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

FORM 10-Q

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

For the quarterly period ended May 31, 2025

☐ **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**	**Nasdaq Capital Market**

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

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

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

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

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

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

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

As of July 10, 2025, the Company had 22,703,814 outstanding shares of common stock.

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PART 1 – FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

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

	May 31, 2025 Unaudited	November 30, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,001	$ 16,829
Accounts receivable, net	6,536	2,630
Inventory, net	32,286	19,972
Prepaid expenses and other current assets	3,931	2,623
Marketable debt securities	5,984	8,904
Total current assets	55,738	50,958
LONG TERM ASSETS		
Deposits for equipment	1,981	2,665
Right-of-use-asset, net	2,262	2,452
Property and equipment, net	6,844	3,408
Intangible assets, net	3,215	3,337
Goodwill	2,258	2,258
Deferred tax asset	4,797	5,837
Other assets	355	1,007
TOTAL ASSETS	$ 77,450	$ 71,922
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 14,377	$ 13,108
Operating lease liabilities, current	652	539
Deferred revenue, current	335	1,791
Total current liabilities	15,364	15,438
LONG TERM LIABILITIES		
Deferred revenue, non-current	15	17
Operating lease liabilities, non-current	1,935	2,098
Total liabilities	17,314	17,553
COMMITMENTS AND CONTINGENCIES (NOTE 21)		
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. 25,197,613 shares issued and 22,678,469 shares outstanding as of May 31, 2025, and 25,010,976 shares issued and 22,495,759 outstanding as of November 30, 2024	25	25
Additional paid-in capital	134,739	133,029
Treasury stock (2,519,144 and 2,515,217 shares purchased as of May 31, 2025 and November 30, 2024, respectively)	(21,308)	(21,253)
Accumulated deficit	(52,694)	(56,783)
Accumulated other comprehensive loss	(626)	(649)
Total Stockholders' Equity	60,136	54,369
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 77,450	$ 71,922

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	For the Three Months Ended May 31,		For the Six Months Ended May 31,	
	2025	**2024**	**2025**	**2024**
Net revenue	$ 28,505	$ 20,269	$ 54,695	$ 36,923
Cost of goods sold	10,941	7,709	21,207	14,724
Gross profit	17,564	12,560	33,488	22,199
Operating expenses	14,238	10,647	28,466	20,450
INCOME FROM OPERATIONS	3,326	1,913	5,022	1,749
OTHER INCOME (EXPENSE)				
Foreign currency transaction loss	(135)	(220)	(215)	(279)
Interest income	116	323	303	604
Income from joint venture	-	62	-	20
Other income	18	2	17	3
INCOME BEFORE INCOME TAXES	3,325	2,080	5,127	2,097
Income tax provision	(898)	(3)	(1,038)	(3)
NET INCOME	2,427	2,077	4,089	2,094
Foreign exchange translation adjustment	76	144	(54)	29
Unrealized gain on marketable debt securities	17	-	77	-
COMPREHENSIVE INCOME	$ 2,520	$ 2,221	$ 4,112	$ 2,123
Basic net income per share	$ 0.11	$ 0.09	$ 0.18	$ 0.09
Diluted net income per share	$ 0.10	$ 0.09	$ 0.17	$ 0.09
Weighted-average number of common shares outstanding - basic	22,668,546	22,728,500	22,628,270	22,383,769
Weighted-average number of common shares outstanding - diluted	23,951,297	23,731,076	24,021,948	22,942,530

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	For the Six Months Ended May 31, 2025	For the Six Months Ended May 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	$ 4,089	$ 2,094
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Stock-based compensation expense	1,562	1,796
Depreciation and amortization	999	675
Amortization of debt issuance costs	—	4
Operating lease costs	368	332
Income from joint venture	—	(20)
Deferred tax provision	1,040	—
Changes in assets and liabilities:		
Accounts receivable	(3,906)	1,310
Deferred revenue	(1,458)	(483)
Inventory	(12,314)	(1,610)
Prepaid expenses and other current assets	(592)	(910)
Other assets	(64)	—
Accounts payable and accrued liabilities	1,269	3,049
Operating lease liabilities	(228)	(362)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(9,235)	5,875
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,581)	(693)
Proceeds from sale of marketable debt securities	2,997	—
Acquisition of Federal Firearms License	(6)	—
NET CASH USED IN INVESTING ACTIVITIES	(590)	(693)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock option exercises	234	128
Repurchase of common stock	(55)	(253)
Payment of taxes withheld on issuance of restricted stock units	(86)	(800)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	93	(925)
Effects of foreign currency exchange rate changes	(96)	33
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	(9,828)	4,290
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	16,829	20,498
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 7,001	$ 24,788

See accompanying notes to the unaudited condensed consolidated financial statements.

BYRNA TECHNOLOGIES INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the Three and Six Months Ended May 31, 2025 and May 31, 2024
(Amounts in thousands except share numbers)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	$		Shares	$			
Balance, February 28, 2025	**25,182,452**	**$ 25**	**$ 133,895**	**(2,515,217)**	**$ (21,253)**	**$ (55,121)**	**$ (719)**	**$ 56,827**
Stock-based compensation	—	—	722	—	—	—	—	**722**
Issuance of common stock pursuant to exercise of stock options	12,720	—	141	—	—	—	—	**141**
Issuance of common stock pursuant to vesting of restricted stock units	2,441	—	(19)	—	—	—	—	**(19)**
Repurchase of common stock	—	—	—	(3,927)	(55)	—	—	(55)
Net income	—	—	—	—	—	2,427	—	**2,427**
Unrealized gain on marketable securities	—	—	—	—	—	—	17	**17**
Foreign currency translation	—	—	—	—	—	—	76	**76**
Balance, May 31, 2025	**25,197,613**	**$ 25**	**$ 134,739**	**(2,519,144)**	**$ (21,308)**	**$ (52,694)**	**$ (626)**	**$ 60,136**
Balance, February 29, 2024	**24,375,754**	**$ 24**	**$ 131,374**	**(2,165,987)**	**$ (17,500)**	**$ (69,558)**	**$ (1,171)**	**$ 43,169**
Stock-based compensation	—	—	858	—	—	—	—	**858**
Issuance of common stock pursuant to exercise of stock options	39,465	—	118	—	—	—	—	**118**
Issuance of common stock pursuant to vesting of restricted stock units	549,568	—	(800)	—	—	—	—	(800)
Repurchase of common stock	—	—	—	(21,905)	(253)	—	—	(253)
Net income	—	—	—	—	—	2,077	—	**2,077**
Foreign currency translation	—	—	—	—	—	—	144	**144**
Balance, May 31, 2024	**24,964,787**	**$ 24**	**$ 131,550**	**(2,187,892)**	**$ (17,753)**	**$ (67,481)**	**$ (1,027)**	**$ 45,313**

