CLARUS

2025 ANNUAL REPORT

CLARUS CORPORATION
2025 Annual Report

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on Thursday, May 28, 2026 at 10:00 a.m. Eastern Time solely by means of remote communication via live webcast. Detailed information about the meeting and instructions on how to participate in this year's virtual meeting are contained in the Notice of Annual Meeting and Proxy Statement sent with a copy of this Annual Report.

CORPORATE INFORMATION

Board of Directors

Warren B. Kanders
Executive Chairman

Nicholas Sokolow
Partner
Lebow & Sokolow, LLP

Susan Ottmann
Graduate Program Director
College of Engineering at the University of Wisconsin Madison

Roger Werner
Digital Media entrepreneur and Chairman of ACCUS (the Automobile Competition Committee of the United States)

Mark M. Besca
Retired Leader of Long-Term Value and Stakeholder Capitalism Initiative EY (formerly Ernst & Young)

Management

Warren B. Kanders
Executive Chairman

Michael J. Yates
Chief Financial Officer

STOCKHOLDER INFORMATION

Headquarters

Clarus Corporation
2084 East 3900 South
Salt Lake City, UT 84124
(801) 278-5552

Investor Relations Contact

The IGB Group
Leon Berman
(212) 477-8438
lberman@igbir.com

Securities Listing

The Company's common stock is listed on the NASDAQ Global Select Market under the symbol CLAR.

Registrar and Transfer Agent

Equiniti Trust Co., LLC
Ridgefield Park, NJ

Independent Accountants

Deloitte & Touche LLP
Salt Lake City, UT

Legal Counsel

Kane Kessler, P.C.
New York, NY

DEAR FELLOW CLARUS SHAREHOLDERS:

In 2025, we executed against a clearly defined simplification strategy to position Clarus for improved long-term performance. At the core of our Company are iconic consumer brands, including Black Diamond®, Rhino-Rack®, MAXTRAX®, and RockyMounts®, each with a rich heritage serving passionate and growing outdoor and adventure communities around the world. Throughout the year, our teams executed with discipline to strengthen the foundation we have built, positioning us to invest in innovation and provide our customers with best-in-class products across our portfolio. While 2025 financial results were impacted by softer consumer demand, tariffs, and FX contract headwinds, we took decisive actions to improve mix, margins, and operating discipline, which we believe will position the business for a strong recovery as conditions normalize.

Outdoor Segment: Advancing Global Leadership in Climbing and Mountain Sports

In Outdoor, 2025 marked a continuation of the significant progress we have made over the prior three years building a simpler, more profitable Black Diamond. During the year, we saw growth and resilience in our core, go-forward priority categories across Mountain, Climb, and Apparel despite an unfavorable market environment. We continue to benefit from product simplification and SKU rationalization initiatives, providing our customers with clear product differentiation and segmentation. Our Apparel category is gaining traction with key retail partners. Overall, we have fundamentally reshaped the business by:

- *Dramatically narrowing our focus and exiting lower-margin categories*
- *Rationalizing styles and SKUs*
- *Substantially improving the quality of inventory*
- *Moving Black Diamond to a more full-priced, lower discount model*
- *Upgrading key leadership positions*
- *Reducing our cost structure and streamlining operations*
- *Reallocating headcount and investment to support Apparel growth*

These efforts translated into clear operational and financial progress in 2025, even in the face of challenging market conditions. Most importantly, our simplification initiatives are working. While Outdoor revenue of $177 million in 2025 declined modestly from $184 million in the prior year, consistent with market weakness and our expectations, we saw significant sales growth in our best and most profitable styles, which we term “A” and “B” products. Specifically, revenue from our high-margin products increased $24 million versus the prior year, offset by $31 million less revenue from our low-margin “C” and “D” products. We have reduced our total SKUs and styles by 33% and 28%, respectively, since our Spring 2023 line.

We materially improved revenue quality, increasing full-price sell-through and reducing reliance on discounting and liquidation channels. Our products with the highest volume and margin now represent the vast majority of inventory, reflecting a structurally stronger business model.

A key highlight has been the continued success of our revamped apparel line, which delivered strong growth throughout the year, including approximately 10% year-over-year sales growth in 2025 despite unusually adverse seasonal conditions. Apparel is a critical pillar of our long-term growth strategy, and we see strong momentum in that category into 2026. Additionally, we continue to invest in our Mountain and Climb categories, which we expect to drive profitable growth in the future. Taken together, our three key categories of Apparel, Mountain, and Climb accounted for 90% of our sales for the full year 2025 at Outdoor.

At the same time, we successfully completed the divestiture of the PIEPS snow safety business in July 2025, further simplifying the portfolio and sharpening our focus on core, high-return categories. PIEPS’ sale for $9.1 million represented a successful outcome for Clarus after a comprehensive strategic review and competitive sale process.

Importantly, the operational progress we have made—highlighted by our reduced cost structure, as well as modernized systems and sourcing capabilities—has set the stage for sustained profitable growth and margin expansion in the years ahead. While a few headwinds weighed on reported results in 2025, we believe the underlying earnings power of the business has improved meaningfully going forward.

As we enter 2026, Black Diamond is structurally more profitable, operationally leaner, and positioned to convert growth into margin expansion.

Adventure Segment: Resetting the Foundation with a Focus on the Basics

In Adventure, 2025 was a pivotal year defined by decisive actions amid an uneven operating environment to reposition the business for long-term success. While results were impacted by continued pressure in legacy OEM relationships, softer wholesale demand in our core market,

as well as margin headwinds from tariffs, freight costs, and pricing misalignment, we believe we have established a strong foundation to unlock new growth opportunities moving forward.

In May of 2025, we appointed a new segment leader, promoting Tripp Wyckoff to head the business. Tripp joined Clarus in 2024 to strengthen our U.S. initiatives and made an immediate impact driving critical progress, revamping the organizational structure, bringing on new team members in key positions, and improving the go-to-market approach.

We continue to believe that we are only beginning to scratch the surface of the large, underlying addressable market that our Adventure businesses serve. We have been encouraged by new customer wins.

Specifically, our European expansion continues to gain traction, and we secured a chainwide placement with a large retail customer across all 300 locations in Australia and New Zealand—a partnership that is expected to become a top-five customer in 2026. Additionally, we have strengthened relationships with rack specialty retailers in North America and upgraded point-of-sale displays that have led to new placements for RockyMounts products.

While profitability remained below expectations in 2025, we have taken corrective steps, including pricing resets and further cost controls, to restore margins and improve operating performance moving forward.

Key actions have included:

- *Implementing price increases on fast-turning RockyMounts SKUs*
- *Renegotiating unfavorable customer contracts in Australia & New Zealand*
- *Executing price increases across all brands & markets effective Q1 2026*
- *Streamlining our facility footprint to reduce overhead & improve scalability*

Product development remains a core focus, and we believe our biggest opportunity lies in continuing to invest in supporting the segment's product innovation and vehicle fitments. After adding resources, expanding our vehicle fit team to move faster, and bringing in experienced product developers with deep category knowledge, we delivered a record number of new vehicle fitments in 2025. This achievement has strengthened our competitive positioning and is expected to drive increased sales going forward.

2026 Outlook and Capital Allocation Priorities

As we approach the remainder of 2026, we are encouraged about the next phase of Clarus' growth. We are confident that the brands we own resonate deeply with the outdoor and adventure communities they serve. While this may not be fully reflected in our recent financial results, we believe our investments have yielded subtle but meaningful progress that has kept these brands relevant and well-positioned through a sustained period of economic challenges. Following a multi-year transformation at Outdoor, we look forward to building from a position of

strength and continuing to capitalize on Black Diamond's market leadership across core categories. At Adventure, we strive for consistent strategic execution, as we advance a robust pipeline of innovative products that we expect to launch during 2027. In terms of near-term capital allocation priorities, we are focused on reinvesting in our two segments to accelerate organic growth. Supported by a strong balance sheet with zero debt, our goal is to maintain flexibility and discipline in how we deploy capital with an emphasis on the highest-return opportunities.

While significant work remains, we have established a clearer strategic direction and improved underlying business quality. We have continued to strengthen the platform, simplifying and restructuring our businesses over the last two years, reducing cost and complexity. I would like to recognize our employees for making this success possible, and our customers for choosing our brands for their outdoor pursuits and adventures.

As always, we thank our shareholders and partners for their interest and support. With a stronger foundation in place, we believe we are well positioned to execute our strategy and deliver sustained, long-term value going forward.

Sincerely,
Warren B. Kanders
Executive Chairman, Clarus Corporation

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

FORM 10-K

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

For the fiscal year ended December 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 Number: **001-34767**

CLARUS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**58-1972600** (I.R.S. Employer Identification Number)
2084 East 3900 South **Salt Lake City, Utah** (Address of principal executive offices)	**84124** (Zip code)

(801) 278-5552
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $.0001 per share	CLAR	NASDAQ Global Select Market

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

(Title of class)

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the voting stock and non-voting common equity held by non-affiliates of the Registrant at June 30, 2025 was approximately $110.0 million based on $3.47 per share, the closing price of the common stock as quoted on the NASDAQ Global Select Market.

As of March 2, 2026, there were 38,401,824 shares of common stock, par value $0.0001, outstanding.

DOCUMENT INCORPORATED BY REFERENCE

Portions of our Proxy Statement for the 2026 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the Registrant's 2025 fiscal year end are incorporated by reference into Part III of this Annual Report on Form 10-K.

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CLARUS CORPORATION

PART I

ITEM 1. BUSINESS

Overview

Headquartered in Salt Lake City, Utah, Clarus Corporation (which may be referred to herein as the “Company,” “Clarus,” “we,” “our” or “us”) is a global leading designer, developer, manufacturer and distributor of best-in-class outdoor equipment and lifestyle products focused on the outdoor enthusiast markets. Each of our brands has a long history of continuous product innovation for core and everyday users alike. The Company’s products are principally sold globally under the Black Diamond®, Rhino-Rack®, MAXTRAX®, TRED Outdoors®, and RockyMounts® brand names through outdoor specialty and online retailers, our own websites, distributors and original equipment manufacturers. We believe that our portfolio of iconic brands is well-positioned for sustainable, long-term growth underpinned by industry trends across the outdoor and adventure sport end markets.

Our iconic brands are rooted in performance-defining technologies that enable our customers to have their best days outdoors. We have a long history of technical innovation and product development, backed by an extensive patent portfolio that continues to evolve and advance our markets. We focus on enhancing our customers’ performance in the most critical moments. Our commitment to quality, rigorous safety, and ultimately best-in-class design is evidenced by outstanding industry recognition, as we have received numerous product awards across our portfolio of brands.

Each of our segments addresses a unique customer value proposition through our brands. Supported by six decades of proven innovation, the Outdoor segment is led by Black Diamond, an established global leader in high-performance, activity-based climbing, skiing, and technical mountain sports equipment. The brand is synonymous with premium performance, safety and reliability. The Adventure segment is comprised of three brands addressing the needs of the outdoor enthusiast and tradesman. Founded in 1992, our Rhino-Rack brand is a globally-recognized designer and distributor of highly-engineered automotive roof racks, trays, bars, and other accessories to enhance the customer’s experience getting to and enjoying the campsite. Founded in 2005, our MAXTRAX brand offers high-quality overlanding and off-road vehicle recovery and extraction tracks for the overland and off-road market. Founded in 2012, our TRED brand offers high-quality, reliable outdoor and recovery gear for the offroad, 4x4 automotive touring, camping and caravanning markets. Founded in 1993, our RockyMounts brand is known for making well designed and dependable premium bicycle racks and other accessories compatible with vehicles of all sizes.

Clarus, incorporated in Delaware in 1991, acquired Black Diamond Equipment, Ltd. (“Black Diamond Equipment”) in May 2010 and changed its name to Black Diamond, Inc. in January 2011. In October 2012, we acquired PIEPS Holding GmbH and its subsidiaries (collectively, “PIEPS”). On August 14, 2017, the Company changed its name from Black Diamond, Inc. to Clarus Corporation and its stock ticker symbol from “BDE” to “CLAR” on the NASDAQ stock exchange.

