

# CLARUS

**Q1 EARNINGS  
PRESENTATION**  
MAY 2, 2024





## **Forward-Looking Statements**

Please note that in this presentation we may use words such as “appears,” “anticipates,” “believes,” “plans,” “expects,” “intends,” “future,” and similar expressions which constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this presentation, include, but are not limited to, those risks and uncertainties more fully described from time to time in the Company's public reports filed with the Securities and Exchange Commission, including under the section titled “Risk Factors” in the Company's Annual Report on Form 10-K, and/or Quarterly Reports on Form 10-Q, as well as in the Company's Current Reports on Form 8-K. All forward-looking statements included in this presentation are based upon information available to the Company as of the date of this presentation and speak only as of the date hereof. We assume no obligation to update any forward- looking statements to reflect events or circumstances after the date of this presentation.

## **Non-GAAP Financial Measures**

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). This presentation contains the non-GAAP measures: (i) adjusted gross margin and adjusted gross profit, (ii) adjusted (loss) income from continuing operations and related earnings (loss) per diluted share, (iii) earnings before interest, taxes, other income or expense, depreciation and amortization (“EBITDA”), EBITDA margin, adjusted EBITDA, and adjusted EBITDA margin, (iv) segment EBITDA and adjusted segment EBITDA, and (v) free cash flow (defined as net cash provided by operating activities less capital expenditures). The Company believes that the presentation of certain non-GAAP measures, i.e.: (i) adjusted gross margin and adjusted gross profit, (ii) adjusted (loss) income from continuing operations and related earnings (loss) per diluted share, (iii) EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin, (iv) segment EBITDA and adjusted segment EBITDA, and (v) free cash flow, provide useful information for the understanding of its ongoing operations and enables investors to focus on period- over -period operating performance, and thereby enhances the user's overall understanding of the Company's current financial performance relative to past performance and provides, along with the nearest GAAP measures, a baseline for modeling future earnings expectations. Non-GAAP measures are reconciled to comparable GAAP financial measures herein. We do not provide a reconciliation of the non-GAAP guidance measures Adjusted EBITDA and/or Adjusted EBITDA Margin for the fiscal year 2024 to net income for the fiscal year 2024, the most comparable GAAP financial measure, due to the inherent difficulty of forecasting certain types of expenses and gains, without unreasonable effort, which affect net income but not Adjusted EBITDA and/or Adjusted EBITDA Margin. The Company cautions that non-GAAP measures should be considered in addition to, but not as a substitute for, the Company's reported GAAP results. Additionally, the Company notes that there can be no assurance that the above referenced non-GAAP financial measures are comparable to similarly titled financial measures used by other publicly traded companies.

## **Market and Industry Data**

The market and industry data used throughout this presentation was obtained from various sources, including the Company's own research and estimates, surveys or studies conducted by third parties and industry or general publications and forecasts. Industry publications, surveys and forecasts generally state that they have obtained information from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. While the Company believes that each of these surveys, studies, publications and forecasts is reliable, it has not independently verified such data and the Company is not making any representation as to the accuracy of such information. Similarly, the Company believes its internal research and estimates are reliable but it has not been verified by any independent sources. In addition, while the Company believes that the industry and market information included herein is generally reliable, such information is inherently imprecise. While the Company is not aware of any misstatements regarding the industry and market data presented herein, its estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “Forward-Looking Statements” above.

# TODAY'S PRESENTERS

**CLARUS**



**Warren Kanders**  
**EXECUTIVE CHAIRMAN**  
Clarus



**Mike Yates**  
**CFO**  
Clarus



**Neil Fiske**  
**PRESIDENT**  
Black Diamond Equipment



**Mat Hayward**  
**MANAGING DIRECTOR**  
Adventure

**Positioned for long-term growth  
as pure-play outdoor business**



**Q1 execution consistent with strategic objectives**

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**Black Diamond Objective:  
Simplify and focus on the core**



**Cathedral specialty, regional and national wholesale  
accounts stabilizing; SKU rationalization on track**

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**Adventure Objective:  
Invest to scale**



**Global investment in marketing programs yielding better  
brand awareness; additional investment in personnel**

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**Strong balance sheet/prudent  
capital allocation**



**Debt-free with \$47.5 million of cash on the balance sheet  
at 3/31**

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# Q1 RESULTS AT A GLANCE

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**Solid foundation in place, driven by momentum in Adventure and operational progress in Outdoor**