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	$		Shares	$			
Balance, November 30, 2024	**25,010,976**	**$ 25**	**$ 133,029**	**(2,515,217)**	**$ (21,253)**	**$ (56,783)**	**$ (649)**	**$ 54,369**
Stock-based compensation	—	—	1,562	—	—	—	—	**1,562**
Issuance of common stock pursuant to exercise of stock options	87,271	—	234	—	—	—	—	**234**
Issuance of common stock pursuant to vesting of restricted stock units	99,366	—	(86)	—	—	—	—	**(86)**
Repurchase of common shares	—	—	—	(3,927)	(55)	—	—	(55)
Net income	—	—	—	—	—	4,089	—	**4,089**
Unrealized gain on marketable securities	—	—	—	—	—	—	77	**77**
Foreign currency translation	—	—	—	—	—	—	(54)	**(54)**
Balance, May 31, 2025	**25,197,613**	**$ 25**	**$ 134,739**	**(2,519,144)**	**$ (21,308)**	**$ (52,694)**	**$ (626)**	**$ 60,136**
Balance, November 30, 2023	**24,168,014**	**$ 24**	**$ 130,426**	**(2,165,987)**	**$ (17,500)**	**$ (69,575)**	**$ (1,056)**	**$ 42,319**
Stock-based compensation	—	—	1,796	—	—	—	—	**1,796**
Issuance of common stock pursuant to exercise of stock options	207,432	—	128	—	—	—	—	**128**
Issuance of common stock pursuant to vesting of restricted stock units	589,341	—	(800)	—	—	—	—	(800)
Repurchase of common shares	—	—	—	(21,905)	(253)	—	—	(253)
Net income	—	—	—	—	—	2,094	—	**2,094**
Foreign currency translation	—	—	—	—	—	—	29	**29**
Balance, May 31, 2024	**24,964,787**	**$ 24**	**$ 131,550**	**(2,187,892)**	**$ (17,753)**	**$ (67,481)**	**$ (1,027)**	**$ 45,313**

See accompanying notes to the unaudited condensed consolidated financial statements.

1. NATURE OF OPERATIONS

Byrna Technologies Inc. (the "Company" or "Byrna") is a technology company, specializing in next generation alternatives to traditional firearms without the risk of taking a life. The Company's launchers can be used for self-defense and personal security by consumers in all 50 states without a firearms license, subject to local regulations. The Company also sells accessories, pepper sprays, and other personal safety tools. Most of the sales are to consumers in the United States via the Company's e-commerce site, its Amazon storefront, its four Company owned brick and mortar locations, and through retailers, including big box stores. The Company's products also may be sold to private security and public security officers. Since 2020, the Company has not manufactured or sold any products to or for use by the military. The Company operates two manufacturing facilities, a 30,000 square foot facility located in Fort Wayne, Indiana and a 20,000 square foot manufacturing facility located in Pretoria, South Africa.

2. OPERATIONS AND MANAGEMENT PLANS

From inception to May 31, 2025, the Company has incurred an accumulated deficit of approximately $52.7 million. The Company has funded operations through the issuance of the Company's common stock par value $0.001 per share ("Common Stock") until reaching profitability. The Company generated net income of $4.1 million for the six months ended May 31, 2025. The Company's future success is dependent upon its ability to continue to raise sufficient capital or generate adequate revenues, to cover its ongoing operating expenses, and also to continue to develop and be able to profitably market its products.

3. BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements for the three and six months ended May 31, 2025 and 2024 include the accounts of the Company and its subsidiaries. These unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles in the United States of America ("GAAP"); however, such information reflects all adjustments consisting solely of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods. All significant intercompany accounts and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto together with management's discussion and analysis of financial condition and results of operations contained in the Company's annual report on Form 10-K for the year ended November 30, 2024. In the opinion of management, the accompanying unaudited condensed consolidated financial statements, the results of its operations for the three and six months ended May 31, 2025 and 2024, and its cash flows for the six months ended May 31, 2025 and May 31, 2024 are not necessarily indicative of results to be expected for the full year.

4. USE OF ESTIMATES

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

5. RECENT ACCOUNTING GUIDANCE

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.

Accounting Pronouncements Issued but Not Adopted

The FASB issued ASU 2023-07: Segment Reporting Topic 280 - Improvements to Reportable Segment Disclosures. This update requires expanded annual and interim disclosures for significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. This update will be effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, and is to be applied retrospectively to all periods presented in the financial statements. The Company will reflect any needed changes in its annual financial statements for the year ended November 30, 2025, and believes the adoption of ASU 2023-07 will not have a material impact on the consolidated financial statements.

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, which for the Company will be the year ended November 30, 2026. 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 clarified 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 annual periods of fiscal years beginning after December 15, 2026, and interim periods in years beginning after December 15, 2027, with early adoption permitted. The Company is currently assessing the impact of ASU 2024-03 on its financial statement disclosures. While the Company anticipates that the adoption of this standard will require additional disclosures, it does not expect it to have a material impact on the Company's financial position or results of operations.

6. GOODWILL

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

The Company assesses goodwill for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment, referred to as a component. The Company's operations constitute a single reporting unit and goodwill is assessed for impairment at the Company level as a whole.

7. MARKETABLE DEBT SECURITIES

Marketable debt securities consist of U.S. Treasury Securities and Corporate Bonds. Management determines the appropriate classification of these securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. The Company classifies its investments as available-for-sale pursuant to ASC 320, Investments—Debt Securities. Investments are recorded at fair value, with unrealized gains and losses included as a component of accumulated other comprehensive income in stockholders' equity and a component of total comprehensive income in the consolidated statements of operations and comprehensive income, until realized. Realized gains and losses are included in investment income on a specific-identification basis. The Company estimates expected credit losses for investments when unrealized losses exist. Unrealized losses that are credit related are recognized in net income and unrealized losses that are not credit related are recognized in accumulated other comprehensive income. For the three and six months ended May 31, 2025, there were realized gains on investments of $0.1 million. For the three and six months ended May 31, 2025, there were net unrealized gains on marketable debt securities of $0.1 million.

The following table summarizes our marketable securities and available-for-sale investments as of May 31, 2025 (in thousands):

	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Investments
Corporate bonds	$ 2,938	$ 47	$ -	$ 2,985	$ 2,985
U.S. Treasury securities	2,969	30	-	$ 2,999	$ 2,999
Total	$ 5,907	$ 77	$ -	$ 5,984	$ 5,984

	May 31, 2025	
	Cost	Fair Value
Due within one year or less	$ 4,907	$ 4,980
Due after one year through five years	999	1,004
	$ 5,907	$ 5,984

The following table summarizes our marketable securities and available-for-sale investments 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

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.