On July 1, 2021, the Company completed the acquisition of Australia-based Rhino-Rack Holdings Pty Ltd (“Rhino-Rack”). On December 1, 2021, the Company completed the acquisition of Australia-based MaxTrax Australia Pty Ltd (“MAXTRAX”). On October 9, 2023, the Company completed the acquisition of Australia-based TRED Outdoors Pty Ltd. (“TRED”). On December 5, 2024, the Company completed the acquisition of certain assets and liabilities constituting the RockyMounts business (“RockyMounts”), a Colorado-based brand specializing in bicycle transport products.

On February 29, 2024, the Company completed the sale of all of the equity associated with the Company’s Precision Sport segment, which was comprised of the Company’s subsidiaries Sierra Bullets, L.L.C. (“Sierra”) and Barnes Bullets – Mona, LLC (“Barnes”), pursuant to a Purchase and Sale Agreement dated as of December 29, 2023.

On May 8, 2025, BD European Holdings, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company, entered into a Share Purchase and Transfer Agreement (the “Share Purchase Agreement”) to sell all of the issued and outstanding shares of Black Diamond Austria GmbH, together with its operating subsidiary, PIEPS GmbH (collectively, “PIEPS”). On July 11, 2025, the Company completed the sale of PIEPS, which was included in the Company’s Outdoor segment, to a private investment firm for a total purchase price of €7,825,000 (approximately $9,124,000), including cash held at PIEPS of $1,311,000, pursuant to the Share Purchase Agreement.

Market Overview

Our brands participate in the outdoor-oriented lifestyle that has and is expected to benefit from favorable long-term growth trends. The users of our products are loyal outdoor enthusiasts, including climbers, mountaineers, trail runners, skiers, mountain bikers, backpackers, campers, adventure seekers, overlanders, tradesmen, and other outdoor-inspired consumers. We believe we have a strong reputation for innovation, style, quality, design, safety and durability in our core product lines, positioning us for sustainable growth amidst the acceleration of our market opportunity. Select factors driving this acceleration include:

Increasing Adoption of Outdoor Lifestyles and Focus on Health and Wellness. According to Outdoor Foundation, a non-profit dedicated to getting people outside for their health, many outdoor activities have experienced a consistent rise in participation rates. This heightened participation has grown in tandem with increasing consumer focus on health and wellness with many consumers acutely aware of the myriad of physical and mental health benefits associated with outdoor activities.

Rise of Overlanding and Off-Roading. Combining off-road driving with backcountry lifestyle activities, such as camping, hiking, kayaking and mountain biking, we believe that overlanding has driven a new niche in the light truck, SUV and CUV segment for enthusiasts and light truck manufacturers, which is expected to directly benefit our Rhino-Rack, MAXTRAX, TRED, and RockyMounts brands, especially in Australia.

Due to its overlap with numerous outdoor lifestyle activities, overlanding's market growth is difficult to precisely measure, but we believe that the global adventure tourism market — which includes camping, hiking, biking, kayaking, rafting and other pursuits that are closely associated with overlanding — reflects this growing trend and is expected to continue to grow in the coming years.

Climbing Verticals Becoming Mainstream. Following the release of critically acclaimed free climbing documentaries including The Dawn Wall and the Academy Award-winning Free Solo, mainstream consumers are increasingly exposed to the markets that Clarus and, specifically, Black Diamond work to serve. Furthermore, the 2020 Tokyo Olympics marked the first time that sport climbing debuted in an Olympic stadium, bringing the thrills of high-skill rock climbing to the living rooms of people across the globe. The 2024 Paris Summer Olympics also featured four sport climbing events, which doubled the number of medaled sport climbing events from the 2020 games.

As the variety of outdoor sports activities continues to proliferate, and existing outdoor sports evolve and become more specialized, we believe there is demand in the marketplace to address the unique technical and performance needs of such enthusiasts. We believe we have been able to help address this opportunity by seeking to leverage our intimate knowledge of what the customer needs to perform at the highest level. We continue to seek to improve our existing product lines by expanding our offerings into new niche categories, and by incorporating innovative industrial design, engineering and performance tolerances into our products. We believe the credibility and authenticity of our brands expands our potential market beyond committed outdoor athletes to outdoor generalists who desire to lead active, outdoor-focused lifestyles.

Growth Strategies

Our growth strategies are to achieve sustainable, profitable growth organically through the execution of targeted growth initiatives, including simplification of certain products, product lines and business units to drive targeted growth and margin improvement. We intend to create new and innovative products, increase consumer and retailer awareness and demand for our products, and build stronger emotional brand connections with consumers over time across an increasing number of geographic markets. Additionally, long-term growth is underpinned by powerful industry trends across the outdoor enthusiast markets. Our growth initiatives include, but are not limited to the following:

Growth in International Markets. We believe there is a significant opportunity to expand the global presence and penetration of each of our brands. The European alpine market is currently significantly larger than the U.S. market and is highly fragmented by country, with no clear leader across Europe. We have been able to gain market share by emphasizing our Black Diamond brand, positioning it as a global brand with American roots. Rhino-Rack is based in Sydney, Australia, bringing a leading market position in its home markets of Australia and New Zealand, with opportunities to grow in the U.S., Europe, the Middle East and other Asia-Pacific countries, where we believe that the brand currently has less than 1% market share.

Competitive Strengths

Authentic Portfolio of Iconic Enthusiast Brands. We believe that our brands are iconic among devoted, active-outdoor enthusiasts with a strong reputation for innovation, style, quality, design, safety and durability. Each of our brands is synonymous with the sport it serves, tracing its roots to the modern origins of each sport.

- Since 1957, our Black Diamond brand has been a global innovator in activity-based climbing, skiing, and mountain sports equipment.
- Our Rhino-Rack brand was founded in 1992 and has become well-respected and widely recognized for outdoor enthusiasts.
- Our MAXTRAX brand was founded in 2005 and has become the market leader in recovery boards for overlanding enthusiasts.
- Our TRED brand was founded in 2012 and offers high-quality, reliable outdoor and recovery gear for the offroad, 4x4 automotive touring, camping and caravanning markets.
- Our RockyMounts brand was founded in 1993 and is known for making well designed and dependable premium bicycle racks and other accessories compatible with vehicles of all sizes.

Our brands also appeal to everyday customers seeking high-quality products for outdoor or urban and suburban living. Our focus on innovation, safety and style differentiates us from our competitors.

Outdoor

Black Diamond™

Black Diamond Equipment: Black Diamond Equipment is a global innovator in climbing, skiing and mountain sports equipment enabling peak performance for outdoor enthusiasts. The brand is synonymous with innovation, performance, safety and durability. Headquartered in Salt Lake City at the base of the Wasatch Mountains, Black Diamond products are created and tested locally on its alpine peaks, slopes, crags and trails. Continuously recognized as an industry-leading innovator, Black Diamond has received over 500 industry awards over five years, including over 225 product awards in 2025 alone.

Adventure

RHINO-RACK®

Rhino-Rack*:* Headquartered in Sydney, Australia, Rhino-Rack has been a widely recognized, premier aftermarket automotive roof rack and accessories brand since 1992 with a leading market position in Australia. Best known for its "north/south" platform roof rack design, Rhino-Rack's product offering includes roof racks, luggage carriers, shade awnings, kayak carriers, bike carriers and load-securing accessories. Rhino-Rack has a long track record of launching new, innovative products with state-of-the-art engineering serving and enhancing the outdoor enthusiast's experience whether camping, off-roading, overlanding, or getting to the worksite.

MAXTRAX

MAXTRAX: Founded in 2005, MAXTRAX is considered the creator of the vehicle recovery board. MAXTRAX has developed a product lineup consisting of high-quality vehicle recovery and extraction tracks, including its original MAXTRAX MKII recovery track. All MAXTRAX vehicle recovery tracks are manufactured in Australia using its proprietary, Australian-sourced, engineering-grade and fiber-reinforced nylon. MAXTRAX currently sells its products around the world to distributors, retailers, government agencies, third-party e-commerce sites and through its own website.

TRED: Founded in 2012, TRED, which stands for Totally Reliable Explorer Driven, is designed and built for the "Seriously Adventurous" and is passionately supported by customers and consumers who live and breathe the lifestyle. TRED's products, which are synonymous with quality and engineering, are all made in Australia using Australian-sourced and tested high-grade materials. TRED is a trusted brand for key retailers and distributors primarily in Australia, with a growing export market including Canada, the Middle East, New Zealand, South Africa, and the U.S.

RockyMounts: Founded in 1993, RockyMounts is known for making well designed and dependable premium bicycle racks and other accessories compatible with vehicles of all sizes, including SUVs, vans and trucks. RockyMounts has designed innovative roof and hitch rack solutions, attracting a dedicated following of customers thanks to the products' distinct style and exceptional durability. Its award-winning products can be found in local and national retailers primarily in North America.

Precision Sport

The activities of the Precision Sport segment have been segregated and reported as discontinued operations for the years ended December 31, 2024 and 2023. There was no activity in discontinued operations during the year ended December 31, 2025. See Note 3 to our consolidated financial statements for financial information regarding discontinued operations.

Product Innovation and Development Capabilities at Clarus. We have a long history of technical innovation and product development. Our employees' passion and intimacy with our core outdoor activities generates new and boundary-pushing concepts and products, which we believe provides a significant advantage that will drive our Company to new levels. We seek to design products that enhance our customers' personal performance as they participate in the activities we serve. We integrate quality assurance and quality control teams throughout the entire design process to maintain the quality and integrity for which our brands are known. We believe that our vertically integrated design and development process and enthusiastic employee base provide us with a competitive advantage to continue to drive future innovation for our Company and the markets we serve.

Experienced and Incentivized Senior Management Team. The members of our Board of Directors and our executive officers, including Mr. Warren Kanders, are substantial stockholders of the Company, and beneficially own approximately 23.5% of our outstanding common stock as of March 5, 2026, which we believe aligns the interests of our Board of Directors and our executive officers with that of our stockholders.

Growth-oriented Capital Structure. Our debt-free capital structure as of December 31, 2025, provides us with the capacity to fund future growth.

Operating Segments

We operated our business within three segments until the sale of the Precision Sport segment on February 29, 2024. After the sale of the Precision Sport segment, we operate the business within two segments. These segments are defined based on the internal financial reporting used by our chief operating decision maker to allocate resources and assess performance. Certain significant selling and general and administrative expenses are not allocated to the segments, including non-cash stock compensation expense. Each segment is described below:

- Prior to its sale on July 11, 2025, PIEPS was included in our Outdoor segment alongside Black Diamond Equipment. Our Outdoor segment is a global leader in designing, manufacturing, and marketing innovative outdoor engineered equipment and apparel for climbing, mountaineering, trail running, backpacking, skiing, and a wide range of other year-round outdoor recreation activities. Our Outdoor segment offers a broad range of products, including: high-performance, activity-based apparel (such as shells, insulation, midlayers, pants, and logowear); rock-climbing footwear and equipment (such as carabiners, protection devices, harnesses, belay devices, helmets, and ice-climbing gear); technical backpacks and high-end day packs; trekking poles; headlamps and lanterns; and gloves and mittens. We also offer advanced skis, ski poles, ski skins, and snow safety products, including avalanche airbag systems, avalanche transceivers, shovels, and probes.
- Our Adventure segment, which includes Rhino-Rack, MAXTRAX, TRED, and RockyMounts is a manufacturer of highly-engineered automotive roof racks, trays, mounting systems, luggage boxes, carriers, recovery boards, bicycle racks, and accessories in Australia and New Zealand and a growing presence in the United States.

See Note 18 to our consolidated financial statements for financial information regarding our segments. Also, see Note 3 to our consolidated financial statements for financial information regarding our Precision Sport segment, which is now classified as discontinued operations, as well as a description of the sale of PIEPS.

Products

Our products span a large assortment of product categories and include a wide variety of technical outdoor equipment and lifestyle products for a wide range of outdoor enthusiasts, including climbers, mountaineers, trail runners, skiers, backpackers and campers, bicyclists and other outdoor-inspired consumers. We design many of our products for extreme applications, such as high-altitude mountaineering, ice and rock climbing, as well as backcountry skiing and alpine touring. We also design and develop highly-engineered automotive roof racks, trays, mounting systems, luggage boxes, carriers, recovery tracks, bicycle transport systems and accessories. Generally, we divide our product offerings into the following two primary categories:

- Outdoor: Our outdoor line consists of apparel, footwear, headlamps, lights, trekking poles, gloves, packs, avalanche airbags, poles, avalanche safety devices, and equipment such as carabiners, harnesses, protection devices, and various other climbing, mountaineering, hiking, and backcountry accessories and products.
- Adventure: Our adventure line consists of automotive roof racks, trays, mounting systems, luggage boxes, carriers, recovery tracks, bicycle transport systems and accessories.

