether by cash, check, draft or otherwise, with any necessary endorsements. If after the occurrence of an Event of Default, any account debtor fails or refuses to make payment on any Collateral when due, Lender is authorized, in its sole discretion, either in its own name or in the name of Borrower, to take such action as Lender shall deem appropriate for the collection of any amounts owed with respect to Collateral or upon which a delinquency exists. Borrower agrees that Lender may at any time and from time to time, if an Event of Default has occurred, compromise with the obligor on any Account, accept in full payment of any Account such amount as Lender in its sole discretion shall determine or abandon any Account, and any such action by Lender shall be commercially reasonable so long as Lender acts in good faith based on information known to it at the time it takes any such action. Regardless of any other provision hereof, however, Lender shall never be liable for its failure to collect, or for its failure to exercise diligence in the collection of, any amounts owed with respect to Collateral, nor shall it be under any duty whatsoever to anyone except Borrower to account for funds that it shall actually receive hereunder.

11.19 **Record Ownership of Securities**

. On and after the occurrence and during the continuance of an Event of Default, Lender at any time may have any Collateral that is Pledged Equity Interests and that is in the possession of Lender, or its nominee or nominees, registered in its name, or in the name of its nominee or nominees, as Lender.

11.20 **Investment Related Property**

. Borrower recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (collectively, the "Securities Act") and applicable state securities Laws, with respect to any Investment Property that is Collateral, Lender may be compelled, with respect to any sale of all or any part of such Investment Property (as permitted hereunder) conducted without prior registration or qualification of such Investment Property under the Securities Act and/or such state securities Laws, to limit purchasers to those who will agree, among other things, to acquire the Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Borrower acknowledges that any such private sale may be at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances, Borrower agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner, taking into account applicable securities law constraints. Borrower agrees that Lender shall have no obligation to engage in public sales and no obligation to delay the sale of any Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities Laws, even if such issuer would, or should, agree to so register it. If Lender determines to exercise its right to sell any or all of the Investment Property, upon written request, Borrower shall and shall cause each issuer of any Pledged Equity Interests to be sold hereunder to furnish to Lender all such information as Lender may request in order to determine the number and nature of interest, shares or other Instruments included in the Investment Property which may be sold by Lender in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder. In case of any sale of all or any part of the Investment Property on credit or for future delivery, such Collateral so sold may be retained by Lender until the selling price is paid by the purchaser thereof, but Lender shall not incur any liability in case of the failure of such purchaser to take up and pay for such assets so sold and in case of any such failure, such Collateral may again be sold upon like notice. Lender, instead of exercising the power of sale herein conferred upon them, may proceed by a suit or suits at Law or in equity to foreclose security interests created hereunder and sell such Investment Property, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

11.21 **Cumulative Rights**

. All Rights available to Lender hereunder shall be cumulative of and in addition to all other Rights granted to Lender under the other Loan Documents, or at Law or in equity, whether or not the Obligations be due and payable and whether or not Lender shall have instituted any suit for collection, foreclosure, or other action under or in connection with the Loan Documents. The exercise of one or more of such Rights shall not prejudice or impair the concurrent or subsequent exercise of any other Rights.

ARTICLE 12

MISCELLANEOUS

12.1 **Expenses**

. Borrower hereby agrees to pay on demand: (a) all reasonable and documented costs and expenses of Lender and its Related Parties in connection with (i) the preparation, negotiation, execution, delivery, administration and servicing of the Loan Documents and any and all amendments, modifications, renewals, extensions, supplements, waivers, consents and ratifications thereof and thereto, including the fees and expenses of legal counsel, advisors, consultants, and auditors for Lender and its Related Parties, (ii) due diligence, appraisals, audits and field examinations related to the Obligated Parties and their assets, and (iii) transfer or recording costs of any kind (including transfer, stamp, documentary or similar taxes) related to the Loan Documents, (b) all costs and expenses of Lender in connection with any Default, the enforcement of any Loan Document or any right or remedy thereunder or other realization upon any Collateral, or any litigation, dispute, suit, proceeding or action arising from or related to the Obligations or any Loan Document, including court costs and the fees and expenses of legal counsel, advisors, consultants and experts for Lender and (c) the protection of its interests in bankruptcy, insolvency or other legal proceedings or in any workout or restructuring. Any amount to be paid under this Section 12.1 shall be a demand obligation owing by Borrower and if not paid within thirty (30) days of demand shall bear interest, to the extent not prohibited by and not in violation of applicable Law, from the date of expenditure until paid at the Default Interest Rate.

12.2 **INDEMNIFICATION**

. EACH OBLIGATED PARTY SHALL INDEMNIFY LENDER AND EACH AFFILIATE THEREOF AND ITS AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AND AGENTS (COLLECTIVELY, THE "INDEMNIFIED PARTIES" AND INDIVIDUALLY AN "INDEMNIFIED PARTY") FROM, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (A) ANY OF THE LOAN DOCUMENTS INCLUDING THE NEGOTIATION, EXECUTION, DELIVERY, PERFORMANCE, ADMINISTRATION, OR ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS, (B) ANY OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN DOCUMENTS, (C) ANY BREACH BY ANY OBLIGATED PARTY OF ANY REPRESENTATION, WARRANTY, COVENANT, OR OTHER AGREEMENT CONTAINED IN ANY OF THE LOAN DOCUMENTS, (D) ANY ACTION TAKEN OR NOT TAKEN BY LENDER (OR ANY TRUSTEE UNDER ANY SECURITY DOCUMENT) THAT IS ALLOWED OR PERMITTED UNDER ANY OF THE LOAN DOCUMENTS, INCLUDING THE PROTECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST, OR OTHER RIGHT, REMEDY, OR RECOURSE CREATED OR AFFORDED BY THE LOAN DOCUMENTS OR AT LAW OR IN EQUITY, (E) ANY DISPUTE AMONG OR BETWEEN ANY OF THE OBLIGATED PARTIES OR BETWEEN OR AMONG ANY PARTNERS, VENTURERS, EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS, MANAGERS, TRUSTEES, OR OTHER RESPONSIBLE PARTIES OF BORROWER IF BORROWER IS A GENERAL PARTNERSHIP, LIMITED PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY, ASSOCIATION, TRUST, OR OTHER BUSINESS ENTITY, (F) THE PRESENCE, RELEASE, THREATENED RELEASE, DISPOSAL, REMOVAL, OR CLEANUP OF ANY HAZARDOUS MATERIAL LOCATED ON, ABOUT, WITHIN, OR AFFECTING ANY OF THE PROPERTIES OR ASSETS OF BORROWER OR ANY OF ITS SUBSIDIARIES OR ANY OTHER OBLIGATED PARTY, (G) ANY LOAN OR THE USE OR PROPOSED USE OF THE PROCEEDS OF ANY LOAN OR (H) ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING ANY THREATENED OR PROSPECTIVE INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, RELATING TO ANY OF THE FOREGOING WHETHER BROUGHT OR INITIATED BY A THIRD PARTY OR BY BORROWER OR ANY OTHER OBLIGATED PARTY. WITHOUT LIMITING ANY PROVISION OF THIS AGREEMENT OR OF ANY OTHER LOAN DOCUMENT, IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO THAT THE INDEMNIFIED PARTIES BE INDEMNIFIED FROM AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) ARISING OUT OF OR RESULTING FROM THE STRICT LIABILITY, SOLE CONTRIBUTORY OR ORDINARY NEGLIGENCE OF ANY OF THE INDEMNIFIED PARTIES; provided, however, that such indemnification shall not apply to the extent such losses, liabilities, claims, damages, penalties, judgments, disbursements, costs, or expenses result primarily from the gross negligence or willful misconduct of any Indemnified Party, as determined by a final, non-appealable judgment of a court of competent jurisdiction.