The following table summarizes the fair value of marketable debt securities by level within the fair value hierarchy as of May 31, 2025:

			May 31, 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	$ 2,064	$ 2,064	$ 2,064	$ -	$ -
Corporate bonds	2,938	2,985	-	2,985	-
U.S. Treasury securities	2,969	2,999	-	2,999	-

Total	$	7,971	$	8,048	$	2,064	$	5,984	$	-

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	$	-

8. INVESTMENT IN JOINT VENTURE

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 since the Company did not have voting control of Byrna LATAM. Additionally, the Company did not have substantive participating rights that would result in the Company having control of Byrna LATAM.

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 three and six months ended May 31, 2025 and outstanding as of May 31, 2025, was $0.8 million. 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 three and six months ended May 31, 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 will be repaid in twelve equal installments starting on August 19, 2024. 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 Condensed Consolidated Balance Sheet as of May 31, 2025 and November 30, 2024.

9. ADVERTISING COSTS

Advertising costs are expensed as incurred and reported in Operating Expenses in the Condensed Consolidated Statements of Operations and Comprehensive Income, and include costs of advertising, tradeshows, and other activities designed to enhance demand for the Company's products. The Company recorded advertising costs of approximately $3.8 million and $7.9 million for the three and six months ended May 31, 2025, respectively. The Company recorded advertising costs of approximately $2.5 million and $5.3 million for the three and six months ended May 31, 2024, respectively.

10. REVENUE, DEFERRED REVENUE AND ACCOUNTS RECEIVABLE

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

During the second quarter of 2025, the Company offered a complimentary five-year extended warranty with the purchase of any launcher during the month of May. The Company determined the standalone selling price of the five-year extended warranty and, in accordance with ASC 606, allocated a portion of the total transaction price to the warranty using the relative standalone selling price method. The amount allocated to the five-year extended warranty is recorded as deferred revenue and is recognized on a straight-line basis over the five-year warranty period. Revenue related to the five-year extended warranty was immaterial.

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. The right of return creates a variable component to the transaction price and needs to be considered for any possible constraints. The Company estimates returns using the expected value method, as there will likely be a range of potential return amounts. The Company's reserve for returns under the 14-day money back guarantee for the three and six months ended May 31, 2025 and 2024 was immaterial.

The Company does not offer a money-back guarantee to dealers or retailers. These customers may request a return or credit for unforeseen reasons or may have agreed discounts or allowances to be netted from amounts invoiced. Accordingly, the Company reserves for returns, discounts and allowances based on past performance and on agreement terms and reports revenue net of the estimated reserve. The Company's reserve for returns, discounts, and allowances for the three and six months ended May 31, 2025 and 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 Condensed Consolidated Statements of Operations and Comprehensive Income and are recognized when the product is shipped to the customer.

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

The Company has granted Byrna LATAM an exclusive license under the LATAM Licensing Agreement to manufacture, market, sell, and distribute Byrna products within specified territories. Under the LATAM Licensing Agreement, Byrna LATAM is authorized to use the Byrna® trademark and logo for marketing and sales of approved products, subject to the terms outlined in the LATAM Licensing Agreement. In consideration for these rights, Byrna LATAM is required to pay the Company a royalty fee based on quantities and values of licensed products manufactured. The Company recognizes revenue as the licensed products are manufactured as reported to the Company by Byrna LATAM. The LATAM Licensing Agreement establishes minimum revenue requirements for designated countries. There is no minimum guaranteed royalty fee unless otherwise stipulated by the minimum revenue provisions of the LATAM Licensing Agreement.

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 $6.5 million, $2.6 million and $2.9 million as of May 31, 2025, November 30, 2024, and November 30, 2023, respectively.

Allowance for Expected Credit Losses

The Company estimates the balance of its allowance for expected credit losses. In determining the amount of the allowance for 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 May 31, 2025, November 30, 2024, and November 30, 2023, the total allowance for credit losses recorded was less than $0.1 million, $0.3 million and $0.6 million, respectively.

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, as of May 31, 2025 and May 31, 2024 was $0.4 million and $1.5 million, respectively, and $1.8 million and $1.9 million as of November 30, 2024 and 2023, respectively.

	May 31, 2025	November 30, 2024
Deferred revenue balance, beginning of period	$ 1,808	$ 1,936
Net additions to deferred revenue during the period	33,249	66,120
Reductions in deferred revenue for revenue recognized during the period	(34,707)	(66,248)
Deferred revenue balance, end of period	350	1,808
Less current portion	335	1,791
Deferred revenue, non-current	$ 15	$ 17

Revenue Disaggregation

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

	Three Months Ended May 31,		Six Months Ended May 31,	
Distribution channel	**2025**	**2024**	**2025**	**2024**
Wholesale (dealer/distributors)	$ 11,465	$ 5,177	$ 17,494	$ 8,731
E-commerce (direct to consumers)	17,040	15,092	37,201	28,192
Total	$ 28,505	$ 20,269	$ 54,695	$ 36,923

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):

	Three Months Ended May 31,		Six Months Ended May 31,	
Revenue type	**2025**	**2024**	**2025**	**2024**
Product	$ 27,697	$ 20,269	$ 53,884	$ 36,923
Royalties	808	—	811	—
Total	$ 28,505	$ 20,269	$ 54,695	$ 36,923

11. INVENTORY

The following table summarizes inventory (in thousands):

	May 31, 2025	November 30, 2024
Raw materials	$ 18,375	$ 10,307
Work in process	3,823	3,433
Finished goods	10,088	6,232
Total	$ 32,286	$ 19,972

12. PROPERTY AND EQUIPMENT

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

	May 31, 2025	November 30, 2024
Computer equipment and software	$ 817	$ 791
Furniture and fixtures	501	276
Leasehold improvements	2,028	1,048
Machinery and equipment	7,137	4,095
	10,483	6,210
Less: accumulated depreciation	3,639	2,802
Total	$ 6,844	$ 3,408

The Company recognized $0.9 million and $0.6 million in depreciation expense during the six months ended May 31, 2025 and May 31, 2024, respectively. The Company recognized $0.5 million and $0.3 million in depreciation expense during the three months ended May 31, 2025 and 2024, respectively. Depreciation expense is presented in the operating expenses and within cost of goods sold in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

At May 31, 2025 and November 30, 2024, the Company had deposits of $2.0 million and $2.7 million, respectively, with vendors primarily for supply of machinery (molds) and equipment where the vendors have not completed the supply of these assets and is presented as Deposits for equipment in the Condensed Consolidated Balance Sheets.