Product Design and Development

We conduct our product research, evaluation, and design activities at our locations in Salt Lake City, Utah; Aurora, Colorado; Lebring, Austria; Sydney, Australia; and Brisbane, Australia.

We typically bring new products from concept to market in approximately 18 to 36 months, depending upon the technology integration and complexity of the product. We work simultaneously on product lines for the four subsequent selling seasons.

We expense research and development costs as incurred in selling, general, and administrative expenses.

Customers

We market and distribute our products in over 50 countries, primarily through independent specialty stores and specialty chains, premium sporting goods and outdoor recreation stores, distributors and original equipment manufacturers ("OEMs") in the United States, Canada, Europe, Middle East, Asia, Australia, New Zealand, Africa, and South America. Outside of North America and Europe, we sell our products through independent global distributors into specialty retail stores. We also sell our products directly to customers through our various websites.

Our end users include a broad range of consumers, including mountain, rock, ice, and gym climbers, winter-outdoor enthusiasts, trail runners, backpackers, bicyclists, off-road enthusiasts, overlanders, and outdoor-inspired consumers. Such consumers demand high-quality, reliable, and high-precision products to enhance their performance and, in some cases, safety in a multitude of outdoor activities. We expect to leverage our user intimacy, engineering prowess, and design ability to expand into related technical product categories that target the same demographic group and distribution channels.

Sales and Marketing

Our sales force is generally deployed by geographic region: Canada, Europe, Asia Pacific, Latin America, Australia, and the United States. Our focus is on providing our products to a broad spectrum of outdoor enthusiasts. Within each of our brands, we strive to create a unique look for our products and to communicate those differences to the consumer. In addition, we are continuously exploring uses for brand and market research. We also regularly utilize various promotions and public relations campaigns.

We have consistently established relationships with professional athletes and influencers to help evaluate, promote and establish product performance and authenticity with customers. Such brand endorsers are one of many elements in our array of marketing materials, including instore displays, catalogs, workbooks, social media, and digital campaigns via our websites.

Manufacturing, Sourcing, Quality Assurance and Distribution

Manufacturing

Our objective is to deliver on-time the highest quality of products in the safest and most cost-efficient manner. Our culture of continuous improvement and implementation of industry best practices allows us to continue to increase productivity, reduce costs, and bring new innovative products to the market.

The Black Diamond Equipment, and Rhino-Rack manufacturing and distribution operations are ISO 9001–2015 certified and are audited annually by an independent certifying agency to ensure quality management systems meet the requirements of ISO 9001–2015, and to ensure that certified products meet all necessary performance certification requirements.

All products are manufactured to our specifications in third-party, independently-owned facilities. We keep employees and agents on-site or via regular visits at these third-party, independently-owned facilities to ensure that our products are manufactured to meet our specifications. While we do not maintain a long-term manufacturing contract with those facilities, we believe that our long-term relationships with them will help to ensure that a sufficient supply of goods built to our specification are available in a timely manner and on satisfactory economic terms in the future.

Sourcing

We source raw materials, components, finished goods from a variety of suppliers. Our primary materials include aluminum, steel, nylon, corrugated cardboard for packaging, metal, plastic and electrical components, and various textiles, foams, and fabrics. The raw materials and components used to manufacture our products are generally available from numerous suppliers in quantities sufficient to meet normal requirements.

We source packaging materials both domestically as well as from sources in Asia and Europe. We believe that all of our purchased products and materials could be readily obtained from alternative sources at comparable costs.

Quality Assurance

Quality assurance at the Company has two primary functions:

- The first is to ensure that the products that we design and develop are manufactured to meet or exceed the Company's own standards and international regulatory standards. This involves creating inspection documentation, reviewing manufacturing processes with our various vendor-partners, and inspecting finished product to assure it meets the rigorous standards required by our customers. These activities take place globally, wherever our products are manufactured.
- The second function is to provide real and meaningful input to the new product development process. Quality assurance professionals interact closely with the design and engineering teams and bring knowledge and expertise to the design process, ensuring that the products we bring to market truly meet the criteria established when a new product is envisioned.

The engineering prowess of the quality assurance group is a core competency that the Company seeks to leverage across all product lines and brands.

Global Distribution

Our distribution model allows us to ship a broad cross-section of our product line in smaller quantities to our own global distribution centers and to those of our Independent Global Distributors ("IGD") more frequently and at lower transportation and logistics costs.

Competition

Because of the diversity of our product offerings, we compete by niche with a variety of companies. Our products must stand up to the high standards set by the end users in each category where quality, durability and performance are paramount. We believe our products compete favorably on the basis of product innovation, product performance, marketing support, and price.

The popularity of various outdoor activities and changing design trends affect the desirability of our products. Therefore, we seek to anticipate and respond to trends and shifts in consumer preferences by adjusting the mix of available product offerings by developing new products with innovative performance features and designs, and by marketing our products in a persuasive and memorable fashion to drive consumer awareness and demand. Failure to anticipate or respond to consumer needs and preferences in a timely and adequate manner could have a material adverse effect on our sales and profitability.

We compete with niche, privately-owned companies as well as a number of brands owned by large, multinational companies, such as those set forth below.

- Outdoor: Our outdoor products and accessories, such as apparel, footwear, trekking poles, headlamps, gloves, backpacks, transceivers, protection, carabiners, helmets, and harnesses, compete with products from companies such as The North Face, Patagonia, La Sportiva, Prana, Hestra, Osprey, Arc'Teryx, Petzl, and Mammut.
- Adventure: Our highly-engineered automotive roof racks, trays, mounting systems, luggage boxes, carriers, recovery tracks and accessories compete with products from companies such as Thule, Dometic, Yakima, and Front Runner.

In addition, in certain categories we compete with certain of our large wholesale customers who focus on the outdoor market, such as REI, Mountain Equipment Co-op and Decathlon, which manufacture, market and distribute their own climbing, mountaineering, and skiing products under their own private labels.

Intellectual Property

We believe our registered and pending word and icon trademarks worldwide, including the Black Diamond and Diamond "C" logos, Black Diamond®, ATC ®, Camalot®, AvaLung ®, FlickLock®, Ascension™, Time is Life®, Hexentric®, Stopper®, Dawn Patrol®, Bibler®, "Use.Design.Engineer.Build.Repeat"®, Rhino-Rack®, Maxtrax®, RockyMounts®, and TRED™ create international brand recognition for our products.

Solely for convenience, our trademarks and tradenames referred to in this report may appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor to these trademarks and tradenames.

We believe our brands have an established reputation for innovation, style, quality, design, safety, and durability, and accordingly, we actively monitor and police our brands against infringement to ensure their viability and enforceability.

Our success with our proprietary products is generally derived from our "first mover" advantage in the market as well as our commitment to protecting our current and future proprietary technologies and products, which acts as a deterrent to infringement of our intellectual property rights. While we believe our patent and trademark protection policies are robust and effective, if we fail to adequately protect our intellectual property rights, competitors may manufacture and market products similar to ours. Our principal intellectual property rights include our patents and trademarks but also include products containing proprietary trade secrets and manufacturing know-how.

We cannot be sure that we will receive patents for any of our patent applications or that any existing or future patents that we receive or license will provide competitive advantages for our products. While we actively monitor our competitors to ensure that we do not compromise the intellectual property of others, we cannot be sure that competitors will not challenge, invalidate or void the application of any existing or future patents that we receive or license. In addition, patent rights may not prevent our competitors from developing, using or selling products that are in similar product niches as ours.

Seasonality

While the Company's products are outdoor activity-based, there are no significant seasonal variations in sales and profitability. In 2025, approximately 46% of our sales were in the first half of the year while approximately 54% of our sales occurred in the second half of the year.

Working capital requirements vary throughout the year. Working capital generally increases to support peak manufacturing and shipping periods and then decreases as accounts receivable are collected.

Environmental Matters

Our operations are subject to federal, state, and local environmental, health and safety laws and regulations, including those that impose workplace standards and regulate the discharge of pollutants into the environment and establish standards for the handling, generation, emission, release, discharge, treatment, storage, and disposal of materials and substances including solid and hazardous wastes. We believe that we are in material compliance with such laws and regulations. Further, the cost of maintaining compliance has not, and we believe in the future, will not have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. Due to the nature of our operations and the frequently changing nature of environmental compliance standards and technology, we cannot predict with any certainty that future material capital or operating expenditures will not be required in order to comply with applicable environmental laws and regulations.

Human Capital

As of December 31, 2025, we had a total of over 390 employees worldwide. Of these employees, 30 were engaged in manufacturing, 220 in sales, marketing, product management and customer support, 50 in administrative functions (IT, Finance, HR, Legal and Compliance, etc.), 60 in R&D, engineering technology, manufacturing engineering and project management, 20 retail store associates and 10 in various executive and corporate functions. None of our employees are represented by a union in collective bargaining with us. We believe that our employee relations are good. Our human capital objectives center around identifying, recruiting, retaining, incentivizing and integrating our existing and new employees. We maintain and grow our team utilizing practices that help us identify, hire, incentivize and retain our existing employees and integrate new employees into our Company.

Available Information

Our Internet address is www.claruscorp.com. We make available free of charge on or through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, and the proxy statement for our annual meeting of stockholders as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Forms 3, 4 and 5 filed with respect to our equity securities under Section 16(a) of the Securities Exchange Act of 1934, as amended, are also available on our website. All of the foregoing materials are located at the ‘‘SEC Filings’’ tab under the section titled “Investor Relations.” The information found on our website shall not be deemed incorporated by reference by any general statement incorporating by reference this report into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such Acts.

The Securities and Exchange Commission also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Securities and Exchange Commission at www.sec.gov. In addition, you may request a copy of any such materials, without charge, by submitting a written request to: Clarus Corporation, c/o the Secretary, 2084 East 3900 South, Salt Lake City, UT 84124. The contents of the websites identified above are not incorporated into this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

In addition to other information contained in this Annual Report on Form 10-K, the following risk factors should be carefully considered in evaluating our business, because such factors may have a significant impact on our business, operating results, liquidity and financial condition. As a result of the risk factors set forth below, actual results could differ materially from those mentioned in any forward-looking statements. Additional risks and uncertainties not presently known to us, or that we currently consider to be immaterial, may also materially impact our business, operating results, liquidity and financial condition. If any of the following risks occur, our business, operating results, liquidity and financial condition, and the price of our common stock, could be materially adversely affected.

Risk Factor Summary

- We are subject to risks related to our dependence on the strength of retail economies.
- Certain products we sell are used for inherently risky outdoor pursuits and have given rise to product liability or product warranty claims, and other loss contingencies, including, without limitation, recalls and liability claims relating to Black Diamond Equipment, Ltd.’s (“BDEL”) avalanche beacon transceivers.
- A U.S. Consumer Products Safety Commission (“CPSC”) investigation under the Consumer Product Safety Act in connection with certain models of our avalanche transceivers has resulted in the CPSC’s staff recommending that the CPSC seek substantial civil monetary penalties from us, and has led the U.S. Department of Justice to commence an investigation.
- Compliance costs and potential liabilities related to environmental requirements, including those associated with Per- and Polyfluoroalkyl Substances (PFAS), could negatively impact our financial results.
- Our markets are highly competitive and are subject to dramatic changes in consumer preferences.
- Our operations, including, among other things, integrating acquisitions and procuring raw materials, are sensitive to changes in global cultural, political, and financial market conditions, as well as potential changes in regulations, legislation, and government policies.
- Changes in tariffs, tax laws, global trade policies and instability and volatility in global markets could adversely affect our business and results of operations.
- Disruptions in our supply chain, third-party logistics providers, or distribution facilities could adversely affect our business, results of operations, and financial condition.
- If we are unable to accurately forecast demand and manage inventory levels, we may experience excess or obsolete inventory, discounting, or lost sales.
- Technological advances, the introduction of new products, and new design and manufacturing techniques could adversely affect our operations unless we are able to adapt to changing conditions.
- If we fail to adequately protect our intellectual property rights, competitors may manufacture and market products similar to ours, which could adversely affect our market share and results of operations.
- We may require additional capital and funding to meet our financial obligations as well as to support our business operations and growth initiatives, and this additional capital and funding may not be available on favorable terms, if at all.
- We may be unsuccessful in our future acquisition endeavors and some of the businesses we acquire may incur significant losses from operations.
- We have been required to recognize significant impairment charges and may be required to take future write-downs or write-offs, restructuring, and impairment or other charges.