LENDER MAY EMPLOY AN ATTORNEY OR ATTORNEYS OF ITS OWN CHOOSING TO PROTECT OR ENFORCE ITS RIGHTS, REMEDIES, AND RECOURSES, AND TO ADVISE AND DEFEND THE INDEMNIFIED PARTIES WITH RESPECT TO THOSE ACTIONS AND OTHER MATTERS. BORROWER SHALL REIMBURSE LENDER FOR THE REASONABLE AND DOCUMENTED ATTORNEYS' FEES AND EXPENSES (INCLUDING EXPENSES AND COSTS FOR EXPERTS AND/OR CONSULTANTS) OF THE INDEMNIFIED PARTIES IMMEDIATELY ON RECEIPT OF WRITTEN DEMAND FROM LENDER, WHETHER ON A MONTHLY OR OTHER TIME INTERVAL, AND WHETHER OR NOT AN ACTION IS ACTUALLY COMMENCED OR CONCLUDED. ALL OTHER REIMBURSEMENT AND INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT SHALL BECOME DUE AND PAYABLE WHEN ACTUALLY INCURRED BY LENDER OR ANY OF THE OTHER THE INDEMNIFIED PARTIES. ANY PAYMENTS NOT MADE WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND FROM LENDER SHALL BEAR INTEREST AT THE DEFAULT INTEREST RATE FROM THE DATE OF THAT DEMAND UNTIL FULLY PAID. THE PROVISIONS OF THIS SECTION 12.2 SHALL SURVIVE REPAYMENT AND PERFORMANCE OF THE OBLIGATIONS, THE RELEASE OF ANY LIENS SECURING THE OBLIGATIONS, ANY FORECLOSURE (OR ACTION IN LIEU OF FORECLOSURE), THE TRANSFER BY BORROWER OF ANY OF ITS RIGHTS, TITLE, AND INTERESTS IN OR TO ANY COLLATERAL SECURING THE OBLIGATIONS, AND THE EXERCISE BY LENDER OF ANY OR ALL REMEDIES SET FORTH IN ANY LOAN DOCUMENT.

12.3 **Limitation of Liability**

. Neither Lender nor any Affiliate, officer, director, employee, attorney, or agent of Lender shall have any liability with respect to, and Borrower, for itself and on behalf of each other Obligated Party, hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages (including any claim for loss of profits, revenue or business) suffered or incurred by Borrower or any other Obligated Party, however caused and based on any theory of liability in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents or the conduct, acts, or omissions of Lender or any of its agents in the negotiation, administration, or enforcement thereof. Borrower, for itself and on behalf of each other Obligated Party, hereby waives, releases, and agrees not to sue Lender or any of Lender's Affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents or the conduct, acts, or omissions of Lender or any of its agents in the negotiation, administration, or enforcement of this Agreement or any of the other Loan Documents.

12.4 **No Duty**

. All attorneys, accountants, appraisers, and other professional Persons and consultants retained by Lender shall have the right to act exclusively in the interest of Lender and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to any Obligated Party or any Obligated Party's equity holders, Affiliates, officers, employees, attorneys, agents, or any other Person.

12.5 **Lender Not Fiduciary**

. The relationship between Borrower and each other Obligated Party on the one hand, and Lender on the other hand, is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with any Obligated Party or any direct or indirect owner, officer, manager, director, officer, employee or representative thereof, and no term or condition of any of the Loan Documents shall be construed so as to deem the relationship between Borrower and each other Obligated Party on the one hand and Lender on the other hand to be other than that of debtor and creditor. Borrower and Lender are not partners or joint venturers.

12.6 **Equitable Relief**

. Each Obligated Party recognizes that in the event Borrower or any other Obligated Party fails to pay, perform, observe, or discharge any or all of the Obligations, any remedy at law may prove to be inadequate relief to Lender. Each Obligated Party therefore agrees that Lender, if Lender so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

12.7 **No Waiver; Cumulative Remedies**

. No failure on the part of Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, remedy, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights and remedies provided for in this Agreement and the other Loan Documents are cumulative and not exclusive of any rights and remedies provided by Law.

12.8 **Successors and Assigns**

. This Agreement shall be binding upon and inure to the benefit of the Obligated Parties, Lender and their respective successors and assigns, except that no Obligated Party may assign or transfer any of its rights, duties, or obligations under this Agreement or the other Loan Documents without the prior written consent of Lender (and any attempted assignment or transfer by an Obligated Party without such consent shall be null and void). Lender may assign this Agreement and the other Loan Documents without the consent of any Obligated Party. Lender shall provide Borrower with prompt written notice of any assignment (other than a pledge to a Federal Reserve Bank). No term or provision of this Agreement shall inure to the benefit of any Person other than the Obligated Parties and Lender and their respective successors and assigns; consequently, no Person other than the Obligated Parties and Lender and their respective successors and assigns, shall be entitled to rely upon, or to raise as a defense, in any manner whatsoever, the failure of an Obligated Party or Lender to perform, observe, or comply with any such term or provision.

12.9 **Survival**

. All covenants, representations and warranties made in this Agreement or any other Loan Document or in any document, statement, or certificate furnished in connection with this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and no investigation by Lender or any closing shall affect the representations and warranties or the right of Lender to rely upon them. Notwithstanding anything contained herein to the contrary and without prejudice to the survival of any other obligation of any Obligated Party hereunder, the obligations of Borrower under Sections 12.1, 12.2, and 12.3 shall survive the termination of this Agreement, the full repayment and satisfaction of the Obligations and termination of the Commitment.

12.10 **Amendment**

. Except as provided in Section 2.2(c), this Section 12.10 or other express provision of this Agreement or other Loan Document, as applicable, the provisions of this Agreement or any other Loan Document (except to the extent otherwise expressly provided therein, if applicable) may be amended or waived only by an instrument in writing signed by the parties hereto or thereto; provided, however, that no Guarantor consent shall be required for any amendment to this Agreement save and except for any amendment to Article 4 hereof that would impact such Guarantor or its assets. Additional Persons may join this Agreement as additional Borrowers or Guarantors hereunder and become bound by the terms hereof by executing such joinder documentation as such Person and Lender may mutually agree without the need for consent or execution by any other party hereto.

12.11 **Notices**

(a) Unless otherwise expressly provided herein and subject to Section 12.11(b), all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission) and mailed, faxed or delivered, to the address, or facsimile number specified for notices below the signatures hereon or to such other address as shall be designated by such party in a notice to the other parties. All such other notices and other communications shall be deemed to have been given or made upon the earliest to occur of (a) actual receipt by the intended recipient or (b)(i) if delivered by hand or courier, when signed for by the designated recipient; (ii) if delivered by mail, three (3) Business Days after deposit in the mail, postage prepaid; (iii) if delivered by nationally recognized courier (e.g., Federal Express or UPS), when delivered according to the records of such courier; (iv) if delivered by e-mail, as described below and (v) if delivered by facsimile, when received as established by the sending Person's receipt of its facsimile machine's confirmation of successful transmission; provided, however, that notices and other communications pursuant to Article 2 shall not be effective until actually received by Lender.