13. INTANGIBLE ASSETS

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

	Estimated Useful Lives in Years	Balance at May 31, 2025 Gross Carrying Amount	Balance at May 31, 2025 Accumulated Amortization	Balance at May 31, 2025 Net Carrying Amount	Balance at November 30, 2024 Gross Carrying Amount	Balance at November 30, 2024 Accumulated Amortization	Balance at November 30, 2024 Net Carrying Amount
Patents	10-17	$ 3,955	$ (1,106)	$ 2,849	$ 3,955	$ (978)	$ 2,977
Trademarks	Indefinite	360	—	360	360	—	360
Customer List	2	70	(70)	—	70	(70)	—
Federal Firearms License	3	6	—	6			
Total		**$ 4,391**	**$ (1,176)**	**$ 3,215**	**$ 4,385**	**$ (1,048)**	**$ 3,337**

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

Intangible assets amortization expenses are recorded within operating expenses in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income. Total intangible assets amortization expense for the six months ended May 31, 2025 and May 31, 2024 were $0.1 million and $0.1 million, respectively. Total intangible assets amortization expense for the three months ended May 31, 2025 and 2024 were $0.1 million and less than $0.1 million, respectively.

Estimated future amortization expense related to intangible assets as of May 31, 2025 are as follows (in thousands):

Fiscal Year Ending November 30,	
2025 (remaining six months)	$ 129
2026	259
2027	259
2028	258
2029	257
Thereafter	1,693
Total	**$ 2,855**

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	May 31, 2025	November 30, 2024
Trade payables	$ 10,315	$ 7,715
Accrued sales and use tax	782	570
Accrued personnel costs	3,035	4,193
Accrued professional fees	226	124
Other accrued liabilities	19	506
Total	$ 14,377	$ 13,108

15. STOCKHOLDERS' EQUITY

Stock Buyback Program

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 Company's Stock Buyback Plan 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 the Company reaches 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. In the three and six months ended May 31, 2025, the Company repurchased 3,927 shares of common stock for $0.05 million. As of May 31, 2025, 353,157 shares of common stock have been repurchased for $3.8 million.

	Number of Shares	Cost of Shares	Average Cost per Share
Shares purchased - March 2024	21,905	$ 253,003	$ 11.6
Shares purchased - August 2024	291,141	2,994,296	10.3
Shares purchased - September 2024	506	5,695	11.3
Shares purchased - October 2024	35,678	499,997	14.0
Shares purchased - April 2025	3,927	54,940	14.0
Total	353,157	$ 3,807,931	$ 10.8

16. STOCK-BASED COMPENSATION

2020 Plan

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

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

The fair value of each grant is estimated on the date of grant by using either the Black-Scholes, Binomial Lattice, or the quoted stock price on the date of grant, unless the awards are subject to market conditions in which case the Company uses the Monte Carlo simulation model. Due to the Company’s limited history, the expected term of the Company’s stock options granted to employees has been determined utilizing the method as prescribed by the SEC’s Staff Accounting Bulletin, Topic 14. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends on Common Stock and does not expect to pay any cash dividends in the foreseeable future.

Stock-Based Compensation Expense

Stock-based compensation costs are recognized as expense over the employee's requisite service period, on a straight-line basis. Total stock-based compensation expense was $1.6 million and $1.8 million for the six months ended May 31, 2025 and May 31, 2024, respectively. Total stock-based compensation expense was $0.7 million and $0.9 million for the three months ended May 31, 2025 and May 31, 2024, respectively. Total stock-based compensation expense was recorded in Operating expenses in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

Restricted Stock Units

During the three months ended May 31, 2025, the Company granted performance-based restricted stock units (“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. 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 six months ended May 31, 2025 the Company granted 78,886 RSUs consisting of 46,400 time-based RSUs and 32,486 performance-based RSUs. During the six months ended May 31, 2024, the Company granted 600,000 of the RSUs 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 for the six months ended May 31, 2025 and May 31, 2024 was $0.9 million and $0.9 million, respectively. Stock-based compensation expense for the RSUs for the three months ended May 31, 2025 and May 31, 2024 was $0.5 million and $0.4 million, respectively.

The assumptions that the Company used in a Monte Carlo simulation model to determine the grant-date fair value of RSUs granted with a double trigger for the six months ended May 31, 2024 were as follows:

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

As of May 31, 2025, there was $3.5 million of unrecognized stock-based compensation cost related to unvested RSUs which is expected to be recognized over a weighted average of 1.1 years.

The following table summarizes the RSU activity during the six months ended May 31, 2025:

	RSUs
Unvested and outstanding as of November 30, 2024	915,230
Granted	78,886
Settled	(101,001)
Forfeited	(1,161)
Unvested and outstanding at May 31, 2025	891,954

Of the 101,001 RSUs that were settled during the six months ended May 31, 2025, 1,636 units were withheld by the Company in exchange for the Company paying for the payroll withholding taxes. For the six months ended May 31, 2025, RSUs of 99,366, net, were issued in connection with the settlement of RSUs.

Stock Options

The Company recorded stock-based compensation expense for options granted to its employees and directors of $0.7 million and $0.9 million during the six months ended May 31, 2025 and May 31, 2024, respectively, and $0.3 million and $0.5 million for the three months ended May 31, 2025 and 2024, respectively. As of May 31, 2025, there was $0.6 million of unrecognized stock-based compensation cost related to unvested stock options which is expected to be recognized over a weighted average period of 1.3 years.

Stock Option Valuation

The fair value of stock options at the date of grant was estimated using the Black Scholes option pricing model. The assumptions that the Company used to determine the grant-date fair value of stock options granted for the six months ended May 31, 2024 were as follows:

Risk free rate		4.10%
Expected dividends	$	—
Expected volatility		75.75%
Expected life (in years)		6.5
Market price of the Company's Common Stock on date of grant	$	6.89

The following table summarizes option activity under the 2020 Plan during the six months ended May 31, 2025:

	Stock Options		Weighted-Average Exercise Price Per Stock Option
Outstanding, November 30, 2024	1,241,839	$	9.11
Granted	—		—
Exercised	(115,050)		9.38
Expired	(586)		1.90
Forfeited	(16,667)		8.96
Outstanding, May 31, 2025	1,109,536	$	9.11
Exercisable, May 31, 2025	900,201	$	9.44

Of the 115,050 shares issued upon exercise of options, 27,777 options were surrendered due to cashless exercise.