- Our business and growth may suffer if we are unable to attract and retain key officers or employees, including our Chief Executive Officer, Warren Kanders, or if we experience unexpected loss of key personnel.
- We may be subject to disruptions, failures or cyber-attacks in our information technology systems and network infrastructures that could disrupt our operations, damage our reputation and adversely affect our business, operations, and financial results.
- The effects of climate change and increased focus by stakeholders on sustainability and ESG matters may adversely affect our business and financial results and damage our reputation.
- The members of our Board of Directors and our executive officers beneficially own approximately 23.5% of our outstanding common stock, which may limit other stockholders' ability to influence corporate matters.

Risks Related to Our Industry

Many of the products we sell are used for inherently risky outdoor pursuits and have given rise to product liability or product warranty claims and other loss contingencies including, without limitation, recalls and liability claims relating to BDEL's avalanche beacon transceivers, which could affect our earnings and financial condition.

Many of our products are used in applications and situations that involve high levels of risk of personal injury and death. As a result, we maintain a staff who focus on including appropriate disclaimers and markings, and undertaking testing and otherwise seeking to assure the quality and safety of our products. We stay current with laws to seek to provide thorough and protective disclaimers and instructions on all of our products and packaging. Furthermore, our technical climbing and avalanche safety equipment and our related operations meet and are certified to International Personal Protective Equipment (PPE) standards set by the EEC or ISO 9001 quality system standards. Failure to use our products for their intended purposes, failure to use or care for them properly, or their malfunction, or, in some limited circumstances, even correct use of our products, have resulted in serious bodily injury or death.

We remain exposed to product liability claims by the nature of the products we produce, including, without limitation, recalls and liability claims relating to BDEL's avalanche beacon transceivers. Exposure occurs if one of our products is alleged to have resulted in property damage, bodily injury or other adverse effects. Any such product liability claims have included allegations of defects in manufacturing and/or design, failure to warn of dangers inherent in the product or activities associated with the product, negligence, strict liability, and/or breach of warranties. Although we maintain product liability insurance in amounts that we believe are reasonable, there can be no assurance that we will be able to maintain such insurance on acceptable terms, if at all, in the future or that product liability claims will not exceed the amount of insurance coverage.

As a manufacturer and distributor of consumer products, we are subject to government regulation in the United States and other countries, including, without limitation, the Consumer Products Safety Act, which empowers the CPSC to exclude from the market products that are found to be unsafe or hazardous. Under certain circumstances, the CPSC could require us to repurchase or recall one or more of our products and/or subject us to financial penalties. For example, as disclosed in Item 3. "Legal Proceedings," BDEL was notified by the CPSC that the agency staff believes we failed to timely meet our statutory reporting obligations under the Consumer Product Safety Act with respect to certain models of avalanche transmitters distributed by BDEL either switching unexpectedly out of "send" mode and/or out of "search" mode, that we made material misrepresentations in reports to the CPSC, and that the agency staff has recommended that the CPSC impose substantial civil monetary penalties on us. Furthermore, as disclosed in Item 3. "Legal Proceedings," the U.S. Department of Justice has commenced an investigation relating to the CPSC investigation and we received grand jury subpoenas for documents relating to, among other things, certain avalanche transmitters distributed by BDEL. Additionally, laws regulating certain consumer products exist in some cities and states, as well as in other countries in which we sell our products, and more restrictive laws and regulations may be adopted in the future. Any such recalls or repurchases of our products and/or imposition of financial penalties on us could be costly to us and could damage our business and reputation as well as have a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations and/or cash flows. If we are required to remove, or if we voluntarily remove, our products from the market, our reputation could be tarnished and we might have large quantities of finished products that we are unable to sell.

We spend substantial resources seeking to ensure compliance with governmental and other applicable standards. However, compliance with these standards does not necessarily prevent individual or class action lawsuits, which can entail significant cost and risk. We do not maintain insurance against many types of claims involving alleged defects in our products that do not involve personal injury or property damage. As a result, these types of claims could have a material adverse effect on our business, results of operations, and financial condition.

Our product liability insurance program is an occurrence-based program based on our current and historical claims experience and the availability and cost of insurance. We carry both general and umbrella liability policies that insure us for product liability claims. The policy has a small retention, which enables us to manage and control our product liability claims. Historically, product liability awards have not exceeded our individual per occurrence self-insured retention. We cannot assure you, however, that our future product liability experience will be consistent with our past experience. Additionally, we do not maintain product recall insurance. We maintain a warranty reserve for estimated future warranty claims, but the actual costs of servicing future warranty claims may exceed the reserve. Insurance coverage may become unavailable or more expensive, and policy limits, exclusions, or retentions could leave us exposed to significant uninsured or underinsured losses.

As a result, product recalls or product liability claims—including, without limitation, recalls, liability claims, and/or financial penalties—could be costly to us and could damage our business and reputation, potentially having a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations, and/or cash flows. This includes, without limitation, the imposition by the CPSC of substantial civil monetary penalties on us, requirements to take corrective actions (including recalls), and/or the ongoing investigation by the U.S. Department of Justice relating to BDEL's avalanche beacon transceivers.

We believe it is reasonably possible that a change in our ability to estimate the amount of loss relating to any penalties imposed by the CPSC or other regulators could occur in the near term and that such a change in estimate could be material. Additionally, given the ongoing nature of this matter, the Company is currently unable to predict its duration, the resources required, or the ultimate outcome, nor can we determine the full impact it may have on the Company's liquidity, financial condition, results of operations, and/or cash flows. Any penalties imposed by the CPSC or other regulators could be significant which could have a material adverse effect on our business, results of operations, and financial condition.

Adverse publicity about the Company and/or its brands and products, including with respect to certain models of avalanche transmitters distributed by BDEL through social media or connection with other media or brand damaging events and/or public perception could negatively impact our business and reputation.

Our brands have wide recognition, and our success has been due in large part to our ability to maintain, enhance and protect our brand image and reputation and our consumers' and customers' connection to our brands. Our continued success depends in part on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns. In addition, consumer and customer sentiment could be shaped by our sustainability policies and related design, sourcing and operational decisions.

Negative claims or publicity involving us, our board of directors, our brands, our products, including, without limitation, recalls and liability claims relating to BDEL's avalanche beacon transceivers, services and experiences, consumer data, or any of our key employees, endorsers, or suppliers could seriously damage our reputation and the image of our brands, regardless of whether such claims are accurate.

Furthermore, social media, which accelerates and potentially amplifies the scope of negative publicity, can increase the challenges of responding to negative claims. Adverse publicity could also damage our reputation and the image of our brands, undermine consumer confidence in us and reduce long-term demand for our products, even if such adverse publicity is unfounded or not material to our operations. If the reputation, culture or image of any of our brands and products, including, without limitation, recalls and liability claims relating to BDEL's avalanche beacon transceivers, is tarnished or if we receive negative publicity, then our sales, financial condition and results of operations could be materially and adversely affected.

From time to time, we have been and may be subject to legal proceedings, regulatory investigations or disputes, and governmental inquiries that could cause us to incur significant expenses, divert our management's attention, damage our business and reputation as well as have a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations and/or cash flows.

From time to time, we have been and may be subject to claims, lawsuits, government investigations, and other proceedings involving products liability, competition and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, commercial disputes, and other matters that could adversely affect our business operations and financial condition. Injuries sustained by those who use or purchase our products, including, without limitation, BDEL's avalanche beacon transceivers, have, and could in the future, subject us to regulatory proceedings and litigation by government agencies and private litigants brought against us, that regardless of their merits, could harm our reputation, divert management's attention from our operations and result in substantial legal fees and other costs. For example, as disclosed in Item 3. "Legal Proceedings," BDEL was notified by the CPSC that the agency staff believes we failed to timely meet our statutory reporting obligations under the Consumer Product Safety Act with respect to certain models of avalanche transmitters distributed by BDEL either switching unexpectedly out of "send" mode and/or out of "search" mode, that we made material misrepresentations in reports to the CPSC, and that the agency staff intends to recommend that the CPSC impose substantial civil monetary penalties on us. Any financial or other penalties imposed by the CPSC as well as the Department of Justice or other regulators could be costly to us and could damage our business and reputation as well as have a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations and/or cash flows. Also, we have reporting obligations to safety regulators in all jurisdictions where we sell our products, where reporting may trigger further regulatory investigations.

Under the Company's Second Amended and Restated By-Laws, the Company may be obligated to indemnify, and advance expenses (including reasonable attorneys' fees) to, certain officers and employees of the Company or its subsidiaries in connection with the investigation being conducted by the United States Department of Justice relating to the Company's avalanche transceivers and any related proceedings, including if such persons are or become witnesses, subjects, targets, or otherwise become involved in such matters. If any applicable liability insurance maintained by the Company is unavailable or is not sufficient to cover, or does not cover, such indemnification and advancement obligations and related costs, the Company may be required to pay such amounts directly, which could be significant and could adversely affect the Company's liquidity, consolidated financial position, results of operations and/or cash flows. Any amounts advanced are generally subject to an undertaking to repay such amounts if it is ultimately determined that the applicable person was not entitled to indemnification.

We are subject to risks related to our dependence on the strength of retail economies in various parts of the world, and our performance may be affected by general economic conditions.

Our business depends on the strength of the retail economies in various parts of the world, primarily in North America, Europe, Australia and to a lesser extent, Asia, Central and South America. These retail economies are affected primarily by factors such as consumer demand and the condition of the retail industry, which, in turn, are affected by general economic conditions and specific events such as natural disasters, terrorist attacks, and political unrest. The impact of these external factors is difficult to predict, and one or more of the factors could adversely impact our business, results of operations, and financial condition.

Purchases of many consumer products are discretionary and tend to be highly correlated with the cycles of the levels of disposable income of consumers. As a result, any substantial deterioration in general economic conditions could adversely affect consumer discretionary spending patterns, our sales, and our results of operations. In particular, decreased consumer confidence or a reduction in discretionary income as a result of unfavorable macroeconomic conditions may negatively affect our business. If the macroeconomic environment worsens, consumers may reduce or delay their purchases of our products. Any such reduction in purchases could have a material adverse effect on our business, financial condition, and results of operations.

Moreover, declining economic conditions create the potential for future impairments of goodwill and other intangible and long-lived assets that may negatively impact our financial condition and results of operations. Various uncertainties tied to economic conditions, including significant adverse changes in business climate, adverse actions by regulators, unanticipated competition, loss of key customers, a downturn in the economy or in discretionary income levels or changes in consumer preferences could impact the expected cash flows to be generated by an asset or group of assets, and may result in an impairment of those assets. The impact of weak consumer credit markets, corporate restructurings, layoffs, prolonged high unemployment rates, declines in the value of investments and residential real estate, higher fuel prices and increases in federal and state taxation all can negatively affect our operating results.

Additionally, the products sold by our Adventure segment are vulnerable to fluctuations in automotive sales and trends, shifts in consumer preferences, the availability of automobiles and/or disruptions in the automotive industry's supply chains.

As noted above, because a substantial majority of our net revenue is generated through discretionary spending by consumers for our outdoor recreation products, a downturn in the economy resulting from prolonged supply chain disruptions or labor shortages, a significant increase in inflation rates (including in connection with rising interest rates through government action to fight inflationary trends), or a reduction in consumer confidence in the U.S. economy may have a material adverse impact on our business, financial condition and results of operations, as consumers generally reduce their discretionary spending during such periods. Inflation rates have increased and may continue to rise or stay elevated for some time, all of which negatively impact consumer confidence and discretionary spending patterns. Additionally, inflationary trends and uncertainties in the economic climate in the United States and elsewhere could have a similar negative impact on the rate and amounts of purchases by our current and potential customers, create price inflation for our products, or otherwise have a negative impact on our expenses, gross margins and revenues, all of which could hinder our growth.