**\$69.3m**

Revenue  
-1% Y/Y



**\$22.3m**

Adventure Revenue  
+27% Y/Y

Adventure  
Adj. EBITDA:  
\$1.9m



**\$47.0m**

Outdoor Revenue  
-11% Y/Y

Outdoor  
Adj. EBITDA:  
\$2.9m



**36.9%**

Adj. Gross Margin  
+60 BPS Y/Y



**\$2.0m**

Adj. EBITDA  
+76% Y/Y

## BUILDINGS BLOCKS IN FOCUS

### INVESTMENT INTO U.S.

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### INVESTMENT INTO BRAND

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### PRODUCT PLAN

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## MANAGEMENT COMMENTARY

- **Q1 2024 represents first phase of our 3-year strategic plan**
- **Sales increased 27% supported by two primary drivers:**
  - 1. In Wholesale, strong key account performance across Australia/New Zealand, combined with a new key account in US & driving into key season**
  - 2. Strong OEM customer demand**
- **Q1 margins affected by product & channel mix**
- **New product launches across Q1 – primarily 4 new products for US market, new accessories globally, including roof top tents**
- **Committed to establishing best-in-class product ecosystem, while remaining intensely focused on enhanced product margins as we scale**
- **US growth focus supported by management changes, investment into talent and brand**



## BUILDINGS BLOCKS IN FOCUS

### SIMPLIFICATION EXECUTION

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### PRODUCT LEADERSHIP

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### FEWER, BIGGER, BETTER

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## MANAGEMENT COMMENTARY

- Strategic initiatives beginning to yield incremental near-term benefits, driving Q1 results in line with expectations
- North American wholesale channel grew 10% y/y
- Continued focus on rationalizing product lines under the direction of “fewer, bigger, better”
- Operating costs down 8.3% y/y with continued improvement expected over the course of 2024
- Significant progress on inventory reduction initiatives, highlighted by decline in apparel inventory of ~38% y/y
- Geographically: continued stabilization of the North American wholesale market, while Europe and independent global distributor markets still face difficult conditions
- Less promotional than the overall market in North America and Europe



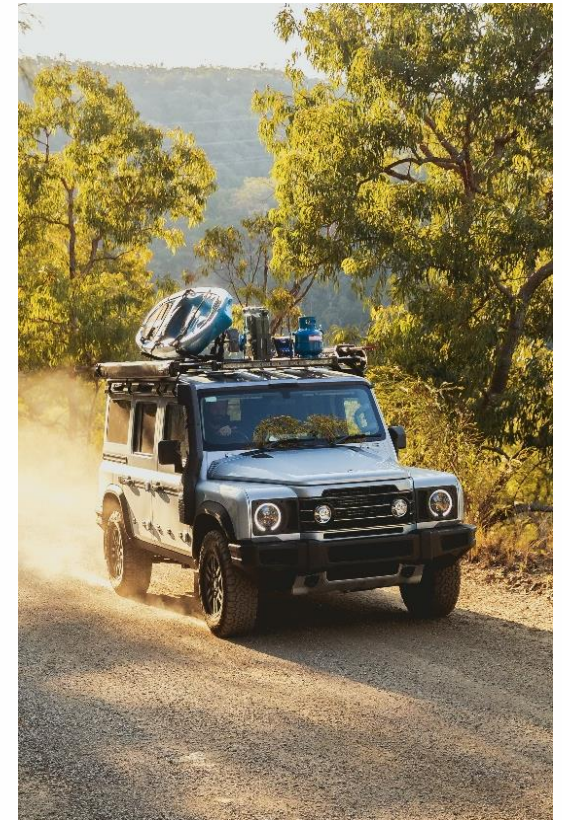
|                   | Q1 2024  | Q1 2023  |
|-------------------|----------|----------|
| NET SALES         | \$69.3M  | \$70.3M  |
| ADJ. GROSS MARGIN | 36.9%    | 36.3%    |
| ADJ. NET INCOME   | (\$6.5M) | (\$2.0M) |
| ADJ. EBITDA       | \$2.0M   | \$1.1M   |
| ADJ. EBITDA %     | 2.9%     | 1.6%     |

- **2024 guidance reaffirmed based on Q1 execution and in-line results**





|                         | 2024            |
|-------------------------|-----------------|
| NET SALES               | \$270M - \$280M |
| ADJ. EBITDA             | \$16M - \$18M   |
| MID-POINT ADJ. EBITDA % | 6.2%            |
| ADJ. CORPORATE COSTS    | \$(11)M         |
| CAPEX                   | \$4M - \$5M     |
| CASH FLOWS              | \$18M - \$20M   |



- **Consistent with historical seasonal pattern, Q2 decelerates versus Q1**
- **Q2 guidance: net sales between \$58-\$62 million; adj. EBITDA between \$0-\$0.5 million**