17. EARNINGS PER SHARE

For the three and six months ended May 31, 2025 and 2024, the Company recorded net income and, as such, used diluted weighted-average common shares outstanding when calculating diluted income per share for the three and six months ended May 31, 2025 and 2024. Stock options and RSUs that could potentially dilute basic earnings per share ("EPS") in the future are included in the computation of diluted income per share.

	For the Three Months Ended May 31,		For the Six Months Ended May 31,	
	2025	2024	2025	2024
Net income	$ 2,427	$ 2,077	$ 4,089	$ 2,094
Weighted-average number of shares used in computing net income per share, basic	22,668,546	22,728,500	22,628,270	22,383,769
Net income per share - basic	$ 0.11	$ 0.09	$ 0.18	$ 0.09
Weighted-average number of shares used in computing net income per share, diluted	23,951,297	23,731,076	24,021,948	22,942,530
Net income per share - diluted	$ 0.10	$ 0.09	$ 0.17	$ 0.09

The following table reconciles the weighted-average common shares outstanding used in the calculation of basic EPS to the weighted-average common shares outstanding used in the calculation of diluted EPS for the three and six months ended May 31, 2025 and 2024:

	For the Three Months Ended May 31,		For the Six Months Ended May 31,	
	2025	2024	2025	2024
Weighted-average common shares outstanding- basic	22,668,546	22,728,500	22,628,270	22,383,769
Assumed conversion of:				
Dilutive stock options	588,289	315,374	659,644	117,374
Dilutive RSUs	694,462	687,202	734,034	441,387
Weighted-average common share outstanding- diluted	23,951,297	23,731,076	24,021,948	22,942,530

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 for the periods indicated because including them would have had an anti-dilutive effect:

	For the Three Months Ended May 31,		For the Six Months Ended May 31,	
	2025	2024	2025	2024
Options	—	36,000	—	452,166
RSUs	64,972	—	64,972	224,513
Total	64,972	36,000	64,972	676,679

18. 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 a nominal amount for the three and six months ended May 31, 2025 and 2024.

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 sales of $0.1 million during the three and six months ended May 31, 2024. Because of the divesture of the joint venture in August 2024 (see Note 8), Fusady is no longer considered a related party.

19. LEASES

Operating Leases

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

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

The Company leases office and warehouse space in South Africa. The Company has exercised its right to extend the lease for an additional year. The lease, which was originally set to expire in December 2024, was extended to December 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 the former 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. As of May 31, 2025, the total right-of-use asset amounting to $0.2 million and the corresponding lease liability of $0.3 million are reflected in the Company's financial statements.

The Company also leases office space in Las Vegas, Nevada, which expires on January 31, 2027. The base rent is less than $0.1 million per month.

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. As of May 31, 2025, the total right-of-use asset amounting to $0.1 million and the corresponding lease liability of $0.1 million are reflected in the Company's financial statements.

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. As of May 31, 2025, the total right-of-use asset amounting to $0.6 million and the corresponding lease liability of $0.7 million are reflected in the Company's financial statements.

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. As of May 31, 2025, the total right-of-use asset amounting to $0.2 million and the corresponding lease liability of $0.3 million are reflected in the Company's consolidated financial statements.

Commencing in April 2025, the Company entered into another operating lease for office space located in Las Vegas, Nevada. The lease term is for three years, commencing on April 1, 2025 and expiring on April 30, 2028. As of May 31, 2025, the total right-of-use asset amounting to $0.2 million and the corresponding lease liability of $0.2 million 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.

For the three and six months ended May 31, 2025, the elements of lease expense were as follows (in thousands):

	Three Months Ended May 31, 2025	Six Months Ended May 31, 2025
Lease Cost:		
Operating lease cost	$ 190	$ 370
Short-term lease cost	20	39
Total lease cost	$ 210	$ 409
Other Information:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 135	$ 240
Operating lease liabilities arising from obtaining right-of-use assets	$ 178	$ 178
Operating Leases:		
Weighted-average remaining lease term (in years)	4.3	4.3
Weighted-average discount rate	7.9%	7.9%

Future lease payments under non-cancelable operating leases as of May 31, 2025 are as follows (in thousands):

Fiscal Year Ending November 30,	
2025 (six months)	$ 410
2026	840
2027	738
2028	386
2029	266
Thereafter	387
Total lease payments	3,027
Less: imputed interest	440
Present value of operating lease liabilities	$ 2,587
Operating lease liabilities, current	$ 652
Operating lease liabilities, non-current	$ 1,935

20. INCOME TAXES

For the three months ended May 31, 2025, the Company recorded $0.9 million of income tax expense. For the three months ended May 31, 2024, the Company recorded a nominal amount of income tax expense. For the three months ended May 31, 2025 and May 31, 2024, the effective tax rate was 23.3% and 0.1%, respectively. For the six months ended May 31, 2025, the Company recorded $1.0 million of income tax expense. For the six months ended May 31, 2024, the Company recorded a nominal amount of income tax expense. For the six months ended May 31, 2025 and May 31, 2024, the effective tax rate was 17.2% and 0.2%, respectively. The Company's tax rate differs from the statutory rate of 21.0% due to the effects of state taxes net of federal benefit, the foreign tax rate differential as a result of Byrna South Africa, effects of permanent non-deductible expenses, and other effects.

21. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

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

22. SEGMENT AND GEOGRAPHICAL DISCLOSURES

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

The tables below summarize the Company's revenue for the three and six months ended May 31, 2025 and 2024, respectively, by geographic region (in thousands):

Revenue:

Three Months Ended	U.S./Mexico	South Africa	Europe/South America/Asia	Canada	Total
May 31, 2025	$ 25,038	$ 222	$ 2,932	$ 313	$ 28,505
May 31, 2024	$ 18,659	$ 41	$ 1,015	$ 554	$ 20,269

Six Months Ended	U.S./Mexico	South Africa	Europe/South America/Asia	Canada	Total
May 31, 2025	$ 49,155	$ 381	$ 4,255	$ 904	$ 54,695
May 31, 2024	$ 34,197	$ 104	$ 1,532	$ 1,090	$ 36,923

23. FINANCIAL INSTRUMENTS

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

i) Currency Risk

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

During the six months ended May 31, 2025, in comparison to the prior year period, the U.S. dollar on average was stronger in relation to the South African rand, and upon the translation of the Company's subsidiaries' revenues, expenses, assets and liabilities held in South African rand. The Company recorded a translation adjustment loss of $0.1 million and gain of $0.03 million related to the South African rand during the six months ended May 31, 2025 and May 31, 2024, respectively. The Company recorded a translation adjustment loss of approximately $0.1 million related to the South African rand during the three months ended May 31, 2025 and May 31, 2024

The Company's South African subsidiary revenues, cost of goods sold, operating costs and capital expenditures are denominated in South African rand. Consequently, fluctuations in the U.S. dollar exchange rate against the South African rand increases the volatility of sales, cost of goods sold and operating costs and overall net earnings when translated into U.S. dollars. The Company is not using any forward or option contracts to fix the foreign exchange rates. Using a 10% fluctuation in the U.S. exchange rate, the impact on the income 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 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 May 31, 2025, one of the Company's customers accounted for approximately 37% of total accounts receivable. As of November 30, 2024, two of the Company's customers accounted for approximately 36% of total accounts receivable.