The occurrence of severe weather events, catastrophic health events, natural or man-made disasters, social and political conditions or civil unrest could significantly damage or destroy demand for our products, as well as key supply chain and fulfillment arrangements.

Unforeseen events, including public health emergencies, such as pandemics, natural disasters, such as earthquakes, hurricanes, tornadoes, snow or ice storms, floods and heavy rains, and man-made disasters, such as an oil spill closing large areas of hunting or fishing, could disrupt our operations or the operations of our suppliers, as well as the behavior of our consumers. In addition, extreme weather conditions could result in disruption or delay of production and delivery of materials and products in our supply chain and cause staffing shortages among our suppliers and other vendors on whom we rely. Global climate change may result in significant natural disasters occurring more frequently or with greater intensity, such as drought, wildfires, storms, sea-level rise, and flooding. Socio-political factors, such as wars, civil unrest or other economic or political uncertainties that contribute to consumer unease or harm to our supply chain or customer base, may also result in decreased discretionary spending, property damage and/or business interruption losses. To the extent these events result in the closure of one or more distribution centers that we rely on, a significant number of stores where our goods are sold, or our corporate headquarters or impact one or more of our key suppliers, our operations and financial performance could be materially adversely affected through an inability to support our business and fulfill demand that results in lost sales, and any precautions that we may take may not be adequate to mitigate the impact of such events. As these events occur in the future, if they should impact areas in which we have our corporate headquarters, a distribution center or a concentration of vendors or the stores where our products are sold, such events could have a material adverse effect on our business, financial condition and results of operations.

Changes in the retail industry and markets for consumer products affecting our customers or retailing practices could negatively impact existing customer relationships and our results of operations.

We sell our products to retailers, including sporting goods and specialty retailers, as well as direct to consumers. A significant deterioration in the financial condition of our major customers, including, without limitation, Recreational Equipment, Inc. (REI), would have a material adverse effect on our sales and profitability. We regularly monitor and evaluate the credit status of our customers and attempt to adjust sales terms as appropriate. Despite these efforts, a bankruptcy filing by a key customer could have a material adverse effect on our business, results of operations, and financial condition.

In addition, as a result of the desire of retailers to more closely manage inventory levels, there is a growing trend among retailers to make purchases on a “just-in-time” basis. This requires us to shorten our lead time for production in certain cases and more closely anticipate demand, which could in the future require us to carry additional inventories.

We may be negatively affected by changes in the policies of our retailer customers, such as inventory destocking, limitations on access to and time on shelf space, use of private label brands, price demands, payment terms, and other conditions, which could negatively impact our results of operations.

There is a growing trend among retailers in the U.S. and in foreign markets to undergo changes such as consolidations, restructurings or store closings or reorganizations, that could decrease the number of stores that carry our products or increase the concentration of ownership within the retail industry. These changes within the retail industry could result in a shift of bargaining power to the retail industry and in fewer outlets for our products which could result in price and other competition that could reduce our margins and our net sales.

Additionally, shifts in consumer purchasing patterns, including the growth of e-commerce and large one-stop digital marketplaces, e-commerce off-price retailing and online comparison shopping in our key markets may have an adverse effect on our direct-to-consumer operations and the financial health of certain of our wholesale customers, some of whom may reduce their brick and mortar store fleet, file for protection under bankruptcy laws, restructure, or cease operations. These related business impacts have already occurred at certain of our wholesale customers. We face increased risk of order reduction and cancellation when dealing with financially ailing wholesale customers. We also extend credit to our wholesale customers based on an assessment of the wholesale customer’s financial condition, generally without requiring collateral. We may choose (and have chosen in the past) to limit our credit risk by reducing our level of business with wholesale customers experiencing financial difficulties and may not be able to replace those revenues with other customers or through our direct-to-consumer businesses within a reasonable period or at all.

In addition, our direct-to-consumer and wholesale sales could be adversely affected by changes in the terms, fees, algorithms, search placement, advertising policies, data access, or other practices of third-party e-commerce platforms, online marketplaces, and digital marketing channels, as well as by disruptions or outages affecting such platforms.

Seasonality and weather conditions may cause our operating results to vary from quarter to quarter.

Sales of certain of our products in our Outdoor segment are seasonal. Sales of our outdoor recreation products such as carabineers, harnesses, and related climbing equipment products increase during warm weather months and decrease during winter, while sales of our apparel line and winter sports equipment such as our skis and related ski equipment increase during the cold weather months and decrease during summer. Weather conditions may also negatively impact sales (including events that may be caused or exacerbated by climate change). For instance, milder temperatures could prevent the formation of ice, which may negatively affect demand for our ice climbing products, and mild winter weather with less snowfall may negatively impact sales of our winter sports products. These factors could have a material adverse effect on our business, results of operations, and financial condition.

Our results of operations could be materially harmed if we are unable to accurately forecast demand for our products.

In each of our geographic markets, we face significant competition with respect to our products. Retailers who are our wholesale customers often pose a significant competitive threat by designing, marketing and distributing products under their own private labels that compete with ours. We also experience direct competition in our direct-to-consumer business from retailers that are our wholesale customers. This is true in particular in the digital marketplace, where increased consumer expectations and competitive pressure related to various aspects of our e-commerce business, including speed of product delivery, shipping charges, return privileges, and other evolving expectations are key factors.

Additionally, we often schedule internal production and place orders for products with independent manufacturers before our customers' orders are firm. Therefore, if we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of product to deliver to our customers.

Inventory levels in excess of customer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have an adverse effect on our business, results of operations, and financial condition. On the other hand, if we underestimate demand for our products, our third-party manufacturers may not be able to produce products to meet customer requirements, and this could result in delays in the shipment of products and lost revenues, as well as damage to our reputation and customer relationships. There can be no assurance that we will be able to successfully manage inventory levels to meet future order and reorder requirements.

Competition in our industries may hinder our ability to execute our business strategy, achieve profitability, or maintain relationships with existing customers.

We operate in a highly competitive industry. In this industry, we compete against numerous other domestic and foreign companies. Competition in the markets in which we operate is based primarily on product quality, product innovation, price, and customer service and support, although the degree and nature of such competition vary by location and product line. Some of our competitors are more established in their industries and have substantially greater revenue or resources than we do. Our competitors may take actions to match new product introductions and other initiatives. Since many of our competitors also source their products from third parties, our ability to obtain a cost advantage through sourcing is reduced. Certain of our competitors may be willing to reduce prices and accept lower profit margins to compete with us. Further, retailers often demand that suppliers reduce their prices on existing products. Competition could cause price reductions, reduced profits or losses or loss of market share, any of which could have a material adverse effect on our business, results of operations, and financial condition.

To compete effectively in the future in the consumer products industry, among other things, we must: maintain strict quality standards; develop new and innovative products that appeal to consumers; deliver products on a reliable basis at competitive prices; anticipate and respond to changing consumer trends in a timely manner; maintain favorable brand recognition; and provide effective marketing support.

Our inability to do any of these things could have a material adverse effect on our business, results of operations and financial condition.

If we fail to adequately protect our intellectual property rights, competitors may manufacture and market products similar to ours, which could adversely affect our market share and results of operations.

The success of our proprietary products depends, in part, on our ability to protect our current and future technologies and products and to defend our intellectual property rights. If we fail to adequately protect our intellectual property rights, competitors may manufacture and market products similar to ours. Our principal intellectual property rights include our trademarks, patents, and trade secrets.

We hold numerous patents for the invention of new or improved technologies, which are known as utility patents, and pending patent applications covering a wide variety of products. We cannot be sure that we will receive patents for any of our patent applications or that any existing or future patents that we receive or license will provide competitive advantages for our products. We also cannot be sure that competitors will not challenge, invalidate or avoid the application of any existing or future patents that we receive or license. In addition, patent rights may not prevent our competitors from developing, using or selling products that are similar or functionally equivalent to our products.

Third parties may have patents, or may be awarded new patents, that may materially adversely affect our ability to market, distribute and sell our products. Accordingly, our products, including, but not limited to, our technical climbing and backpack products, may become subject to patent infringement claims or litigation, any adverse determination of which could have a material adverse effect on our business, results of operations, and financial condition.

Our success depends on third-party logistics providers and our and third-party distribution facilities.

The majority of our products are manufactured outside of our principal sales markets, which requires these products to be consolidated and transported, sometimes over large geographical distances. A small number of third-party logistics providers currently consolidate, deconsolidate and/or transload almost all of our products. Any disruption in the operations of these providers or changes to the costs they charge, due to capacity constraints, volatile fuel prices or otherwise, could materially impact our sales and profitability. A prolonged disruption in the operations of these providers, by any means, could also require us to seek alternative distribution arrangements, which may not be available on attractive terms and could lead to delays in distribution of products, either of which could have a significant and material adverse effect on our business, results of operations and financial condition.

In addition, the ability to move products over larger geographical distances could be (as is currently the case) constrained by ocean, air and trucking cargo capacity, or disrupted by limitations at ports or borders. These constraints and disruptions could hinder our ability to satisfy demand through our wholesale and direct-to-consumer businesses, and we may miss delivery deadlines, which may cause our customers to cancel their orders, refuse to accept deliveries or demand a reduction in purchase price. In addition, increases in distribution costs, including but not limited to trucking, air and freight costs, could (as is currently the case) adversely affect our costs, which we may not be able to offset through price increases or decreased promotions.

We receive our products from third-party logistics providers at our owned and leased distribution centers in the United States, Australia, Austria, and New Zealand. The fixed costs associated with owning, operating and maintaining such distribution centers during a period of economic weakness or declining sales can result in lower operating efficiencies, financial deleverage and potential impairment in the recorded value of distribution assets.

We also receive and distribute our products through third-party operated distribution facilities internationally and domestically. We depend on these third-parties to manage the operation of their distribution facilities as necessary to meet our business needs. If such third-parties fail to manage these responsibilities, our international and domestic distribution operations could face significant disruptions.

Our ability to meet consumer expectations, manage inventory, complete sales, and achieve our objectives for operating efficiencies depends on the proper operation of our existing distribution facilities, as well as the facilities of third-parties, the development or expansion of additional distribution capabilities and services, and the timely performance of services by third-parties, including those involved in moving products to and from our distribution facilities and facilities operated by third-parties.

Our international operations expose us to changing global conditions and legal and regulatory requirements, including tariffs, trade restrictions, and anti-corruption and sanctions laws such as the FCPA.

Approximately 58% of our sales for the year ended December 31, 2025 were earned in international markets. As such our ability to maintain the current level of operations in our existing international markets and to capitalize on growth in existing and new international markets is subject to risks associated with international operations.

Our products are subject to increasingly stringent and complex domestic and foreign product labeling and performance and safety standards, laws and other regulations. These requirements could result in greater expense associated with compliance efforts, and failure to comply with these regulations could result in a delay, non-delivery, recall, or destruction of inventory shipments during key seasons or in other financial penalties. Significant or continuing noncompliance with these standards and laws could disrupt our business and harm our reputation.

These risks include the burdens of complying with a variety of foreign laws and regulations, unexpected changes in regulatory requirements, new tariffs or other barriers to some international markets. For example, any future withdrawal or renegotiation of trade agreements, and the prosecution of trade disputes or the imposition of tariffs, duties, taxes and other charges on imports or exports between the United States and countries like China, Canada and Mexico may adversely affect our ability to operate our business and execute our growth initiatives. In addition, it may be more difficult for us to enforce agreements, collect receivables, receive dividends and repatriate earnings through foreign legal systems.

In addition, our international operations may increase our exposure to compliance risks under anti-corruption, anti-money laundering, and sanctions laws. Like other companies operating internationally, we are subject to the Foreign Corrupt Practices Act (the “FCPA”) and other anti-corruption, anti-money laundering, and sanctions laws that prohibit improper payments and other misconduct by us, our employees, agents, distributors, and other third parties with whom we do business. We operate, and may seek to expand, in markets where corruption and bribery risks may be heightened, and we rely on third parties in certain jurisdictions. We have implemented policies, procedures, training, and internal controls designed to promote compliance, but we cannot assure you that our employees or third parties will comply, that our controls will be effective, or that we will not be subject to investigations, enforcement actions, or private litigation.