(b) Notices and other communications to Lender hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by Lender. Lender may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such e-mail or other electronic communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

12.12 **Governing Law; Venue; Service of Process**

. This Agreement AND ANY CONTROVERSY, DISPUTE, CLAIM OR CAUSE OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, ANY BREACH THEREOF, the transactions contemplated thereby, OR ANY OTHER DISPUTE BETWEEN OR AMONG LENDER AND ANY OF THE OBLIGATED PARTIES (whether in contract, tort or otherwise) shall be governed by and construed in accordance with the laws of the State of Texas; provided that Lender shall retain all rights under federal law. This Agreement has been entered into in DALLAS County, Texas, and is performable for all purposes in DALLAS County, Texas. The parties hereby agree that any lawsuit, action, or proceeding that is brought (whether in contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the transactions contemplated thereby, or the actS, conduct, OR OMISSIONs of Lender OR ANY OF ITS AGENTS, SUCCESSORS OR ASSIGNS OR OF ANY OF THE OBLIGATED PARTIES in the negotiation, administration or enforcement of any of the Loan Documents shall be brought in a state or federal court of competent jurisdiction located in DALLAS County, Texas. Borrower and each other obligated party hereby irrevocably and unconditionally (a) submits to the exclusive jurisdiction of such courts, (b) waives any objection it may now or hereafter have as to the venue of any such lawsuit, action, or proceeding brought in any such court, and (c) further waives any claim that it may now or hereafter have that any such court is an inconvenient forum. Each of the parties hereto agree that service of process upon it may be made by certified or registered mail, return receipt requested at the address for notices REFERENCED in Section 12.11 hereof OR BY ANY OTHER METHOD PERMITTED UNDER APPLICABLE LAW.

12.13 **Counterparts**

. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Except as provided in Section 5.1, this Agreement shall become effective when it shall have been executed by Lender and when Lender shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement.

12.14 **Severability**

. Any provision of this Agreement or any other Loan Document held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Agreement and the effect thereof shall be confined to the provision held to be invalid or illegal. Furthermore, in lieu of such invalid or unenforceable provision there shall be added as a part of this Agreement or such other Loan Document a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and legal, valid and enforceable.

12.15 **Headings**

. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.16 **Assignments; Participations; Etc.**

Lender shall have the right at any time and from time to time, without the consent of, or prior notice to, Borrower or any other Obligated Party, to grant participations in, or assign, sell and/or transfer all or any part of, the Obligations and any Loan Documents. Each actual or proposed participant or assignee, as the case may be, shall be entitled to receive all information received by Lender regarding Borrower and its Subsidiaries, including information required to be disclosed to a participant or assignee pursuant to Banking Circular 181 (Rev., August 2, 1984), issued by the Comptroller of the Currency (whether the actual or proposed participant or assignee is subject to the circular or not). Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release Lender from any of its obligations hereunder or substitute any such pledgee or assignee for Lender as a party hereto.

12.17 **Construction**

. Each Obligated Party and Lender acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement and the other Loan Documents with its legal counsel and that this Agreement and the other Loan Documents shall be construed as if jointly drafted by Borrower and Lender.

12.18 **Independence of Covenants**

. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or such condition exists.

12.19 **WAIVER OF JURY TRIAL**

. THE PARTIES ACKNOWLEDGE THAT THE RIGHT TO A TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT SUCH RIGHT MAY BE WAIVED. LENDER AND EACH OBLIGATED PARTY, AFTER CONSULTING (OR HAVING THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, HEREBY KNOWINGLY, VOLUNTARILY, IRREVOCABLY, AND EXPRESSLY WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING IN ANY WAY TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY OR THE CONDUCT, ACTS OR OMISSIONS OF LENDER OR ANY OBLIGATED PARTY IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.19.

12.20 **Additional Interest Provision**

. It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply strictly with the applicable Law governing the maximum rate or amount of interest payable on the indebtedness evidenced by any Note, any Loan Document, and the Related Indebtedness (or applicable United States federal Law to the extent that it permits Lender to contract for, charge, take, reserve or receive a greater amount of interest than under applicable Law). If the applicable Law is ever judicially interpreted so as to render usurious any amount (a) contracted for, charged, taken, reserved or received pursuant to any Note, any of the other Loan Documents or any other communication or writing by or between Borrower and Lender related to the transaction or transactions that are the subject matter of the Loan Documents, (b) contracted for, charged, taken, reserved or received by reason of Lender's exercise of the option to accelerate the maturity of any Note and/or any and all indebtedness paid or payable by Borrower to Lender pursuant to any Loan Document other than any Note (such other indebtedness being referred to in this Section as the "Related Indebtedness"), or (c) Borrower will have paid or Lender will have received by reason of any voluntary prepayment by Borrower of any Note and/or the Related Indebtedness, then it is Borrower's and Lender's express intent that all amounts charged in excess of the Maximum Rate shall be automatically canceled, ab initio, and all amounts in excess of the Maximum Rate theretofore collected by Lender shall be credited on the principal balance of any Note and/or the Related Indebtedness (or, if any Note and all Related Indebtedness have been or would thereby be paid in full, refunded to Borrower), and the provisions of any Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable Law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder; provided, however, if any Note or Related Indebtedness has been paid in full before the end of the stated term thereof, then Borrower and Lender agree that Lender shall, with reasonable promptness after Lender discovers or is advised by Borrower that interest was received in an amount in excess of the Maximum Rate, either refund such excess interest to Borrower and/or credit such excess interest against such Note and/or any Related Indebtedness then owing by Borrower to Lender. Borrower hereby agrees that as a condition precedent to any claim seeking usury penalties against Lender, Borrower will provide written notice to Lender, advising Lender in reasonable detail of the nature and amount of the violation, and Lender shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Borrower or crediting such excess interest against the Note to which the alleged violation relates and/or the Related Indebtedness then owing by Borrower to Lender. All sums contracted for, charged, taken, reserved or received by Lender for the use, forbearance or detention of any debt evidenced by any Note and/or the Related Indebtedness shall, to the extent permitted by applicable Law, be amortized or spread, using the actuarial method, throughout the stated term of such Note and/or the Related Indebtedness (including any and all renewal and extension periods) until payment in full so that the rate or amount of interest on account of any Note and/or the Related Indebtedness does not exceed the Maximum Rate from time to time in effect and applicable to such Note and/or the Related Indebtedness for so long as debt is outstanding. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving tri-party accounts) apply to the Notes and/or any of the Related Indebtedness. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Lender to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

12.21 **Ceiling Election**

. To the extent that Lender is relying on Chapter 303 of the Texas Finance Code to determine the Maximum Rate payable on any such Note and/or any other portion of the Obligations, Lender will utilize the weekly ceiling from time to time in effect as provided in such Chapter 303. To the extent United States federal Law permits Lender to contract for, charge, take, receive or reserve a greater amount of interest than under Texas Law, Lender will rely on United States federal Law instead of such Chapter 303 for the purpose of determining the Maximum Rate. Additionally, to the extent permitted by applicable Law now or hereafter in effect, Lender may, at its option and from time to time, utilize any other method of establishing the Maximum Rate under such Chapter 303 or under other applicable Law by giving notice, if required, to Borrower as provided by applicable Law now or hereafter in effect.