The Company loaned $1.6 million to Byrna LATAM in January 2023 (see Note 8). 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.

The Company's marketable debt securities consist of U.S. Treasury Securities, and Corporate Bonds. The Company's investment policy limits the amounts the Company may invest in any one type of investment and requires all investments held by the Company to be at least AA-/Aa3 rated, thereby reducing credit risk exposure.

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

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

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities 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, other than statements of historical fact included in this Quarterly Report including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "may," "estimate," "opportunity," "could," "seek" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important risk factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of our Annual Report on Form 10-K for the year ended November 30, 2024 filed with the U.S. Securities and Exchange Commission (the "SEC") on February 7, 2025, as amended on March 31, 2025 (the "2024 10-K"), and the Company's subsequent filings with the SEC, all of which can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, we disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, including but not limited to our ability to design, introduce and sell new products, services and features, the impact of any regulatory proceedings or litigation, our ability to protect our intellectual property and compete with existing and new products, the impact of stock compensation expense, dividends, warrant exercises and related accounting, impairment expense and income tax expense on our financial results, our ability to manage our supply chain and avoid production delays, shortages or other factors, including product mix, cost of parts and materials and cost of labor that may impact our gross margins, our ability to retain and incentivize key management personnel, product defects, the success of our entry to new markets, customer purchase behavior and negative media publicity or public perception of our brand or products, restrictions or prohibitions imposed by advertising platforms, loss of customer data, breach of security or an extended outage related to our e-commerce storefronts, including a breach or outage by our third party cloud based storage providers, exposure to international operational risks, delayed cash collections or credit losses, determinations or audits by taxing authorities, changes in government regulations, the impact of existing or future regulation by the Bureau of Alcohol, Tobacco, and Firearms, import and export regulators, or other federal or state authority, or changes in international law in key jurisdictions including South America and South Africa or our inability to obtain needed exemptions from such existing or future regulation.

OVERVIEW

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

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

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

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

On January 10, 2023, we created a new joint venture, Byrna LATAM, with Fusady S.A. ("Fusady") located in Uruguay, to expand our operations and presence in South American markets. We held 51% of the stock in Byrna LATAM, and the remaining 49% of stock in Byrna LATAM was held by Fusady. Under the terms of the joint venture, we did not control the Byrna LATAM. On August 19, 2024 we sold our 51% ownership interest to Fusady for $1 and entered into an exclusive distribution, manufacturing and licensing agreement with Byrna LATAM. The 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 us a royalty on Byrna products manufactured. The LATAM Share Purchase Agreement also includes put and call rights based on defined triggers that expire August 19, 2029.

On July 31, 2024, our Board of Directors approved a plan to buy back 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.

RESULTS OF OPERATIONS

Three months ended May 31, 2025 as compared to three months ended May 31, 2024:

Net Revenue

The Company presents revenue net of returns, allowances, and discounts. Net revenues were $28.5 million in the second fiscal quarter of 2025 which represents an increase of $8.2 million, or 40.6%, as compared to the prior year period revenues of $20.3 million. Most of the increase in revenue can be attributed to a new marketing strategy, implemented in September of 2023, shifting advertising efforts away from social media platforms and towards celebrity endorsers. Direct to customer sales, via Amazon and our website, increased by $1.8 million, or 12.2%, from $14.8 million in the second fiscal quarter of 2024 to $16.6 million in the same fiscal quarter of 2025. Sales to domestic dealers and retailers also improved, increasing by 121.1% to $8.4 million from $3.8 million in the three months ended May 31, 2024. Sales to international markets, including Canada, increased from $1.7 million in the three months ended May 31, 2024 to $2.8 million in the three months ended May 31, 2025. In addition, the Company recognized $0.8 million in royalty revenue related to the LATAM Licensing Agreement during the second fiscal quarter of 2025.

Cost of Goods Sold

Cost of goods sold was $10.9 million in the second fiscal quarter of 2025 compared to $7.7 million in the prior year period. This increase of $3.2 million, or 41.9%, is primarily due to the increase in sales volumes.

Gross Profit

Gross profit is calculated as total revenue less cost of goods sold and gross margin is calculated as gross profit divided by total revenue. Included as cost of goods sold are costs associated with the production and procurement of products, such as labor and overhead, inbound freight costs, manufacturing depreciation, purchasing and receiving costs, and inspection costs. Gross profit was $17.6 million in the second fiscal quarter of 2025, or 61.6% of net revenue, as compared to gross profit of approximately $12.6 million, or 62.0% of net revenue, in the prior year period. The decrease was primarily due to a shift in sales channel mix as a larger proportion of sales were generated through wholesale channels, which typically carry lower gross margins than our higher-margin ecommerce sales.

Operating Expenses

Operating expenses were $14.2 million in the second fiscal quarter of 2025, an increase of $3.6 million, as compared to the prior year period expenses of $10.6 million. The increase is due to an increase of $1.3 million in marketing expenses, an increase of $0.7 million in variable expenses, which increase in proportion to sales volume, an increase of $1.0 million in employee compensation costs.

Other Income (Expense)

We recorded $0.1 million of foreign currency transaction loss during the three months ended May 31, 2025 compared to $0.2 million during the three months ended May 31, 2024. We recorded $0.1 million of interest income during the three months ended May 31, 2025 compared to $0.3 million in the three months ended May 31, 2024.

Income Tax Provision

For the three months ended May 31, 2025 and May 31, 2024, we recorded $0.9 million and a nominal amount of income tax expense, respectively. For the three months ended May 31, 2025 and May 31, 2024, the effective tax rate was 23.3% and 0.1%, respectively. Our tax rate differs from the statutory rate of 21.0% due to the effects of state taxes net of federal benefit, the foreign tax rate differential as a result of Byrna South Africa, effects of permanent non-deductible expenses, and other effects.

Net Income

Net income was $2.4 million for the three months ended May 31, 2025, an improvement of $0.3 million compared to $2.1 million for the three months ended May 31, 2024.

