# FORM 7

# MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Security Devices International Inc.** (the "Issuer").

Trading Symbol: **SDZ**

Number of Outstanding Listed Securities: **107,888,646**

Date: **February 4, 2020**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

**General Instructions**

(a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.

(b) The term "Issuer" includes the Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

**Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

   **The Company continued sale of existing products.**

2. Provide a general overview and discussion of the activities of management.

   **See response to item 1. Management continued development of new sales channels and marketing and distributorship plans.**

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

   **N/A.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

   **N/A.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

   **The Company continued to sign up dealers to distribute and sell its Byrna HD launchers. The Company also began work with a new outside marketing consultant to provide marketing services. As part of his compensation the marketing consultant will be issued 150,000 warrants for the Company's common shares at a discount of 25% of the market price of the stock.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced**.**

   **The Company executed an agreement to terminate its marketing agreement with FinTekk AP, LLC ("FinTekk") and Rick Ware Racing, LLC ("RWR"). Pursuant to the termination agreement FinTekk has returned 3,700,000 shares of Company stock (the "FinTekk Shares") and the Company will serve as primary sponsor of RWR for two additional NASCAR Monster series races. Upon cancellation of the FinTekk Shares the Company will have 104,188,646 common shares outstanding.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

   **None.**

8. Describe the acquisition of new customers or loss of customers.

   **The Company regularly takes orders from new customers through its e-commerce sites and adds dealers to its dealer networks.**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

**As discussed last month, on December 18, 2019 the Company and Andre Buys ("Buys"), its Chief Technology Officer, agreed to certain amendments to the terms of the previously announced Purchase and Sale Agreement entered into on April 13, 2018 (the "2018 Purchase and Sale Agreement") pursuant to which Buys sold and assigned certain intellectual property rights (the "Buys IP") to the Company, which rights were subject to reversion in the event a Second Payment of $500,000 (U.S.) or $750,000 (U.S.) of restricted common shares of the Company's stock was not made by April 13, 2020. Buys retained a security interest in the intellectual property pending the Second Payment. On January 6, 2020, pursuant to the terms of the 2018 Purchase and Sale Agreement as amended and previously announced, Buys and his designees were issued a total of 3,866,810 of the Company's common shares and Buys' reversionary interest in the Buys IP was terminated. The anticipated issuance of these shares were previously disclosed in the prior monthly report.**

**On January 6, 2020 the Company's counsel received a further response to his November 2018 letter explaining why the Byrna HD does not infringe on any Tippman patent. The letter reiterates the claims previously asserted. Counsel has replied by letter dated January 22 with further explanation why the alleged infringement lacks merit for the reasons previously noted, as well as detailing additional flaws in the Tippman allegations and identifying some prior art that may render the Tippman patents invalid in their entirety.**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**N/A**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**None.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**None.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**None.**

14. Provide details of any securities issued and options or warrants granted.

**The $630,000 of common shares due to Andre Buys and his designees pursuant to the 2018 Purchase and Sale Agreement were issued on January 6, 2020 as detailed in the response to item 9 above.**

15. Provide details of any changes in directors, officers or committee members.

    **William Richards tendered his resignation from the Company's Board of Directors on January 29, 2020. Mr. Richards was a member of the Board's ad hoc strategic planning committee and Chair of the Nominating Committee. It is anticipated that at the Company's next board meeting another independent director will be elected to replace Mr. Richards on the Nominating Committee. A majority of the Board continues to be comprised of independent directors and the Nominating Committee will consider whether a search for an additional independent director should be commenced at this time.**

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

    **None.**

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.

2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 7 Monthly Progress Report is true.

Dated **February 4, 2020**.

**Lisa Wager**
Name of Director or Senior Officer

***/s/ "Lisa Wager"***
Signature
**Chief Legal Counsel**

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| ***Issuer Details***<br>Name of Issuer<br><br>**Security Devices International Inc.** | For Month End<br>**January 2020** | Date of Report<br>YY/MM/D<br>**20/02/04** |
| Issuer Address<br><br>**107 Audubon Road, Building 2, Suite 201** | | |
| City/Province/Postal Code<br>**Wakefield, MA 01880 USA** | Issuer Fax No.<br>(   ) | Issuer Telephone No.<br>**(978) 868-5011** |
| Contact Name<br>**Lisa Wager** | Contact Position:<br>**Chief Legal Counsel** | Contact Telephone No.<br>**(978) 665-2721** |
| Contact Email Address<br>lisa@byrna.com | Web Site Address<br>www.securitydii.com | |

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