12.22 **USA Patriot Act Notice**

. Lender hereby notifies Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies Borrower and each other Obligated Party, which information includes the name and address of Borrower and each other Obligated Party and other information that will allow Lender to identify Borrower and each other Obligated Party in accordance with the Patriot Act. In addition, Borrower agrees to (a) ensure that no Person who owns a controlling interest in or otherwise controls Borrower or any Subsidiary of Borrower is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the OFAC, the Department of the Treasury or included in any executive order, (b) not to use or permit the use of proceeds of the Obligations to violate any of the foreign asset control regulations of the OFAC or any enabling statute or executive order relating thereto, and (c) comply, or cause its Subsidiaries to comply, with all applicable Laws.

12.23 **Privacy Waiver**

. LENDER MAY RECEIVE FROM AND DISCLOSE TO ANY PERSON (INCLUDING ANY AFFILIATE OF LENDER OR CREDIT REPORTING AGENCY), FOR ANY PURPOSE, INFORMATION ABOUT EACH OBLIGATED PARTY'S ACCOUNTS, CREDIT APPLICATION AND CREDIT EXPERIENCE WITH LENDER OR SUCH PERSON. EACH OBLIGATED PARTY AUTHORIZES SUCH DISCLOSURE AND AUTHORIZES SUCH PERSON TO DISCLOSE TO LENDER ANY INFORMATION RELATED TO AN OBLIGATED PARTY'S ACCOUNT, CREDIT APPLICATION, AND CREDIT EXPERIENCE. THIS SHALL BE A CONTINUING AUTHORIZATION FOR ALL PRESENT AND FUTURE DISCLOSURES OF EACH OBLIGATED PARTY'S ACCOUNT INFORMATION, CREDIT APPLICATION AND CREDIT EXPERIENCE MADE BY LENDER OR ANY PERSON REQUESTED TO RELEASE SUCH INFORMATION TO LENDER.

12.24 **Payments Set Aside**

. To the extent that any payment by or on behalf of Borrower or any other Obligated Party is made to Lender, or Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any bankruptcy, insolvency, or other Laws of general application relating to the enforcement of creditors' rights or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred. The provisions of this Section 12.24 shall survive the payment in full of the Obligations and the termination of this Agreement.

12.25 **Lender's Consent or Approval**

. Except where otherwise expressly provided in the Loan Documents, in any instance where the approval, consent or the exercise of judgment of Lender is required, the granting or denial of such approval or consent and the exercise of such judgment shall be (a) within the sole discretion of Lender, and (b) deemed to have been given only by a specific writing intended for the purpose and executed by Lender. Each provision for consent, approval, inspection, review, or verification by Lender is for Lender's own purposes and benefit only.

12.26 **Cross-Collateralization and Cross-Default**

. Lender contemplates that Lender may have engaged or may, from time to time, engage in various loan transactions with one or more of the Obligated Parties and from time to time other circumstances may arise in which an Obligated Party becomes obligated to Lender, including transactions of a type that are very different from the transactions evidenced by the Loan Documents, including by notes, advances, overdrafts, bookkeeping entries, guaranty agreements, deeds of trust, or any other method or means (each a "Loan Obligation"). Unless otherwise agreed in writing, each Obligated Party agrees that all such transactions shall be secured by the Collateral, and that the Obligations arising under this Agreement and the other Loan Documents shall be secured by any collateral granted in connection with such Loan Obligation. Unless otherwise agreed in writing, if any default occurs and is continuing under any Loan Obligation, then Lender may declare an Event of Default and an Event of Default shall be a default under such Loan Obligation. Lender's failure to exercise cross-defaults shall not constitute a waiver by Lender of such right.

12.27 **Electronic Execution of Loan Documents**

. The words "execute", "execution", "signed", "signature", and words of like import in or related to this Agreement or any other Loan Document or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, the electronic matching of assignment terms and contract formations on electronic platforms approved by Lender, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act or any other similar state Laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. Notwithstanding anything contained herein to the contrary, Lender is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by Lender pursuant to procedures approved by it; provided that without limiting the foregoing, (a) to the extent Lender has agreed to accept such Electronic Signature from any party hereto, Lender and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (b) upon the request of Lender, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof.

12.28 **NOTICE OF FINAL AGREEMENT**

. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Remainder of Page Intentionally Left Blank;
Signature Page Follows]

EXECUTED to be effective as of the date first written above.

BORROWER:

BYRNA TECHNOLOGIES, INC.

By: _____
Print: Laurilee Kearnes
Title: Chief Financial Officer

Address for Notices:
100 Burtt Road, Suite 115
Andover, Massachusetts 01810
Attention: Lauirlee Kearnes
Email: LKearnes@byrna.com

LENDER:

TEXAS CAPITAL BANK

By: _____
Print: Austin Tabor
Title: Vice President

Address for Notices:
Texas Capital Bank
2000 McKinney Avenue, Suite 700
Dallas, Texas 75201
Attention: Core Loan Servicing
Email:LoanOpsServicing@texascapital.com
Austin.Tabor@texascapital.com
Andrew.Tanner@texascapital.com

Exhibits and Schedules reserved for SEC Filing

Exhibit 19.1

Introduction

This Insider Trading Policy (the "**Policy**") of Byrna Technologies Inc., a Delaware corporation (together with its subsidiaries, the "**Company**") prohibits the unauthorized disclosure and misuse of any non-public information you obtain in the course of your service with the Company and the misuse of material non-public information in securities trading.

A. Legal Prohibitions on Insider Trading

The antifraud provisions of U.S. federal securities laws prohibit directors, officers, employees and other individuals who possess material non-public information from trading on the basis of that information. Your transactions will be considered "on the basis of" material non-public information if you are aware of the material non-public information at the time of the transaction. It is not a defense that you did not "use" the information for purposes of the transaction.

Disclosing material non-public information directly or indirectly to others who then trade based on that information or making recommendations or expressing opinions as to transactions in securities while aware of material non-public information (which is sometime referred to as "**tipping**") is also illegal. Both the "**tipper**" who provides the information, recommendation or opinion and the "**tippee**" who trades based on it may be liable.

These illegal activities are commonly referred to as "**insider trading**." State securities laws and securities laws of other jurisdictions also impose restrictions on insider trading. In addition, the Company, as well as individual directors, officers and other supervisory personnel, may be subject to liability as "**controlling persons**" for failure to take appropriate steps to prevent insider trading by those under their supervision, influence or control.

B. Detection and Prosecution of Insider Trading

The U.S. Securities and Exchange Commission (the "**SEC**"), the Financial Industry Regulatory Authority ("**FINRA**") and the Nasdaq Stock Exchange use sophisticated electronic surveillance techniques to investigate and detect insider trading, and the SEC and the U.S. Department of Justice pursue insider trading violations vigorously. Regulators have successfully prosecuted cases involving trading through foreign accounts, trading by family members and friends and trading involving only a small number of shares.

C. Penalties for Violation of Insider Trading Laws and this Policy

1. Civil and Criminal Penalties

As of the effective date of this Policy, potential penalties for insider trading violations under U.S. federal securities laws include:

- damages in a private lawsuit;
- disgorging any profits made or losses avoided;
- imprisonment for up to 20 years;
- criminal fines of up to $5 million for individuals and $25 million for entities;
- civil fines of up to three times the profit gained or loss avoided;
- a bar against serving as an officer or director of a public company; and
- an injunction against future violations.

Civil and criminal penalties also apply to tipping. The SEC has imposed large penalties in tipping cases even when the tipper did not trade or gain any benefit from the tippee's trading.

2. Penalties for Controlling Persons

As of the effective date of this Policy, the penalty for insider trading violations of controlling persons is a civil fine of up to the greater of $2.479 million or three times the profit gained or loss avoided as a result of the insider trading violations, as well as potential criminal fines and imprisonment.