In February 2025, an executive order directed the U.S. Department of Justice (“DOJ”) to pause certain FCPA enforcement activity for a review period, and DOJ issued updated enforcement guidelines in June 2025 and resumed FCPA enforcement with a stated focus on matters implicating U.S. economic and national security interests. These developments, and any future shifts in enforcement priorities, do not eliminate our compliance obligations, and enforcement may increase or decrease over time. In addition, the Securities and Exchange Commission retains civil enforcement authority relating to, among other things, the FCPA’s accounting provisions (books and records and internal controls), and we could face significant penalties, compliance costs, business disruption, reputational harm, and loss of business if we, our employees, or third parties are alleged to have violated applicable laws.

We cannot predict whether quotas, duties, taxes, exchange controls, current or future “trade wars” or other restrictions will be imposed by the United States, China, Canada and Mexico or other countries upon the import or export of our products and the commodities and components used to manufacture our products, or what effect any of these actions would have on our business, financial condition or results of operations. We cannot predict whether there might be changes in our ability to repatriate earnings or capital from international jurisdictions. Changes in regulatory and geopolitical policies and other factors may adversely affect our business or may require us to modify our current business practices.

Some of our operations are conducted or products are sold in countries where economic growth has slowed, or where economies have suffered economic, social and/or political instability or hyperinflation. Moreover, declining economic conditions create the potential for future impairments of goodwill and other intangible and long-lived assets that may negatively impact our financial condition and results of operations. In addition, global economic uncertainty relating to the effects of fiscal and political crises and political and economic disputes, changes in consumer spending, foreign currency exchange rate fluctuations, political unrest, natural disasters or other crises, terrorist acts, acts of war and/or military operations, could have a material adverse effect on our financial condition, results of operations and cash flows.

If we cannot continue to develop new products in a timely manner, and at favorable margins, we may not be able to compete effectively.

We believe that our future success will depend, in part, upon our ability to continue to introduce innovative design extensions for our existing products and to develop, manufacture, and market new products. We cannot assure you that we will be successful in the introduction, manufacturing, and marketing of any new products or product innovations, or develop and introduce, in a timely manner, innovations to our existing products that satisfy customer needs or achieve market acceptance. Our failure to develop new products and introduce them successfully and in a timely manner, and at favorable margins, would harm our ability to successfully grow our business and could have a material adverse effect on our business, results of operations, and financial condition.

Our operating results can be adversely affected by changes in the cost or availability of raw materials.

Pricing and availability of raw materials for use in our businesses can be volatile due to numerous factors beyond our control, including general, domestic, and international economic conditions, labor costs, production levels, competition, consumer demand, import duties, and tariffs and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials for us, and may therefore have a material adverse effect on our business, results of operations, and financial condition.

During periods of rising prices of raw materials, there can be no assurance that we will be able to pass any portion of such increases on to customers. Conversely, when raw material prices decline, customer demands for lower prices could result in lower sale prices and, to the extent we have existing inventory, lower margins. We currently do not hedge against our exposure to changing raw material prices. As a result, fluctuations in raw material prices could have a material adverse effect on our business, results of operations, and financial condition.

Supply shortages or changes in availability for any particular type of raw material can delay production or cause increases in the cost of manufacturing our products. We may be negatively affected by changes in availability and pricing of raw materials, which could negatively impact our results of operations.

We may not realize returns on our fixed cost investments in our direct-to-consumer business operations.

One of our strategic priorities is to expand and improve our global direct-to-consumer business operations. Accordingly, we continue to make investments in our digital capabilities and our direct-to-consumer operations. Since many of the costs of our direct-to-consumer operations are fixed, we may be unable to reduce expenses in order to avoid losses or negative cash flows if we have insufficient sales, including as a result of restrictions on operations. We may not be able to exit direct-to-consumer brick and mortar locations and related leases at all or without significant cost or loss, renegotiate the terms thereof, or effectively manage the profitability of our existing brick and mortar stores. In addition, obtaining real estate and effectively renewing real estate leases for our direct-to-consumer brick and mortar operations is subject to the real estate market and we may not be able to secure adequate new locations or successfully renew leases for existing locations.

Changes in effective tax rates could adversely affect our results.

As a global company, we determine our income tax liability in various tax jurisdictions and our effective tax rate based on an analysis and interpretation of local tax laws and regulations, as well as our financial projections. This analysis requires significant judgment and estimation, often based on assumptions about the future, which, in times of economic disruptions or legislative changes, are highly uncertain. Our tax determinations are subject to periodic domestic and foreign audits, and while we accrue for uncertain tax positions, these accruals may be insufficient to satisfy unfavorable findings. Unfavorable audit findings or tax rulings could result in payment of additional taxes, fines, and penalties for prior periods and could lead to higher tax rates in future periods.

Tax laws and regulations continue to evolve at both domestic and international levels. For example, recent legislative changes in the United States, such as the Inflation Reduction Act of 2022, introduced a corporate alternative minimum tax and an excise tax on stock buybacks, which could impact our effective tax rate and cash flows. Additionally, international tax initiatives, including the Organization for Economic Co-operation and Development ("OECD")'s global minimum tax framework under Pillar Two, aim to establish a minimum corporate tax rate of 15% for large multinational enterprises. As countries implement these measures, our tax obligations could increase, and compliance requirements may become more complex. While the Company does not currently meet the minimum revenue threshold for Pillar Two and is not subject to its provisions, any future compliance could increase our tax obligations, impose additional compliance costs, and adversely affect our results of operations and financial condition.

Moreover, ongoing tax reform discussions in the U.S. and other jurisdictions could further impact our tax liabilities. Proposals to modify corporate tax rates, implement new taxation mechanisms on foreign earnings, or change existing tax deductions and credits could materially affect our financial results. Given the political and economic uncertainty surrounding tax policy, we cannot predict the likelihood, form, or timing of such changes, but any unfavorable developments could have an adverse impact on our effective tax rate, income tax expense, and overall financial performance.

Furthermore, changes in global tax laws, including efforts to reform the taxation of digital services and cross-border transactions, may lead to increased tax costs or compliance burdens. The OECD's Base Erosion and Profit Shifting ("BEPS") initiatives and similar measures adopted by various jurisdictions may further contribute to tax uncertainty. As new regulations and interpretations emerge, our ability to mitigate risks associated with these changes may be limited, and our results of operations and financial condition could be adversely affected.

The conflicts between Russia and Ukraine and the Middle East, and the potential for these and other geopolitical conflicts to expand or intensify, including through the emergence of additional conflicts or heightened tensions in other regions, could have a material adverse effect on our operations, results of operations, financial condition, liquidity and business outlook.

There is continued, sustained military conflict between Russia and Ukraine as well as in the Middle East, and continued disruption in these regions and the broader global economic environment is likely. The uncertain consequences and duration of these conflicts, and the risk that they may expand in scope, escalate, or result in broader regional or global instability, including through the emergence of additional conflicts or heightened tensions in other regions, including the potential effects of any sanctions and countersanctions against officials, individuals and industries relating to these regions, including Russia, and the potential response to any such sanctions, as well as prolonged unrest and/or intensified military activities impacting these regions could have a material adverse effect on our operations, results of operations, financial condition, liquidity and business outlook.

Our business, financial condition and results of operations and cash flows, as well as the trading price of our common stock may be negatively impacted by the effects of a disease outbreak, epidemic, pandemic, or similar widespread public health concern, such as travel restrictions or recommendations or mandates from governmental authorities to avoid large gatherings or to self-quarantine, whether as a result of a global pandemic or otherwise.

An outbreak of disease or similar public health threat, such as the COVID-19 pandemic, could have, and in the case of the COVID-19 pandemic has had, an adverse impact on our business, financial condition and operating results, including in the form of lowered net sales and the delay of inventory production and fulfillment in impacted regions. Fear of contracting diseases, individuals contracting diseases and the actions taken, and that may be taken, by governmental authorities, our third-party logistics providers, our landlords, our competitors or by us relating to diseases, analogous to the COVID-19 pandemic may:

- cause disruptions in the supply chain, including the ability to produce and deliver product as expected;
- result in canceled orders, non-payment for orders received and/or delayed payment for orders received;
- restrict the operation of our retail store operations and our ability to meet consumer demand at our stores;
- cause inflation and currency rate fluctuations;
- result in a misalignment between demand and supply;
- result in labor shortages, including as a result of any vaccine mandate or our return to work policies;
- increase reliance by consumers on e-commerce platforms;
- impair the financial health of certain of our customers;
- impact previous business assumptions;

- increase the reliance of our employees on digital solutions;
- restrict global business and travel;
- impair our ability to ship product through our owned or affiliated distribution centers, including as a result of capacity reductions, shift changes, labor shortages, higher than normal absenteeism and/or the complete shutdowns of facilities for deep cleaning procedures;
- cause rapid changes to employment and tax law;
- impair our key personnel;
- result in incremental costs from the adoption of preventative measures, including providing facial coverings and hand sanitizer, rearranging operations to follow social distancing protocols, conducting temperature checks and undertaking regular and thorough disinfecting of surfaces, and providing testing; and/or
- cause any number of other disruptions to our business, the risks of which may be otherwise identified herein.

In addition, the impact of pandemics, such as the COVID-19 pandemic, may also exacerbate other risks discussed in this Item 1A, any of which could have a material effect on us.

We use foreign suppliers and manufacturing facilities for a significant portion of our raw materials and finished products, and disruptions to international trade, such as disease epidemics or potential "trade wars," pose a risk to our business operations.

The vast majority of our products sold were produced by and purchased from independent manufacturers primarily located in Asia and Eastern Europe. Although no single supplier and no one country controls a majority of our production needs, any of the following could materially and adversely affect our ability to produce or deliver our products and, as a result, have a material adverse effect on our business, financial condition, and results of operations:

- political or labor instability in countries where our facilities, contractors, and suppliers are located;
- political or military conflict, which could cause a delay in the transportation of raw materials and products to us and an increase in transportation costs;
- heightened terrorism security concerns;
- disease epidemics and health-related concerns, such as COVID-19 or the coronavirus;
- imposition of regulations and quotas relating to imports and our ability to adjust timely to changes in trade regulations;
- imposition of tariffs, duties, taxes and other charges on imports and/or exports;
- the effect of inflation on our business, including any future pricing actions taken in an effort to mitigate the effects of inflation and potential impacts on our revenue, operating margins and net income; and
- imposition or the repeal of laws that affect intellectual property rights.

Compliance costs related to environmental requirements, including those associated with Per- and Polyfluoroalkyl Substances (PFAS), could negatively impact our financial results.

We are, and any of our vendors or customers may be subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, protection of the environment, climate change, greenhouse gas emissions, and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials, including Per- and Polyfluoroalkyl Substances (PFAS). In 2024, certain of our products and inventory containing PFAS resulted in charges, and we may face additional liabilities in the future. Costs and capital expenditures relating to environmental, health or safety matters are subject to evolving regulatory requirements and depend on the timing of the promulgation and enforcement of specific standards which impose the requirements. Moreover, changes in environmental regulations could inhibit or interrupt our operations, or require modifications to our facilities. Accordingly, environmental, health or safety regulatory matters could result in significant unanticipated costs or liabilities.

We may incur significant costs in order to comply with environmental remediation obligations.

Environmental laws in the United States and in other countries also impose obligations on various entities to clean up contaminated properties or to pay for the cost of such remediation, often upon parties that did not actually cause the contamination. Accordingly, we may be liable, either contractually or by operation of law, for remediation costs even if the contaminated property is not presently owned or operated by us, is a landfill or other location where we have disposed wastes, or if the contamination was caused by third parties during or prior to our ownership or operation of the property. Given the nature of the past industrial operations conducted by us and others at these properties, there can be no assurance that all potential instances of soil or groundwater contamination have been identified, even for those properties where an environmental site assessment has been conducted. Future events, such as changes in existing laws or policies or their enforcement, or the discovery of currently unknown contamination, may give rise to additional remediation liabilities that may have a material adverse effect upon our business, results of operations or financial condition.

Risks Related to our Business

There are significant risks associated with integrating and operating acquired businesses, particularly the most recent acquisitions that comprise our entire Adventure segment.