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**APPENDIX**

# BALANCE SHEET

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**CLARUS CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(In thousands, except per share amounts)

|   | <u>March 31, 2024</u> | <u>December 31, 2023</u> |
|---|-----------------------|--------------------------|
| <b>Assets</b>   |                       |                          |
| Current assets  |                       |                          |
| Cash  | \$ 47,484             | \$ 11,324                |
| Accounts receivable, less allowance for credit losses of \$1,394 and \$1,412  | 51,954                | 53,971                   |
| Inventories   | 88,630                | 91,409                   |
| Prepaid and other current assets  | 7,966                 | 4,865                    |
| Income tax receivable   | 930                   | 892                      |
| Assets held for sale  | -                     | 137,284                  |
| Total current assets  | <u>196,964</u>        | <u>299,745</u>           |
| Property and equipment, net   | 16,345                | 16,587                   |
| Other intangible assets, net  | 37,526                | 41,466                   |
| Indefinite-lived intangible assets  | 56,897                | 58,527                   |
| Goodwill  | 38,300                | 39,320                   |
| Deferred income taxes   | 16,280                | 22,869                   |
| Other long-term assets  | 14,664                | 16,824                   |
| <b>Total assets</b>   | <u>\$ 376,976</u>     | <u>\$ 495,338</u>        |
| <b>Liabilities and Stockholders' Equity</b>   |                       |                          |
| Current liabilities   |                       |                          |
| Accounts payable  | \$ 12,772             | \$ 20,015                |
| Accrued liabilities   | 22,441                | 24,580                   |
| Income tax payable  | 816                   | 805                      |
| Current portion of long-term debt   | 44                    | 119,790                  |
| Liabilities held for sale   | -                     | 5,744                    |
| Total current liabilities   | <u>36,073</u>         | <u>170,934</u>           |
| Long-term debt, net   | 37                    | -                        |
| Deferred income taxes   | 17,324                | 18,124                   |
| Other long-term liabilities   | 13,167                | 14,160                   |
| <b>Total liabilities</b>  | <u>66,601</u>         | <u>203,218</u>           |
| <b>Stockholders' Equity</b>   |                       |                          |
| Preferred stock, \$0.0001 par value per share; 5,000 shares authorized; none issued   | -                     | -                        |
| Common stock, \$0.0001 par value per share; 100,000 shares authorized; 42,878 and 42,761 issued and 38,236 and 38,149 outstanding, respectively | 4                     | 4                        |
| Additional paid in capital  | 692,381               | 691,198                  |
| Accumulated deficit   | (329,811)             | (350,739)                |
| Treasury stock, at cost   | (33,114)              | (32,929)                 |
| Accumulated other comprehensive loss  | (19,085)              | (15,414)                 |
| <b>Total stockholders' equity</b>   | <u>310,375</u>        | <u>292,120</u>           |
| <b>Total liabilities and stockholders' equity</b>   | <u>\$ 376,976</u>     | <u>\$ 495,338</u>        |

# INCOME STATEMENT

CLARUS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)  
(In thousands, except per share amounts)

|  | Three Months Ended |                |
|--|--------------------|----------------|
|  | March 31, 2024     | March 31, 2023 |
| Sales                                      |                    |                |
| Domestic sales                             | \$ 28,284          | \$ 24,197      |
| International sales                        | 41,027             | 46,081         |
| Total sales                                | 69,311             | 70,278         |
| Cost of goods sold                         | 44,460             | 44,770         |
| Gross profit                               | 24,851             | 25,508         |
| Operating expenses                         |                    |                |
| Selling, general and administrative        | 28,215             | 29,354         |
| Restructuring charges                      | 370                | -              |
| Transaction costs                          | 38                 | 37             |
| Contingent consideration benefit           | -                  | (1,565)        |
| Legal costs and regulatory matter expenses | 3,002              | 128            |
| Total operating expenses                   | 31,625             | 27,954         |
| Operating loss                             | (6,774)            | (2,446)        |
| Other (expense) income                     |                    |                |
| Interest income, net                       | 370                | 5              |
| Other, net                                 | (909)              | 76             |
| Total other (expense) income, net          | (539)              | 81             |
| Loss before income tax                     | (7,313)            | (2,365)        |
| Income tax benefit                         | (851)              | (334)          |
| Loss from continuing operations            | (6,462)            | (2,031)        |
| Discontinued operations, net of tax        | 28,346             | 3,629          |
| Net income                                 | \$ 21,884          | \$ 1,598       |
| Loss from continuing operations per share: |                    |                |
| Basic                                      | \$ (0.17)          | \$ (0.05)      |
| Diluted                                    | (0.17)             | (0.05)         |
| Net income per share:                      |                    |                |
| Basic                                      | \$ 0.57            | \$ 0.04        |
| Diluted                                    | 0.57               | 0.04           |
| Weighted average shares outstanding:       |                    |                |
| Basic                                      | 38,208             | 37,137         |
| Diluted                                    | 38,208             | 37,137         |