3. Disciplinary Actions

If the Company has a reasonable basis to conclude that you have failed to comply with this Policy, you may be subject to disciplinary action, up to and including dismissal for cause, whether or not your failure to comply with this Policy results in a violation of law. It is not necessary for the Company to wait for the filing or conclusion of any civil or criminal action against you before taking disciplinary action. In addition, the Company may give stop transfer and other instructions to the Company's transfer agent to enforce compliance with this Policy.

D. Compliance Officer

You should direct any questions, requests or pre-clearance forms to Lisa Wager (the "**Compliance Officer**"). The Compliance Officer is generally responsible for the administration of this Policy. The Compliance Officer may select others to assist with the execution of her duties.

E. Reporting Violations

It is your responsibility to help enforce this Policy. You should be alert to possible violations and promptly report violations or suspected violations of this Policy to the Compliance Officer. If your situation requires that your identity be kept secret, your anonymity will be preserved to the greatest extent reasonably possible. If you wish to remain anonymous, you may: send a letter addressed to the Compliance Officer at Byrna Technologies Inc., 100 Burtt Road, Suite 115, Andover, Massachusetts, 01810. In all cases, please provide as much detail as possible, including any evidence that you have.

F. Personal responsibility

You are responsible for complying with this Policy and applicable laws and regulations. You should use your best judgment at all times and consult with your personal legal and financial advisors, as needed. You should seek assistance from the Compliance Officer if you have any questions at all. The rules relating to insider trading can be complex, and a violation of insider trading laws can carry severe consequences.

Persons and Transactions Covered by This Policy

A. Persons Covered by This Policy

This Policy applies to all directors, officers, employees and other agents and individuals (such as consultants and independent contractors) of the Company. References to the Company include subsidiaries of the Company. References in this Policy to "you" (as well as general references to directors, officers, employees and other agents and individuals) should also be understood to include members of your immediate family, persons with whom you share a household, persons who are your economic dependents and any other individuals or entities whose transactions in securities you influence, direct or control (including, for example, a venture or other investment fund, if you influence, direct or control transactions by the fund). You are responsible for making sure that these other individuals and entities comply with this Policy.

B. Types of Transactions Covered by This Policy

Except as discussed in "**Limited Exceptions**" below, this Policy applies to **all transactions involving** the securities of the Company. This Policy therefore applies to purchases, sales and other transfers of common stock, options, warrants, preferred stock, debt securities (such as debentures, bonds and notes) and other securities. This Policy also applies to any arrangements that affect economic exposure from changes in the prices of these securities (e.g., transactions in derivative securities (such as exchange-traded put or call options), hedging transactions, short sales and certain decisions with respect to participation in benefit plans). This Policy also applies to any offers with respect to the transactions discussed above. There are no exceptions from insider trading laws or this Policy based on the size of the transaction.

C. Responsibilities Regarding the Non-Public Information of Other Companies

This Policy also applies to all transactions involving the securities of other companies about which you possess material non-public information obtained in the course of your service to the Company. This Policy prohibits the unauthorized disclosure or other misuse of any non-public information of other companies, such as the Company's vendors, customers, collaborators, suppliers and competitors. This Policy also prohibits insider trading and tipping based on the material nonpublic information of other companies.

D. Applicability of this Policy after Your Departure

You are expected to comply with this Policy until such time as you are no longer affiliated with the Company and you no longer possess any material non-public information subject to this Policy. You have a continuing obligation to comply with the Policy after your departure from the Company to the extent that you continue to be in possession of material nonpublic information obtained in the course of your service to the Company

E. No Exceptions Based on Personal Circumstances

There may be instances where you suffer financial harm or other hardship or are otherwise required to forego a planned transaction because of the restrictions imposed by this Policy. Personal financial emergency or other personal circumstances will not limit your liability under securities laws and will not excuse a failure to comply with this Policy.

Material Non-Public Information

A. "**Material**" **Information**

Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell securities or would view the information as significantly altering the total mix of information in the marketplace. In general, any information that could reasonably be expected to affect the market price of a security is likely to be material. Both positive and negative information may be material.

It is not possible to define all categories of "material" information. However, some examples of information that could be regarded as material include information with respect to:

- Financial results, financial condition, earnings pre-announcements, guidance, projections or forecasts, particularly if inconsistent with previously announced guidance, projections, or forecasts (if any) or with the expectations of the investment community; note that information about the results of the Company's operations for even a portion of a quarter might be material in helping predict the Company's financial results for the quarter;
- Restatements of financial results, or material impairments, write-offs or restructurings;
- Changes in independent auditors, or notification that the Company may no longer rely on an audit report;

- Business plans, forecasts, or budgets;
- Creation of significant financial obligations, or any significant default under or acceleration of the payment of any financial obligation;
- Impending bankruptcy or financial liquidity problems;
- Significant developments involving business relationships, including entering into, modifying, or terminating significant agreements or orders with customers, suppliers, or other business partners;
- Product or service introductions, modifications or other announcements of a significant nature;
- Significant developments relating to intellectual property;
- Significant legal or regulatory developments, including regulatory violations and license revocations, whether actual or threatened;
- Review of and comments on regulations prior to publication in the State Register;
- Lobbying activities with expected financial impact on operations;
- Major events involving the Company's securities, including public or private offerings of debt or equity securities, adoption of stock repurchase programs, option or warrant repricings, stock splits, changes in dividend policies, modification to the rights of security holders, or notice of delisting of our securities from trading on a securities exchange;
- The existence of a special blackout period in which you may not trade securities;
- Significant corporate events, such as a pending or proposed merger, joint venture or tender offer, a significant investment, the acquisition or disposition of a significant business or asset or a change in control of the Company;
- Major personnel changes, such as changes in senior management or lay-offs; and
- The existence and the amount of the backlog or orders and the fulfillment of backlog from last reported period and changes to production capacity

If you have any questions as to whether information should be considered "material," you should consult with the Compliance Officer. In general, it is advisable to resolve any close questions as to the materiality of any information by assuming that the information is material.

B. "**Non-Public**" **Information**

Information is considered non-public until it has been broadly disseminated to the public for long enough to be reflected in the price of the security. As a general rule, you should consider information to be non-public until at least the completion of **one full trading day** has elapsed after the information has been broadly disseminated to the public in a press release, a public filing with the SEC, a pre-announced public webcast or another broad, non-exclusionary form of public communication. However, depending upon the form of the announcement and the nature of the information, it is possible that information may not be fully absorbed by the marketplace until later. Unless you have seen material information publicly disseminated, you should assume the information is non-public. Any questions as to whether information is non-public should be directed to the Compliance Officer.

The term "**trading day**" means a day on which national stock exchanges are open for trading. A "full" trading day has elapsed when, after the public disclosure, trading in the relevant security has opened and then closed.

Policies Regarding Material Non-Public Information

A. Confidentiality of Non-Public Information

This Policy prohibits the unauthorized use or disclosure of non-public information relating to the Company or other companies. All non-public information you obtain in the course of your service with the Company may only be used for legitimate Company business purposes. In addition, you should handle others' non-public information in accordance with the terms of any relevant nondisclosure agreements, and the use of any such non-public information should be limited to the purpose for which it was disclosed.