Our ability to successfully integrate and operate these businesses is subject to risks and costs, including:

- loss of key employees, customers or suppliers of businesses we have acquired;
- diversion of management's time and attention from our core businesses;
- adverse effects on existing business relationships with suppliers and customers;
- our ability to realize operating efficiencies, synergies, or other benefits expected from an acquisition;
- risks associated with entering markets in which we have limited or no experience;
- any material differences in the actual financial results of the Company's past and future acquisitions as compared with our financial expectations for such acquisitions may require us to recognize impairment or other charges, and
- assumption of contingent or undisclosed liabilities of acquisition targets.

Any of the above risks could have a material adverse effect on the market price of our common stock and our business, financial condition and results of operations.

We may require additional capital and funding to meet our financial obligations as well as to support our business operations, including initiatives intended to support our growth, and this additional capital and funding may not be available on favorable terms, if at all.

Our ability to meet financial obligations and sustain business operations, including our planned growth initiatives, is contingent upon securing adequate capital and funding. There exists a risk that we may require additional capital in the future, and obtaining such resources may not be achievable on terms deemed acceptable or, in some instances, may not be available at all. Any of the following factors could materially and adversely affect our ability to obtain the necessary additional capital and funding required to meet financial obligations as well as support our ongoing business operations and growth initiatives:

- fluctuations in economic conditions and adverse market conditions (including higher interest rates and tighter credit conditions);
- unforeseen economic downturns, shifts in investor sentiment, or changes in market trends;
- intense competition in the capital markets may limit our attractiveness to potential investors or lenders which may expose us to the risk of unfavorable financing arrangements;
- any downturn in our financial performance, failure to meet projections and/or deterioration of our credit profile may undermine investor or lender confidence, making it difficult to secure additional capital and funding; and
- events of global significance, such as economic recessions, geopolitical tensions, or pandemics, can disrupt financial markets and impact investor or lender willingness to provide capital and funding.

In addition, if we issue equity or debt securities to raise additional funds, (i) we will incur fees associated with such issuance, (ii) our existing stockholders will experience dilution from the issuance of new equity securities, (iii) we will incur ongoing interest expense and may be required to grant a security interest in our assets in connection with any debt issuance, and (iv) any new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders.

We may incur additional restructuring costs and may not achieve the intended benefits of our restructuring initiatives.

Since 2023, we have implemented cost reduction actions, including workforce reductions, facility rationalization and contract terminations, and we expect to incur additional restructuring costs in 2026. We cannot estimate the total amount of future restructuring costs at this time, and actual costs may be higher or differ from our expectations due to, among other factors, the timing and extent of workforce actions, changes in lease and facility exit assumptions, negotiations with counterparties, and the resolution of contractual obligations.

These actions may not deliver the anticipated benefits on the expected timeline, or at all, and may disrupt our operations, adversely affect employee morale and retention, and constrain our ability to execute our strategy. We may also incur additional charges, liabilities, or disputes in connection with workforce actions, lease exits, or contract terminations. Any of these outcomes could materially and adversely affect our business, results of operations, cash flows, and financial condition.

Turmoil across various sectors of the financial markets may negatively impact the Company's business, financial condition, and/or operating results as well as our ability to effectively execute our growth initiatives.

Various sectors of the credit markets and the financial services industry have experienced a period of unprecedented turmoil and upheaval characterized by disruption in the credit markets and availability of credit and other financing, the failure, bankruptcy, collapse or sale of various financial institutions and an unprecedented level of intervention from the United States federal government. While the future recurrence of these events cannot be predicted, they may have a material adverse effect on our ability to obtain financing necessary to effectively execute acquisitions, the ability of our customers and suppliers to continue to operate their businesses or the demand for our products, which could have a material adverse effect on the market price of our common stock and our business, financial condition, and results of operations.

Our business is significantly dependent on our ability to meet our labor needs.

The success of our business depends significantly on our ability to hire and retain quality team members, which include but are not limited to managers and other personnel. Competition for non-entry-level personnel, particularly those with experience in our industry, is highly competitive. We may be unable to meet our labor needs and control our costs due to external factors such as the availability of a sufficient number of qualified persons in the workforce of the markets in which we operate, competition, unemployment levels, demand for certain labor expertise, prevailing wage rates, wage inflation, changing demographics, health and other insurance costs, adoption of new or revised employment and labor laws and regulations, and the impacts of man-made or natural disasters, such as tornadoes, hurricanes, and public health emergencies, such as the COVID-19 pandemic. We have experienced, and expect to continue to experience, a shortage of labor for certain functions, which has increased our labor costs and negatively impacted our profitability. The extent and duration of the effect of these labor market challenges are subject to numerous factors, including the availability of qualified persons in the markets where we and our vendors and customers operate and unemployment levels within these markets, behavioral changes, prevailing wage rates and other benefits, inflation, adoption of new or revised employment and labor laws and regulations (including increased minimum wage requirements) or government programs, safety levels of our operations, and our reputation within the labor market.

Recent or potential future legislative initiatives may seek to increase the federal minimum wage in the United States, as well as the minimum wage in a number of individual states or markets. As federal or state minimum wage rates increase, we may need to increase not only the wage rates of our minimum wage team members, but also the wages paid to our other hourly team members as well. Further, should we fail to increase our wages competitively in response to increasing wage rates, the quality of our workforce could decline, causing our customer service to suffer. Additionally, the U.S. Department of Labor has proposed rules that may have salary and wage impact for "exempt" team members, which could result in a substantial increase in store payroll expense. Any increase in the cost of our labor could have an adverse effect on our operating costs, financial condition and results of operations, which in turn can materially adversely affect our business.

Although none of our employees are currently covered under collective bargaining agreements, we cannot guarantee that employees will not elect to be represented by labor unions in the future. If some or our entire workforce were to become unionized and collective bargaining agreement terms were significantly different from our current compensation arrangements or work practice, it could have a material adverse effect on our business, financial condition and results of operations.

Reductions in the availability of energy supplies or an increase in energy costs may increase our operating costs.

Electricity and natural gas are used by our third-party manufacturers and other vendors to operate their facilities and equipment, and these third parties may pass through increases in their energy-related operating costs to us through higher prices or other charges. An outbreak or escalation of hostilities between the United States and any foreign power, or between foreign powers, including conflicts or heightened tensions in regions that are significant producers, processors or transit routes for energy supplies, or a natural disaster, or the emergence of additional conflicts or heightened tensions in other regions, could result in a real or perceived shortage of petroleum and/or natural gas, which could result in an increase in the cost of electricity or energy generally as well as an increase in the cost of our raw materials, of which many are petroleum-based. In addition, increased energy costs negatively impact our freight costs due to higher fuel prices. Future limitations on the availability, transportation, distribution or consumption of petroleum products and/or an increase in energy costs, particularly electricity for the operations of our third-party manufacturers and other vendors, could have a material adverse effect upon our business, financial condition, results of operations and liquidity.

We may not be able to adequately manage our growth.

We have expanded our business, including through prior acquisitions, and are seeking to continue to expand through our growth initiatives. This growth has placed significant demands on our management, administrative, operating, and financial resources as well as our manufacturing capacity capabilities. The continued growth of our customer base, the types of products offered and the geographic markets served can be expected to continue to place a significant strain on our resources. Personnel qualified in the production and marketing of our products are difficult to find and hire, and enhancements of information technology systems to support growth are difficult to implement. Our future performance and profitability will depend in large part on our ability to attract and retain additional management and other key personnel, as well as our ability to increase and maintain our manufacturing capacity capabilities to meet the needs of our current and future customers. Any failure to adequately manage our growth could have a material adverse effect on the market price of our common stock and our business, financial condition, and results of operations.

Compliance with changing laws, regulations and standards of corporate governance and public disclosure may result in additional expenses.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 (the "Sarbanes Oxley Act"), the Dodd-Frank Wall Street Reform and Consumer Protection Act, new Securities and Exchange Commission regulations and NASDAQ rules, are creating uncertainty for companies such as ours. These new or changed laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. As a result, our efforts to comply with evolving laws, regulations, and standards have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

We could face particular challenges in maintaining our internal control over financial reporting.

Section 404 of the Sarbanes-Oxley Act requires that we evaluate and report on our system of internal control over financial reporting and requires that we have our internal control over financial reporting audited. If we fail to maintain adequate internal controls, we could be subject to regulatory scrutiny, civil or criminal penalties and/or stockholder litigation. Any inability to provide reliable financial reports could harm our business and the trading price of our common stock. Section 404 of the Sarbanes-Oxley Act also requires that our independent registered public accounting firm report on the effectiveness of the Company's internal control over financial reporting. In addition, acquisition targets may not be in compliance with the provisions of the Sarbanes-Oxley Act regarding adequacy of their internal controls. The development of the internal controls of any such entity to achieve compliance with the Sarbanes-Oxley Act may increase the time and costs necessary to complete any such acquisition.

If we identify any material weaknesses or significant deficiencies in our internal control over financial reporting, we may need to take costly steps to implement improved controls and may be subject to sanctions for failure to comply with the requirements of the Sarbanes-Oxley Act. Such remedial costs or sanctions could have a material adverse effect on our results of operations and financial condition. Further, we would be required to disclose any material weakness in internal control over financial reporting, and we would receive an adverse opinion on our internal control over financial reporting from our independent auditors. These factors could cause investors to lose confidence in our reported financial information and could have a negative effect on the trading price of our stock.

We may be subject to disruptions, failures or cyber-attacks in our information technology systems and network infrastructures that could disrupt our operations, damage our reputation and adversely affect our business, operations, and financial results.

We maintain and rely extensively on information technology systems and network infrastructures for the effective operation of our business, including manufacturing, order fulfillment, financial reporting, and communications with customers and suppliers. Techniques used to gain unauthorized access to networks, compromise systems, or obtain data are constantly evolving, and we may be unable to anticipate or prevent all incidents. We and our third-party vendors are vulnerable to computer viruses, malware, ransomware, phishing and other social engineering attacks, denial-of-service attacks, insider threats, and other malicious activities. Any such incident could lead to interruptions, delays, or shutdowns; loss, corruption, or unauthorized access to data (including personally identifiable information); and increased costs and diversion of management attention.

In addition, public companies are subject to evolving cybersecurity disclosure and governance requirements, including Securities and Exchange Commission rules adopted in July 2023 that require disclosure of material cybersecurity incidents on Form 8-K and enhanced annual disclosures regarding cybersecurity risk management, strategy and governance. Compliance may require additional processes, controls, and resources, and may increase the risk of regulatory scrutiny, private litigation, and reputational harm. Moreover, disclosure of information about incidents or our cybersecurity controls could be costly, could expose us to additional risks (including by providing threat actors with information), and could adversely affect our relationships with customers, suppliers, and other stakeholders.

Our use of emerging technologies (including artificial intelligence) and reliance on third-party service providers could expose us to operational, regulatory, intellectual property, and reputational risks.

We may use, or our employees, vendors and business partners may use, emerging technologies, including automated decision-making tools and artificial intelligence (“AI”) systems (including generative AI), in areas such as product development, customer service, procurement, security, and back-office functions. The use of such tools may introduce risks, including errors or hallucinated outputs, bias, cybersecurity vulnerabilities, unauthorized disclosure of confidential information or personal data, loss of intellectual property or trade secrets, infringement allegations, and failures to comply with evolving laws and regulations governing AI, privacy, consumer protection, and workplace practices. In addition, reliance on third-party AI providers and other vendors may increase concentration and resiliency risks, including outages, changes in terms of service, model behavior changes, or restrictions on use. Any of these risks could result in operational disruption, regulatory investigations, litigation, reputational harm, and increased costs.

Initiatives to upgrade our business processes and information technology systems to optimize our operational and financial performance involve many risks which could result in, among other things, business interruptions, higher costs and lost profits.

We regularly implement business process improvement and information technology initiatives intended to optimize our operational and financial performance. Transitioning to these new or upgraded processes and systems requires significant capital investments and personnel resources. Implementation is also highly dependent on the coordination of numerous employees, contractors and software and system providers. The interdependence of these processes and systems is a significant risk to the successful completion and continued refinement of these initiatives, and the failure of any aspect could have a material adverse effect on the functionality of our overall business. We may also experience difficulties in implementing or operating our new or upgraded business processes or information technology systems, including, but not limited to, ineffective or inefficient operations, significant system failures, system outages, delayed implementation and loss of system availability, which could lead to increased implementation and/or operational costs, loss or corruption of data, delayed shipments, excess inventory and interruptions of operations resulting in lost sales and/or profits.