**CLARUS CORPORATION**  
**RECONCILIATION FROM GROSS PROFIT TO ADJUSTED GROSS PROFIT**  
**AND ADJUSTED GROSS MARGIN**

**THREE MONTHS ENDED**

|                                       | <u>March 31, 2024</u> |                                       | <u>March 31, 2023</u> |
|---------------------------------------|-----------------------|---------------------------------------|-----------------------|
| Sales                                 | \$ 69,311             | Sales                                 | \$ 70,278             |
| Gross profit as reported              | \$ 24,851             | Gross profit as reported              | \$ 25,508             |
| Plus impact of PFAS inventory reserve | 729                   | Plus impact of PFAS inventory reserve | -                     |
| Adjusted gross profit                 | <u>\$ 25,580</u>      | Adjusted gross profit                 | <u>\$ 25,508</u>      |
| Gross margin as reported              | <u>35.9%</u>          | Gross margin as reported              | <u>36.3%</u>          |
| Adjusted gross margin                 | <u>36.9%</u>          | Adjusted gross margin                 | <u>36.3%</u>          |

# NON-GAAP RECONCILIATION

**CLARUS CORPORATION**  
**RECONCILIATION FROM LOSS FROM CONTINUING OPERATIONS TO ADJUSTED (LOSS) INCOME FROM CONTINUING OPERATIONS AND RELATED EARNINGS**  
**PER DILUTED SHARE**  
(In thousands, except per share amounts)

|  | Three Months Ended March 31, 2024 |                     |                           |                                     |                 |  |                                   |
|--|-----------------------------------|---------------------|---------------------------|-------------------------------------|-----------------|--|-----------------------------------|
|  | <u>Total sales</u>                | <u>Gross profit</u> | <u>Operating expenses</u> | <u>Income tax (benefit) expense</u> | <u>Tax rate</u> | <u>Loss from continuing operations</u> | <u>Diluted EPS <sup>(1)</sup></u> |
| As reported                                | \$ 69,311                         | \$ 24,851           | \$ 31,625                 | \$ (851)                            | (11.6) %        | \$ (6,462)                             | \$ (0.17)                         |
| Amortization of intangibles                | -                                 | -                   | (2,449)                   | 617                                 |                 | 1,832                                  |                                   |
| Restructuring charges                      | -                                 | -                   | (370)                     | 59                                  |                 | 311                                    |                                   |
| Transaction costs                          | -                                 | -                   | (38)                      | 6                                   |                 | 32                                     |                                   |
| PFAS inventory reserve                     | -                                 | 729                 | -                         | 114                                 |                 | 615                                    |                                   |
| Legal costs and regulatory matter expenses | -                                 | -                   | (3,002)                   | 461                                 |                 | 2,541                                  |                                   |
| Stock-based compensation                   | -                                 | -                   | (1,178)                   | 181                                 |                 | 997                                    |                                   |
| As adjusted                                | <u>\$ 69,311</u>                  | <u>\$ 25,580</u>    | <u>\$ 24,588</u>          | <u>\$ 587</u>                       | 129.6 %         | <u>\$ (134)</u>                        | <u>\$ (0.00)</u>                  |

(1) Potentially dilutive securities are excluded from the computation of diluted earnings (loss) per share if their effect is anti-dilutive to the loss from continuing operations. Reported loss from continuing operations per share and adjusted loss from continuing operations per share are both calculated based on 38,208 basic and diluted weighted average shares of common