You must use all reasonable efforts to safeguard non-public information in the Company's possession. You may not disclose non-public information about the Company or any other company, unless required by law, or unless (i) disclosure is required for legitimate Company business purposes, (ii) you are authorized to disclose the information and (iii) appropriate steps have been taken to prevent misuse of that information (including entering an appropriate nondisclosure agreement that restricts the disclosure and use of the information, if applicable). This restriction also applies to internal Company communications and to communications with agents of the Company. In cases where disclosing non-public information to third parties is required, you should coordinate with the Legal Department.

B. No Trading on Material Non-Public Information

Except as discussed in "**Limited Exceptions**" below, you may not, directly or indirectly through others, engage in any transaction involving the Company's securities while aware of material nonpublic information relating to the Company. It does not matter that you did not "use" the information in your transaction.

Similarly, you may not engage in transactions involving the securities of any other company if you are aware of material non-public information about that company (except if the transactions are similar to those presented in "**Limited Exceptions**" below). For example, you may be aware of a proposed transaction involving a prospective business relationship or transaction with another company. If information about that transaction constitutes material non-public information for that other company, you would be prohibited from engaging in transactions involving the securities of that other company (as well as transactions involving the Company securities, if that information is material to the Company). "**Materiality**" is company specific information that is not material to the Company may be material to another company.

C. No Disclosing Material Non-Public Information

You may not disclose material non-public information concerning the Company or any other company to friends, family members or any other person or entity not authorized to receive such information where such person or entity may benefit by trading based on such information. In addition, you may not make recommendations or express opinions based on material non-public information as to trading in the securities of companies to which such information relates. You are prohibited from engaging in these actions regardless of whether you derive any profit or personal benefit from doing so. This prohibition against disclosure of material non-public information includes disclosure (even anonymous disclosure) via the Internet, blogs, investor forums, chat rooms, social media, or the like.

D. Responding to Outside Inquiries for Information

In the event you receive an inquiry from someone outside of the Company, such as a stock analyst, for information, you should refer the inquiry to Lauri Kearnes, the Company's Chief Financial Officer. The Company is required under Regulation FD (Fair Disclosure) of the U.S. federal securities laws to avoid the selective disclosure of material non-public information. In general, Regulation FD provides that when a public company discloses material non-public information, it must provide broad, non-exclusionary access to the information. Violations of this regulation can subject the Company to SEC enforcement actions, which may result in injunctions and severe monetary penalties. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release in compliance with applicable law.

Trading Blackout Periods

To limit the likelihood of trading at times when there is a significant risk of insider trading exposure, the Company has instituted quarterly trading blackout periods and may institute special trading blackout periods from time to time.

It is important to note that whether or not you are subject to blackout periods, you remain subject to the prohibitions on trading on the basis of material non-public information and any other applicable restrictions in this Policy.

A. Quarterly Blackout Periods

Except as discussed in "**Limited Exceptions**" below, all Company directors, officers and other employees and other agents and individuals engaged to provide services to the Company (including consultants and independent contractors) must refrain from conducting transactions involving the Company's securities during quarterly blackout periods. Even if you are not specifically identified as being subject to quarterly blackout periods, you should exercise caution when engaging in transactions during quarterly blackout periods because of the heightened risk of insider trading exposure.

Quarterly blackout periods start at the end of the calendar day that is two weeks before the end the month of each fiscal quarter and end at the beginning of the second full trading day following the date of public disclosure of the financial results for that fiscal quarter. This period is a particularly sensitive time for transactions involving the Company's securities from the perspective of compliance with applicable securities laws due to the fact that, during these periods, individuals may often possess or have access to material non-public information relevant to the expected financial results for the quarter.

All the Company directors, officers, employees and other agents and individuals engaged to provide services to the Company (such as consultants and independent contractors) are subject to the quarterly blackout periods**, which will start at the end of the calendar day that is two weeks prior to the end of every fiscal quarter or fiscal year and end on the beginning of the second trading day after the public release of quarter or year-end results**. From time to time, the Compliance Officer may update and revise the blackout periods as appropriate. For clarification if the fiscal quarter ends on February 28, then the blackout begins after midnight on February 14 (the beginning of February 15).

The Company will notify you when each quarterly blackout period starts and ends so that you will know when you may and may not engage in any transaction involving the Company's securities. Standard quarterly blackout periods for fiscal years beginning December 1, 2025 and later will start at the beginning of the following days:

February 15 (February 16 on leap years)
May 18
August 18
November 17

B. Special Blackout Periods

From time to time, the Company may also prohibit directors, officers, employees and other agents and individuals from engaging in transactions involving the Company's securities when, in the judgment of the Board of Directors or of the Compliance Officer in consultation with the Board of Directors, a trading blackout is warranted. The Company will generally impose special blackout periods when there are material developments known to the Company that have not yet been disclosed to the public. For example, the Company may impose a special blackout period in anticipation of announcing interim earnings guidance or a significant transaction or business development. Special blackout periods may be declared for any reason. The declaration of a special blackout period is material non-public information.

The Company will notify you if you are subject to a special blackout period, in which case you may not engage in any transaction involving the Company's securities until instructed that it is permissible to resume trading, and you should not disclose the existence of the special blackout period to others.

C. No "Safe Harbors"

There are no unconditional "safe harbors" for trades made at particular times and you should exercise good judgment at all times. Even when a quarterly blackout period is not in effect, you may be prohibited from engaging in transactions involving the Company's securities because you possess material non-public information, are subject to a special blackout period, or are otherwise restricted under this Policy.

Pre-Clearance of Trades

Except as discussed in "**Limited Exceptions**" below, all directors, officers and employees should refrain from engaging in any transaction involving the Company's securities without first obtaining written pre-clearance of the transaction from the Compliance Officer or, in the case of the Compliance Officer, from the Company's Chief Executive Officer. To **request pre-clearance for a transaction, submit a completed and signed pre-clearance form (attached hereto as Exhibit A) to the Compliance Officer at least two days prior to the proposed transaction.**

These pre-clearance procedures are intended to decrease insider trading risks associated with transactions by individuals who may have regular or special access to material non-public information. Based on the size and nature of our operations, we have decided at this time to require pre-clearance of all employees, regardless of seniority, as well as all directors. This may change over time as the Company grows and our infrastructure and operations evolve. In addition, pre-clearance of transactions by directors and officers facilitates compliance with Rule 144 resale restrictions under the Securities Act of 1933, as amended, and the liability and reporting provisions of Section 16 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Pre-clearance of a trade, however, is not a defense to a claim of insider trading and does not excuse you from otherwise complying with insider trading laws or this Policy. Further, pre-clearance of a transaction does not constitute an affirmation by the Company or the Compliance Officer that you are not in possession of material non-public information. Furthermore, it shall in no way be a recommendation by the Company as to the advisability of such a transaction.

The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction or disclose the reason for that decision.

Additional Restrictions and Guidance

This section addresses certain types of transactions that may expose you and the Company to significant risks. You should understand that, even though a transaction may not be expressly prohibited by this section, you are responsible for ensuring that the transaction otherwise complies with this Policy, including the general prohibition against insider trading as well as pre-clearance procedures and blackout periods, if applicable.

A. Short Sales

This Policy prohibits short sales (i.e., the sale of a security that must be borrowed to make delivery) and "selling short against the box" (i.e., a sale with a delayed delivery) with respect to the Company securities. Short sales may signal to the market possible bad news about the Company or a general lack of confidence in the Company's prospects, and an expectation that the value of the Company's securities will decline. In addition, short sales are effectively a bet against the Company's success and may reduce the seller's incentive to improve the Company's performance. Short sales may also create a suspicion that the seller is engaged in insider trading.