Non-GAAP Financial Measures

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

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

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

Adjusted EBITDA

Adjusted EBITDA is defined as net income as reported in our Condensed 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) impairment loss and (vi) one-time, non-recurring other expenses or income. Our Adjusted EBITDA measure eliminates potential differences in performance caused by variations in capital structures (affecting finance costs), tax positions, the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). We also exclude certain one-time and non-cash costs. Reconciliation of Adjusted EBITDA to net income, the most directly comparable GAAP measure, is as follows (in thousands):

	For the Three Months Ended May 31,	
	2025	**2024**
Net income	$ 2,427	$ 2,077
Adjustments:		
Interest income	(116)	(323)
Income tax expense	898	3
Depreciation and amortization	252	165
Non-GAAP EBITDA	3,461	1,922
Stock-based compensation expense	723	858
Severance/Officer recruiting	116	—
Non-GAAP adjusted EBITDA	$ 4,300	$ 2,780

Six months ended May 31, 2025 as compared to six months ended May 31, 2024:

Net Revenue

The Company presents revenue net of returns, allowances, and discounts. Net revenues were $54.7 million in the six months ended May 31, 2025 which represents an increase of $17.8 million, or 48.1%, as compared to the prior year period revenues of $36.9 million. Most of the increase in revenue can be attributed to a new marketing strategy, implemented in September of 2023, shifting advertising efforts away from social media platforms and towards celebrity endorsers. Direct to customer sales, via Amazon and our website, which increased by $8.5 million, or 30.9%, from $27.5 million in the first half of 2024 to $36.0 million in the first half of 2025. Sales to domestic dealers and retailers also improved, increasing by 103.1% to $12.9 million from $6.4 million in the six months ended May 31, 2024. Sales to international markets, including Canada, increased from $3.0 million in the six months ended May 31, 2024 to $5.0 million in the six months ended May 31, 2025. In addition, the Company recognized $0.8 million in royalty revenue related to the LATAM Licensing Agreement during the first half of 2025.

Cost of Goods Sold

Cost of goods sold was $21.2 million in the first half of 2025 compared to $14.7 million in the prior year period. This increase of $6.5 million, or 44.0%, is primarily due to the increase in sales volumes.

Gross Profit

Gross profit is calculated as total revenue less cost of goods sold and gross margin is calculated as gross profit divided by total revenue. Included as cost of goods sold are costs associated with the production and procurement of products, such as labor and overhead, inbound freight costs, manufacturing depreciation, purchasing and receiving costs, and inspection costs. Gross profit was $33.5 million in the first half of 2025, or 61.2%of net revenue, as compared to gross profit of approximately $22.2 million, or 60.1% of net revenue, in the prior year period. The majority of the increase was driven by volume, resulting from heightened demand linked to marketing initiatives and channel growth. This was further supported by higher absorption of fixed costs due to increased production volume and a reduced reliance on price discounts for sales promotions.

Operating Expenses

Operating expenses were $28.5 million in the first half of 2025, an increase of $8.0 million, as compared to the prior year period expenses of $20.5 million. The increase is due to an increase of $2.5 million in marketing expenses, an increase of $1.9 million in variable expenses, which increase in proportion to sales volume, an increase of $2.2 million in employee compensation costs.

Other Income (Expense)

We recorded $0.2 million of foreign currency transaction loss during the first half of 2025 compared to $0.3 million during the first half of 2024. We recorded $0.3 million of interest income during the six months ended May 31, 2025 compared to $0.6 million in the six months ended May 31, 2024.

Income Tax Provision

For the six months ended May 31, 2025 and May 31, 2024, we recorded $1.0 million and $0.01 million of income tax expense, respectively. For the six months ended May 31, 2025 and May 31, 2024, the effective tax rate was 17.2% and 0.2%, respectively. Our tax rate differs from the statutory rate of 21.0% due to the effects of state taxes net of federal benefit, the foreign tax rate differential as a result of Byrna South Africa, effects of permanent non-deductible expenses, and other effects.

Net Income

Net income was $4.1 million for the six months ended May 31, 2025, an improvement of $2.0 million compared to $2.1 million for the six months ended May 31, 2024.

Non-GAAP Financial Measures

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

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

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

Adjusted EBITDA

Adjusted EBITDA is defined as net income as reported in our Condensed 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) impairment loss and (vi) one-time, non-recurring other expenses or income. Our Adjusted EBITDA measure eliminates potential differences in performance caused by variations in capital structures (affecting finance costs), tax positions, the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). We also exclude certain one-time and non-cash costs. Reconciliation of Adjusted EBITDA to net income, the most directly comparable GAAP measure, is as follows (in thousands):

	For the Six Months Ended May 31,	
	2025	**2024**
Net income (loss)	$ 4,089	$ 2,094
Adjustments:		
Interest income	(303)	(604)
Income tax benefit	1,038	3
Depreciation and amortization	437	335
Non-GAAP EBITDA	5,261	1,828
Stock-based compensation expense	1,562	1,796
Severance/Separation	246	175
Non-GAAP adjusted EBITDA	$ 7,069	$ 3,799

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Summary
Cash and cash equivalents as of May 31, 2025 totaled $7.0 million, a decrease of $9.8 million from $16.8 million of cash and cash equivalents as of November 30, 2024.

Operating Activities
Cash used in operating activities was $9.2 million for the six months ended May 31, 2025 compared to cash provided by operations of $5.9 million during the prior year period. Net income was $4.1 million compared to $2.1 million for the six months ended May 31, 2025 and May 31, 2024, respectively. Significant changes in noncash and working capital activity are as follows:

Non-cash activity includes stock-based compensation expenses of $1.6 million for the six months ended May 31, 2025, compared to $1.8 million for the six months ended May 31, 2024; depreciation and amortization expense of $1.0 million for the six months ended May 31, 2025 compared to $0.7 million for the six months ended May 31, 2024.

Inventory increased during the six months ended May 31, 2025 by $12.3 million compared to a increase of $1.6 million for the six months ended May 31, 2024. Accounts receivable increased by $3.9 million during the six months ended May 31, 2025 as compared to a decrease of $1.3 million for the six months ended May 31, 2024. Accounts payable and accrued liabilities increased during the six months ended May 31, 2025 by $1.3 million compared to a decrease of $3.0 million for the six months ended May 31, 2024. Prepaid expenses and other current assets increased by $0.6 million during the six months ended May 31, 2025 compared to an increase of $0.9 million during the six months ended May 31, 2024. Operating lease liabilities decreased by $0.2 million during the six months ended May 31, 2025 compared to a decrease of $0.4 million during the six months ended May 31, 2024. Deferred revenues decreased $1.5 million during the six months ended May 31, 2025 compared to a decrease of $0.5 million for the six months ended May 31, 2024.