|  | Three Months Ended March 31, 2023 |                     |                           |                                     |                 |   |                                   |
|--|-----------------------------------|---------------------|---------------------------|-------------------------------------|-----------------|---|-----------------------------------|
|  | <u>Total sales</u>                | <u>Gross profit</u> | <u>Operating expenses</u> | <u>Income tax (benefit) expense</u> | <u>Tax rate</u> | <u>(Loss) income from continuing operations</u> | <u>Diluted EPS <sup>(1)</sup></u> |
| As reported                                | \$ 70,278                         | \$ 25,508           | \$ 27,954                 | \$ (334)                            | (14.1) %        | \$ (2,031)                                      | \$ (0.05)                         |
| Amortization of intangibles                | -                                 | -                   | (2,768)                   | 278                                 |                 | 2,490   |                                   |
| Transaction costs                          | -                                 | -                   | (37)                      | 6                                   |                 | 31  |                                   |
| Contingent consideration (benefit) expense | -                                 | -                   | 1,565                     | (335)                               |                 | (1,230)   |                                   |
| Legal costs and regulatory matter expenses | -                                 | -                   | (128)                     | 2                                   |                 | 126   |                                   |
| Stock-based compensation                   | -                                 | -                   | (1,286)                   | 277                                 |                 | 1,009   |                                   |
| As adjusted                                | <u>\$ 70,278</u>                  | <u>\$ 25,508</u>    | <u>\$ 25,300</u>          | <u>\$ (106)</u>                     | (36.7) %        | <u>\$ 395</u>                                   | <u>\$ 0.01</u>                    |

(1) Potentially dilutive securities are excluded from the computation of diluted earnings (loss) per share if their effect is anti-dilutive to the loss from continuing operations. Reported loss from continuing operations per share is calculated based on 37,137 basic and diluted weighted average shares of common stock. Adjusted income from continuing operations per share is calculated based on 38,109 diluted shares of common stock.

**CLARUS CORPORATION**  
**RECONCILIATION FROM LOSS FROM CONTINUING OPERATIONS TO EARNINGS BEFORE INTEREST, TAXES,**  
**DEPRECIATION, AND AMORTIZATION (EBITDA), EBITDA MARGIN, ADJUSTED EBITDA, AND ADJUSTED EBITDA**  
(In thousands)

|  | <b>Three Months Ended</b> |                       |
|--|---------------------------|-----------------------|
|  | <b>March 31, 2024</b>     | <b>March 31, 2023</b> |
| Loss from continuing operations            | \$ (6,462)                | \$ (2,031)            |
| Income tax benefit                         | (851)                     | (334)                 |
| Other, net                                 | 909                       | (76)                  |
| Interest income, net                       | (370)                     | (5)                   |
| Operating loss                             | (6,774)                   | (2,446)               |
| Depreciation                               | 1,026                     | 939                   |
| Amortization of intangibles                | 2,449                     | 2,768                 |
| EBITDA                                     | (3,299)                   | 1,261                 |
| Restructuring charges                      | 370                       | -                     |
| Transaction costs                          | 38                        | 37                    |
| Contingent consideration benefit           | -                         | (1,565)               |
| PFAS inventory reserve                     | 729                       | -                     |
| Legal costs and regulatory matter expenses | 3,002                     | 128                   |
| Stock-based compensation                   | 1,178                     | 1,286                 |
| Adjusted EBITDA                            | \$ 2,018                  | \$ 1,147              |
| Sales                                      | \$ 69,311                 | \$ 70,278             |
| EBITDA margin                              | -4.8%                     | 1.8%                  |
| Adjusted EBITDA margin                     | 2.9%                      | 1.6%                  |

**CLARUS CORPORATION**  
**RECONCILIATION FROM OPERATING LOSS TO SEGMENT EBITDA AND ADJUSTED SEGMENT EBITDA**  
(In thousands)

|  | Three Months Ended March 31, 2024 |                   |                 |            |
|--|-----------------------------------|-------------------|-----------------|------------|
|  | Outdoor Segment                   | Adventure Segment | Corporate Costs | Total      |
| Operating loss                             | \$ (1,711)                        | \$ (770)          | \$ (4,293)      | \$ (6,774) |
| Depreciation                               | 673                               | 353               | -               | 1,026      |
| Amortization of intangibles                | 286                               | 2,163             | -               | 2,449      |
| EBITDA                                     | (752)                             | 1,746             | (4,293)         | (3,299)    |
| Restructuring charges                      | 224                               | 146               | -               | 370        |
| Transaction costs                          | -                                 | -                 | 38              | 38         |
| PFAS inventory reserve                     | 729                               | -                 | -               | 729        |
| Legal costs and regulatory matter expenses | 2,705                             | -                 | 297             | 3,002      |
| Stock-based compensation                   | -                                 | -                 | 1,178           | 1,178      |
| Adjusted EBITDA                            | \$ 2,906                          | \$ 1,892          | \$ (2,780)      | \$ 2,018   |
| Sales                                      | \$ 47,022                         | \$ 22,290         | \$ -            | \$ 69,311  |
| EBITDA Margin %                            | -1.6%                             | 7.8%              |                 | -4.8%      |
| Adjusted EBITDA Margin %                   | 6.2%                              | 8.5%              |                 | 2.9%       |