B. Derivative Securities and Hedging Transactions

This Policy prohibits transactions in publicly traded options, such as puts and calls, and other derivative securities with respect to the Company's securities. This prohibition extends to any hedging or similar transaction designed to decrease the risks associated with holding the Company securities. The exercise of warrants, stock options, restricted stock units, restricted stock, stock appreciation rights and other securities issued pursuant to the Company benefit plans or other compensatory arrangements with the Company are not subject to this prohibition. However, the sale of securities received upon such exercise is subject to this policy.

Transactions in derivative securities may reflect a short-term and speculative interest in the Company's securities and may create the appearance of impropriety, even where a transaction does not involve trading on material non-public information. Trading in derivatives may also focus attention on short-term performance at the expense of the Company's long-term objectives. In addition, the application of securities laws to derivatives transactions can be complex, and persons engaging in derivatives transactions run an increased risk of violating securities laws.

C. Using Company Securities as Collateral for Loans

This Policy prohibits the pledge of Company securities as collateral for loans without the prior written approval of a Compliance Officer. If you default on the loan, the lender may sell the pledged securities as collateral in a foreclosure sale. The sale, even though not initiated at your request, is still considered a sale for your benefit. If made at a time when you are aware of material non-public information or otherwise are not permitted to trade in the Company securities, the sale may result in inadvertent insider trading violations, Section 16 violations (for officers and directors after the Company becomes subject to the Exchange Act), violations of this Policy and unfavorable publicity for you and the Company. For these reasons, even if you are permitted to pledge the Company securities as collateral for loans, you should exercise caution when doing so.

D. Holding Company Securities in Margin Accounts

You may not hold the Company securities in margin accounts. Under typical margin arrangements, if you fail to meet a margin call, the broker may be entitled to sell securities held in the margin account without your consent. The sale, even though not initiated at your request, is still considered a sale for your benefit. If made at a time when you are aware of material non-public information or are otherwise not permitted to trade in the Company securities, the sale may result in inadvertent insider trading violations, Section 16 violations (for officers and directors after the Company becomes subject to the Exchange Act), violations of this Policy and unfavorable publicity for you and the Company. For these reasons, you are not permitted to hold the Company securities in margin accounts.

E. Placing Open Orders with Brokers

Except in accordance with an approved trading plan (as discussed below), this Policy prohibits the placing open orders, such as limit orders or stop orders, with brokers. Open orders may result in the execution of a trade at a time when you are aware of material non-public information or otherwise are not permitted to trade in the Company securities, which may result in inadvertent insider trading violations, Section 16 violations (for officers and directors after the Company becomes subject to the Exchange Act), violations of this Policy and unfavorable publicity for you and the Company.

Limited Exceptions

The following are certain limited exceptions to the restrictions imposed by the Company under this Policy. Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law. For example, even if a transaction is indicated as exempt from this Policy, you may need to comply with the "short-swing" trading restrictions under Section 16 of the Exchange Act, if applicable. You are responsible for your compliance at all times with applicable laws.

A. Transactions Pursuant to a Trading Plan that Complies with SEC Rules

The SEC has enacted rules that provide an affirmative defense against alleged violations of U.S. federal insider trading laws for transactions pursuant to trading plans that meet certain requirements. In general, these rules, as set forth in Rule 10b5-1 under the Exchange Act, provide for an affirmative defense if you enter into a contract, provide instructions or adopt a written plan for trading securities when you are not aware of material non-public information. The plan must (i) specify the amount, price, and date of the transaction, (ii) specify an objective method for determining the amount, price, and date of the transaction and/or (iii) place any subsequent discretion for determining the amount, price, and date of the transaction in another person who is not, at the time of the transaction, aware of material nonpublic information. Additionally, the plan must include a representation that the individual adopting or modifying the plan is doing so in good faith an not as part of a plan or schedule to evade the probitions of Rule 10b5-1. Every Rule 10b5-1 plan must include a cooling-off period during which no trading can occur, the duration of which is (A) with respect to Section 16 officers and directors, the later to occur of (1) 90 days after adoption or modification and (2) two business days following disclosure in a periodic report of the financial results for the quarter during which the plan was modified or adopted, not to exceed 120 days, and (B) with respect to individuals other than Section 16 officers or directors, 30 days after adoption or modification. Rule 10b5-1 prohibits multiple overlapping plans and single-trade plans, subject to limited exceptions.

Transactions made pursuant to a written trading plan that (i) complies with the affirmative defense set forth in Rule 10b5-1, including all applicable conditions and requirements and (ii) is approved by the Compliance Officer (subject to the limits set forth herein), are not subject to the restrictions in this Policy against trades made while aware of material non-public information or to the preclearance procedures or blackout periods established under this Policy. A Rule 10b5-1 trading plan may only be adopted or modified during periods when you are not in possession of any material non-public information and when no regular or special blackout period is in effect. **To request approval of a Rule 10b5-1 trading plan, submit a completed and signed request form (attached hereto as Exhibit B) to the Compliance Officer at least two days prior to the proposed implementation or modification of the plan.** In approving a trading plan, the Compliance Officer will only determine whether you may have material non-public information at the time the plan is proffered (based on your representations contained in the request form) and that there is no regular or special blackout period then in effect. The Compliance officer will not review, approve, or disapprove of the substantive terms of the plan or trading instructions. Furthermore, the Company will not be obligated by the plan to provide any information or notices to the brokerage firm or the administrator of the plan. You should therefore confer with the Compliance Officer prior to adopting or modifying any trading plan.

The SEC rules regarding trading plans are complex, and you must comply with them completely for your trading plan to be effective. The description provided above is only a summary, and the Company strongly advises that you consult with your personal legal advisor if you intend to adopt or modify a trading plan. While entry into or modification of trading plans is subject to the Company approval, you are ultimately responsible for compliance with Rule 10b5-1 and this Policy.

The Compliance Officer must keep a copy of each trading plan. The Company is required to publicly disclose information regarding any trading plans that you enter into or modify that will identify you and the material terms of the plan.

B. Receipt and Vesting of Stock Options, Restricted Stock Units, Restricted Stock and Stock Appreciation Rights

The trading restrictions under this Policy do not apply to the exercise, grant or award of stock options, restricted stock units, restricted stock or stock appreciation rights issued or offered by the Company. The trading restrictions under this Policy also do not apply to the vesting, cancellation or forfeiture of stock options, restricted stock units, restricted stock or stock appreciation rights in accordance with applicable plans and agreements. The trading restrictions do apply, however, to any subsequent sales of any such securities or the common stock underlying such securities.

C. Exercise of Stock Options for Cash; Net Settlement; Withholding Obligations

The trading restrictions under this Policy do not apply to the exercise of stock options for cash under the Company's stock option plans. Likewise, the trading restrictions under this Policy do not apply to the exercise of stock options or warrants in a stock-for-stock exercise with the Company or an election to have the Company withhold securities to cover tax obligations in connection with an option or warrant exercise or the vesting of another award, if allowed under a governing plan as to options. However, the trading restrictions under this Policy do apply to (i) the sale of any securities issued upon the exercise of a warrant, stock option or other award, (ii) a cashless exercise of a stock option through a broker, because this involves selling a portion of the underlying shares to cover the costs of exercise, and (iii) any other market sale for the purpose of generating the cash needed to pay the exercise price of an option or other award.