Investing Activities
Cash used in investing activities was $0.6 million for the six months ended May 31, 2025 compared to $0.7 million for the six months ended May 31, 2024. The prior year period investing activities primarily relates to the purchases of property and equipment while the current period relates to purchases of property and equipment, acquisition of Federal Firearms Licenses, and proceeds from sale of marketable securities. Property and equipment increased during the six months ended May 31, 2025 by $3.6 million compared to a decrease of $0.7 million for the six months ended May 31, 2024. Marketable debt securities decreased during the six months ended May 31, 2025 by $2.9 million. There were no marketable debt securities held during the same period in the prior year. Capital expenditures were higher than typical in the first half of the fiscal year due to the build out of retail stores and new ammunition manufacturing facility. Capital expenditures are expected to decrease in the third and fourth quarters of the current fiscal year.

Financing Activities
Cash provided by financing activities was $0.1 million for the six months ended May 31, 2025 compared to cash used in financing activities of $0.9 million for the six months ended May 31, 2024. The current year amount was primarily composed of proceeds from stock option exercises of $0.2 million, taxes paid on issuances of restricted stock units of $0.1 million, and payments of $0.05 million for repurchases of common stock. The prior year amount was primarily composed of proceeds from stock option exercises of $0.1 million, stock repurchases of $0.3 million and taxes paid on issuances of restricted stock units of $0.8 million.

We require significant capital to meet our obligations as they become due. Throughout the next twelve months, we intend to fund our operations primarily from the funds raised through our operations. We may pursue secondary equity offerings or debt financings to provide working capital and satisfy debt obligations. There can be no assurance as to the availability or terms upon which such financing and capital might be available in the future. If we are required to raise capital to support our operations and are unable to secure additional funding, we may be forced to curtail or suspend our business plans.

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our unaudited condensed consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. Our significant accounting policies are outlined in Note 4, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements included in Item 8 of the 2024 10-K. During the three and six months ended May 31, 2025, there were no significant changes to our critical accounting policies from those described in our 2024 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as of May 31, 2025 pursuant to Rule 13a-15(b) of the Exchange Act. Disclosure controls and procedures are designed to ensure that material information that we are required to disclose in the reports that we file or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that material information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our CEO and CFO concluded with reasonable assurance, that as of May 31, 2025, our disclosure controls and procedures were effective.

Changes in Internal Controls Over Financial Reporting

There were no changes that occurred during the second quarter of 2025 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this report include the "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended November 30, 2024, filed with the SEC on February 7, 2025, as amended on March 31, 2025. There have been no material changes to the risk factors disclosed in our 2024 Form 10-K.

Tariffs, sanctions, restrictions on imports or other trade barriers between the United States and various countries 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 current presidential administration has imposed tariffs on goods from a variety of countries. These tariffs currently affect a small portion of the components of our products that we import 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 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 do business in emerging market jurisdictions, such as South Africa and South America, where economic, political and legal risks are heightened.

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

On July 31, 2024, our Board of Directors approved a program to buy back up to $10 million worth of shares of our Common Stock from the open market during a period of two years (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. During the three months ended May 31, 2025, we repurchased 3,927 shares of common stock for $0.05 million. See Note 15 of our notes to condensed consolidated financial statements for information regarding the Stock Buyback Program.

	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
March 2025	—	$ —	—	$ 6,500,000
April 2025	3,927	14.0	3,927	$ 6,445,000
May 2025	—	—	—	$ 6,445,000
Total	3,927	$ 14.0	3,927	

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Insider Adoption or Termination of Trading Arrangements:

During the fiscal quarter ended May 31, 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
Northeast Industrial Partners LLP (1)	April 14, 2025	Rule 10b5-1 Trading Arrangement	Up to 100,000 shares to be sold	July 14, 2025 through July 14, 2026	N/A	N/A
Herbert Hughes	April 16, 2025	Rule 10b5-1 Trading Arrangement	Up to 15,000 shares to be sold	July 16, 2025 through July 16, 2026	N/A	N/A

1. Bryan Ganz, ourChief Executive Officer and a member of our Board of Directors, is an indirect holder of shares held by Northeast Industrial Partners LLC and disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein. The inclusion of these shares in this report shall not be deemed an admission of beneficial ownership of all of the reported shares for purposes of Section 16 or for any other purpose.

2. 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.

3. Except as indicated by footnote and unless terminated or suspended, each trading arrangement permits transactions through and including the earlier to occur of (a) the completion of all sales or (b) the date listed in the table. Each trading arrangement only permits transactions upon expiration of the applicable mandatory cooling-off period under the Rule. Each trading arrangement also provides for automatic expiration on the date on which the broker receives notice of the death of the applicable seller or of the commencement of any proceedings in respect of or triggered by the applicable seller’s bankruptcy or insolvency.

ITEM 6. EXHIBITS.

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

No.	Description of Exhibit
4.1	Byrna Technologies Inc. Amended and Restated 2020 Equity Incentive Plan (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on February 7, 2025).
10.2	Separation Agreement between Byrna Technologies Inc. and David North, dated June 19, 2024 (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).
10.3	Consulting Agreement between Byrna Technologies Inc. and David North, dated June 19, 2024 (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).
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial and Accounting Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer and Principal Financial and Accounting Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished.

SIGNATURES

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

	Byrna Technologies Inc.	
Date: July 10, 2025		/s/ Bryan Ganz
	Name:	Bryan Ganz
	Title:	President and Chief Executive Officer, Chairman of the Board (Principal Executive Officer)
Date: July 10, 2025		/s/ Laurilee Kearnes
	Name:	Laurilee Kearnes
	Title:	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

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

I, Bryan Ganz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Byrna Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 10, 2025

By: /s/ Bryan Ganz
Bryan Ganz
Chief Executive Officer, President, and Director
(Principal Executive Officer)

Exhibit 31.2

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

I, Lauri Kearnes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Byrna Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 10, 2025

By: /s/ Laurilee Kearnes
Laurilee Kearnes
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Byrna Technologies Inc. (the “Company”) for the period ended May 31, 2025, as filed with the Securities and Exchange Commission (the “Report”), each of the undersigned, in the capacities and on the date indicated below, hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

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

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

Date: July 10, 2025

By: /s/ Bryan Ganz
Bryan Ganz
Chief Executive Officer, President, and Director
(Principal Executive Officer)

By: /s/ Laurilee Kearnes
Laurilee Kearnes
Chief Financial Officer
(Principal Financial and Accounting Officer)