D. Stock Splits, Stock Dividends and Similar Transactions

The trading restrictions under this Policy do not apply to a change in the number of securities held as a result of a stock split or stock dividend applying equally to all securities of a class, or similar transactions.

F. Bona Fide Gifts and Inheritance

The trading restrictions under this Policy do not apply to bona fide gifts involving the Company securities or transfers by will or the laws of descent and distribution. However, the trading restrictions under this Policy do apply to the sale of any gifted or inherited securities if the recipient, for example, an immediate family member, is subject to this Policy. See "**Persons and Transactions Covered by this Policy**" above. In other words, you cannot use a gift to conduct a transaction that otherwise would be prohibited under this Policy. Please also note that under the Company's stock option plans, a stock option or other equity award may not be gifted or transferred except under very limited circumstances.

G. Change in Form of Ownership

Transactions that involve merely a change in the form in which you own securities are not subject to the trading restrictions under this Policy. For example, you may transfer shares to an inter vivos trust of which you are the sole beneficiary during your lifetime.

H. Other Exceptions

Any other exception from this Policy must be approved by the Compliance Officer, in consultation with the Board of Directors or an independent committee of the Board of Directors.

Additional Information

A. Availability of Policy

This Policy will be made available to all the Company directors, officers, employees and other agents and individuals when they commence service with the Company. You are required to acknowledge that you understand, and agree to comply with, this Policy. Any questions about the Policy can be directed to the Compliance Officer (lisa@byrna.com).

B. Amendments

The Company is committed to continuously reviewing and updating this Policy and any other the Company policies and procedures. The Company therefore reserves the right to amend, alter or terminate this Policy at any time and for any reason, subject to applicable law. A current copy of the Company's policies regarding insider trading may be obtained by contacting the Compliance Officer.

* * *

Nothing in this Policy creates or implies an employment contract or term of employment. The policies in this Policy do not constitute a complete list of the Company policies or a complete list of the types of conduct that can result in discipline, up to and including discharge.

Exhibit 21.1

Subsidiaries of
Byrna Technologies, Inc.

	Jurisdiction of Incorporation	Ownership Percentage
Byrna South Africa (Pty) Ltd.	South Africa	100%
Byrna Technologies Canada Inc.	Canada	100%

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Byrna Technologies Inc. on Form S-8 (No. 333-260106, 333-268796 and 333-284772) of our report dated February 5, 2026, on our audits of the financial statements as of November 30, 2025 and 2024 and for each of the years then ended, which report is included in this Annual Report on Form 10-K to be filed on or about February 5, 2026.

/s/ EisnerAmper LLP

EISNERAMPER LLP
New York, New York
February 5, 2026

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bryan Ganz, certify that:

1. I have reviewed this Annual Report on Form 10-K 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(s) 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(s) 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: February 5, 2026

By: /s/ Bryan Ganz
Bryan Ganz
President and Chief Executive Officer,
Chairman of the Board (Principal
Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurilee Kearnes, certify that:

1. I have reviewed this Annual Report on Form 10-K 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(s) 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(s) 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: February 5, 2026

By: /s/ Laurilee Kearnes
Laurilee Kearnes
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORT
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Byrna Technologies Inc. (the "Company") certifies that the Annual Report of the Company on Form 10-K for the fiscal year ended November 30, 2025, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

Date: February 5, 2026

By:/s/ Bryan Ganz
Bryan Ganz
President and Chief Executive Officer,
Chairman of the Board (Principal Executive Officer)

Date: February 5, 2026

By: /s/ Laurilee Kearnes
Laurilee Kearnes
Chief Financial Officer (Principal Financial Officer
and Principal Accounting Officer)

The above certifications are made solely for the purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

EXHIBIT 97.1

BYRNA TECHNOLOGIES INC. CLAWBACK POLICY

1. Introduction

The Board of Directors (the "**Board**") of the Byrna Technologies Inc. (the "**Company**") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for- performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an Accounting Restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "**Policy**"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the "**Exchange Act**").

2. Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

3. Covered Executives

This Policy applies to each individual who served or serves as a current or former Covered Executive, at any time during the applicable performance period for any performance-based compensation Received by such executive on or after the Effective Date.

4. Recoupment; Accounting Restatement

In the event the Company is required to prepare an Accounting Restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Board will:

a. review, with respect to each Covered Executive, all performance-based compensation Received by such Covered Executive during the applicable period,

b. determine the amount of excess Incentive Compensation Received by such Covered Executive during the applicable period;

c. require reimbursement or forfeiture of any excess Incentive Compensation Received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement; and

d. reasonably promptly but in any event no later than 60 days after the date an Accounting Restatement is filed with the SEC, provide to each Covered Executive a written notice containing the amount of excess Incentive Compensation and a demand for repayment or return, as applicable.

5. Incentive Compensation

For purposes of this Policy, Incentive Compensation means any of the following; provided that, such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

- Annual bonuses and other short- and long-term cash incentives.
- Stock options.
- Stock appreciation rights.
- Restricted stock.
- Restricted stock units.
- Performance shares.
- Performance units.

Financial reporting measures include:

- Company stock price.
- Total shareholder return.
- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital or operating cash flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.

6. Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Board. If the Board cannot determine the amount of excess Incentive Compensation Received by the Covered Executive directly from the information in the Accounting Restatement, then it will make its determination based on a reasonable estimate of the effect of the Accounting Restatement.

7. Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder based on all applicable facts and circumstances which may include, without limitation:

a. requiring reimbursement of cash Incentive Compensation previously paid;

b. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

c. offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

d. cancelling outstanding vested or unvested equity awards; and/or

e. taking any other remedial and recovery action permitted by law, as determined by the Board.

Notwithstanding anything herein to the contrary, the Company shall not be required to seek recoupment to the extent the Board determines that recoupment would be impracticable in a manner consistent with Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed, because either the direct expenses paid to a third party to assist in enforcing this Policy against a Covered Executive would exceed the amount to be recovered from that Covered Executive, after the Company has made a reasonable attempt to recover the excess Incentive Compensation.

8. Reporting and Disclosure

The Company shall file all disclosures with respect to this Policy with the SEC in accordance with the requirements of all applicable securities laws and shall provide any documentation with respect thereto to Nasdaq in accordance with the listing rules.

9. No Indemnification

The Company shall not indemnify any Covered Executives or their beneficiaries against the loss of any incorrectly awarded Incentive Compensation pursuant to the terms of this Policy or otherwise indemnify or provide advancement of any costs related to the Company's enforcement of this Policy.

10. Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Nasdaq Listing Rule 5608, any other applicable rules of Nasdaq and Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC.

11. Effective Date

This Policy shall be effective as of October 2, 2023 (the "**Effective Date**") and shall apply to Incentive Compensation that is Received by any Covered Executive on or after that date.

12. Amendment; Termination

The Board may amend or terminate this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by any federal securities laws, SEC rule or rules of any national securities exchange or national securities association on which the Company's securities are listed. Notwithstanding anything herein to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

13. Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

14. Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

15. Definitions

For purposes of this Policy, the following terms shall have the following meanings:

a. **"Accounting Restatement**" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

b. **"Covered Executive**" means each executive officer, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed.

c. **"Received**" means the date of actual or deemed receipt, and for purposes of the foregoing, Incentive Compensation shall be deemed received in the Company's fiscal period during which the applicable financial reporting measure is attained, even if payment or grant of the Incentive Compensation occurs after the end of that period.

d. **"SEC**" means the U.S. Securities and Exchange Commission.

Approved October 11, 2023