We rely on information technology systems, including third-party cloud-based solutions, and any failure of these systems, including, without limitation, due to outages and/or cyberattacks, may result in disruptions or outages, loss of processing capabilities, and/or loss of data, any of which may have a material adverse effect on our business, operations, and financial results.

Our reputation and ability to attract, retain and serve consumers is dependent upon the reliable performance of our underlying technology infrastructure and external service providers, including third-party cloud-based solutions. These systems are vulnerable to damage or interruption and we have experienced interruptions in the past. We rely on cloud-based solutions furnished by third parties to support key business functions. Both our on-premises and cloud-based infrastructure may be susceptible to outages due to any number of reasons, including, human error, natural disasters, power loss, telecommunications failures, cyber incidents, or other events. We do not have redundancy for all of our systems and our disaster recovery planning may not account for all eventualities. If we or our existing third-party cloud-based solution providers experience interruptions in service for a prolonged basis, our business could be seriously harmed and, in some instances, our consumers may not be able to purchase our products, which could significantly and negatively affect our sales. Additionally, our existing cloud-based solution providers have broad discretion to change and interpret their terms of service and other policies with respect to us, and they may take actions beyond our control that could harm our business. We may not be able to control the quality of the systems and services we receive from these providers, and transitioning to different providers could be difficult and costly.

If we and/or our cloud-based solution providers are not successful in preventing or effectively responding to outages or other disruptions, our business, operations, and financial results could be materially and adversely affected.

Additionally, information technology systems require periodic modifications, upgrades, and replacement that subject us to costs and risks, including potential disruption to our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel or outside firms to implement and operate existing or new systems, and other risks and costs of delays or difficulties in transitioning to new or modified systems or of integrating new or modified systems into our current systems. In addition, challenges implementing new or modified technology systems may cause disruptions in our business operations and, if not anticipated and appropriately mitigated, could have a material adverse effect on our business operations.

The effects of climate change, together with increased focus by governmental and non-governmental organizations, customers and investors on sustainability issues, including evolving climate and sustainability related disclosure expectations, may adversely affect our business and financial results and damage our reputation.

Climate change is occurring around the world and may impact our business in numerous ways. Such change could lead to, among other things, increased costs (including energy, raw materials and packaging), supply chain disruptions, damage to or interruption of operations at our facilities or those of suppliers due to extreme weather events, increased insurance costs or limited availability of coverage, changes in customer demand, and impacts on our employees and communities. In addition, we may incur increased costs to measure, monitor and manage climate-related risks and to satisfy actual or proposed legal requirements, contractual obligations and market expectations relating to climate and sustainability matters.

Investor advocacy groups, institutional investors, lenders, customers and other stakeholders have increasingly focused on environmental, social and governance ("ESG") practices and disclosure. We may face increased requests for ESG information, contractual requirements, and expectations regarding targets, policies or performance. We may also face reputational harm, litigation or regulatory scrutiny (including so-called "greenwashing" claims) if our disclosures, statements or actions are perceived as inaccurate, incomplete or misleading. The Securities and Exchange Commission adopted climate-related disclosure rules on March 6, 2024, but the rules have been stayed and remain subject to litigation and potential changes, including the Securities and Exchange Commission's March 2025 vote to cease defending the rules in court. Even if the Securities and Exchange Commission rules are modified, rescinded or never become effective, climate and ESG related requirements and expectations in the United States and other jurisdictions may continue to evolve and could increase our compliance costs and legal exposure.

Our Board of Directors and executive officers have significant influence over our affairs.

The members of our Board of Directors and our executive officers, which includes Mr. Warren B. Kanders, beneficially own approximately 23.5% of our outstanding common stock as of March 5, 2026. As a result, our Board of Directors and executive officer, to the extent they vote their shares in a similar manner, have influence over our affairs and could exercise such influence in a manner that is not in the best interests of our other stockholders, including by attempting to delay, defer or prevent a change of control transaction that might otherwise be in the best interests of our stockholders.

We may be unable to realize the benefits of our net operating losses and tax credit carryforwards.

Net operating losses ("NOLs") may be carried forward to offset federal and state taxable income in future years and eliminate income taxes otherwise payable on such taxable income, subject to certain adjustments. Based on current federal corporate income tax rates, our NOL and other carryforwards could provide a benefit to us, if fully utilized, of significant future tax savings. However, our ability to use these tax benefits in future years will depend upon the amount of our otherwise taxable income. If we do not have sufficient taxable income in future years to use the tax benefits before they expire, we will lose the benefit of these NOL carryforwards permanently.

Additionally, if we underwent an ownership change, the NOL carryforward limitations would impose an annual limit on the amount of the taxable income that may be offset by our NOL generated prior to the ownership change. If an ownership change were to occur, we may be unable to use a significant portion of our NOL to offset taxable income. In general, an ownership change occurs when, as of any testing date, the aggregate of the increase in percentage points of the total amount of a corporation's stock owned by one or more "5-percent shareholders" within the meaning of Section 382 of the Internal Revenue Code ("Code") whose percentage ownership of the stock has increased as of such date over the aggregate of the lowest percentage of the stock owned by such 5-percent shareholder at any time during the three-year period preceding such date is more than 50 percentage points. In general, persons who own 5% or more of a corporation's stock are 5-percent shareholders, and all stock owned by persons who are not 5-percent shareholders is treated as owned by one 5-percent shareholder. The issuance of a large number of shares of common stock in connection with any acquisitions could result in a limitation of the use of our NOLs.

Further, our Amended and Restated Certificate of Incorporation provides for blank check preferred stock, which allows our Board of Directors to issue preferred stock at any time with rights and designations set forth by our Board of Directors. Section 382 of the Code generally excludes preferred stock when calculating ownership percentages as they relate to our NOLs if the preferred stock satisfies all of the following criteria: it is not entitled to vote, it is limited and preferred as to dividends and does not participate in corporate growth to any significant extent, it has redemption and liquidation rights which do not exceed the issue price of such stock (except for a reasonable redemption or liquidation premium), and it is not convertible into another class of stock. Our Board of Directors may authorize and issue preferred stock that does not meet these criteria, and such preferred stock would count towards determining ownership change under Section 382 of the Code. Therefore, the issuance of any preferred stock could increase the likelihood of a limitation of the use of our NOLs.

Moreover, if a corporation experiences an ownership change and does not satisfy the continuity of business enterprise, or COBE, requirement (which generally requires that the corporation continue its historic business or use a significant portion of its historic business assets in a business for the two-year period beginning on the date of the ownership change), it cannot, subject to certain exceptions, use any NOL from a pre-change period to offset taxable income in post-change years.

The actual ability to utilize the tax benefit of any existing NOLs will be subject to future facts and circumstances with respect to meeting the above described COBE requirements at the time NOLs are being utilized on a tax return. The realization of NOLs and the recognition of asset and valuation allowances for deferred taxes require management to make estimates and judgments about the Company's future profitability which are inherently uncertain. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. If, in the opinion of management, it becomes more likely than not that some portion or all of the deferred tax assets will not be realized, deferred tax assets would be reduced by a valuation allowance and any such reduction could have a material adverse effect on the financial condition of the Company.

The amount of NOL and tax credit carryforwards that we have claimed has not been audited or otherwise validated by the U.S. Internal Revenue Service (the "IRS"). The IRS could challenge our calculation of the amount of our NOL or our determinations as to when a prior change in ownership occurred, and other provisions of the Code may limit our ability to carry forward our NOL to offset taxable income in future years. If the IRS were successful with respect to any such challenge, the potential tax benefit of the NOL carryforwards to us could be substantially reduced.

Certain protective measures implemented by us to preserve our NOLs may not be effective or may have some unintended negative effects.

On July 24, 2003, at our Annual Meeting of Stockholders, our stockholders approved an amendment (the "Amendment") to our Amended and Restated Certificate of Incorporation to restrict certain acquisitions of our securities in order to help assure the preservation of our NOLs. The Amendment generally restricts direct and indirect acquisitions of our equity securities if such acquisition will affect the percentage of the Company's capital stock that is treated as owned by a "5% stockholder." Additionally, on September 5, 2024, our Board of Directors approved an amendment to our rights agreement dated February 7, 2008, which is designed to assist in limiting the number of 5% or more owners and thus reduce the risk of a possible "change of ownership" under Section 382 of the Code.

Although the transfer restrictions imposed on our capital stock and the rights agreement are intended to reduce the likelihood of an impermissible ownership change, there is no guarantee that such protective measures would prevent all transfers that would result in an impermissible ownership change. These protective measures also will require any person attempting to acquire a significant interest in us to seek the approval of our Board of Directors. This may have an "anti-takeover" effect because our Board of Directors may be able to prevent any future takeover. Similarly, any limits on the amount of capital stock that a stockholder may own could have the effect of making it more difficult for stockholders to replace current management. Additionally, because protective measures implemented by us to preserve our NOL will have the effect of restricting a stockholder's ability to acquire our common stock, the liquidity and market value of our common stock might suffer.

The loss of any member of our senior management or certain other key executives could significantly harm our business.

Our ability to maintain our competitive position is dependent to a large degree on the efforts and skills of our senior management team, including Warren B. Kanders. If we were to lose the services of any member of our senior management, our business may be significantly impaired. In addition, many of our senior executives have strong industry reputations, which aid us in identifying acquisition and borrowing opportunities, and having such opportunities brought to us. The loss of the services of these key personnel could materially and adversely affect our operations because of diminished relationships with lenders, existing and prospective tenants, property sellers and industry personnel.

Our Board of Directors may change significant corporate policies without stockholder approval.

Our investment, financing, borrowing and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by our Board of Directors. These policies may be amended or revised at any time and from time to time at the discretion of the Board of Directors without a vote of our stockholders. In addition, the Board of Directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements. A change in these policies could have an adverse effect on our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy our debt service obligations and to pay dividends to our stockholders.

Compensation awards to our management may not be tied to or correspond with our improved financial results or share price.

The compensation committee of our Board of Directors is responsible for overseeing our compensation and employee benefit plans and practices, including our executive compensation plans and our incentive compensation and equity-based compensation plans. Our compensation committee has significant discretion in structuring compensation packages and may make compensation decisions based on any number of factors. As a result, compensation awards may not be tied to or correspond with improved financial results for the Company or the share price of our common stock.

We have been required to recognize impairment charges and may be required to take future write downs or write-offs, restructuring, and impairment or other charges that have had a significant negative effect on our financial condition, results of operations and our stock price, which could cause you to lose some or all of your investment.

In connection with businesses and assets we have previously acquired with respect to our Adventure segment, we have and may be forced in the future to write-down or write-off assets, restructure our operations, or incur impairment, or other charges, and we may incur similar charges in the future, including with respect to intangible assets or other assets associated with those past acquisitions, that could result in us reporting losses. For example, during the year ended December 31, 2025, we recorded approximately $30 million of impairment of indefinite-lived intangible assets and goodwill, specifically the Rhino-Rack and MAXTRAX trademarks, in our

Adventure reporting unit. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our common stock.

Risks Related to our Common Stock

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the trading price of our common stock, which may also have the consequence of depressing the trading price of our common stock.

Our status as a Delaware corporation and the anti-takeover provisions of Delaware law may discourage, delay, or prevent a change in control by restricting our ability to engage in certain business combinations with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the requirements of Section 203 of the Delaware General Corporation Law are satisfied, even if a change of control would be beneficial to our existing stockholders.

In addition, our Amended and Restated Certificate of Incorporation and Second Amended and Restated Bylaws contain provisions that may make the acquisition of our company more difficult. For example, our amended and restated certificate of incorporation authorizes our board of directors to issue up to 5,000,000 shares of "blank check" preferred stock in one or more series, without further stockholder approval, and to determine the rights, preferences and limitations of any such series. Any such preferred stock could have preferences over our common stock with respect to dividends and liquidation rights and could be used to delay, defer or prevent a change in control of the Company, including by adversely affecting the voting power of holders of our common stock through the creation of class or series voting rights.

Beyond the preferred stock authorization described above, our certificate of incorporation and bylaws contain additional provisions that may, individually or in the aggregate, discourage, delay or prevent a change in control or otherwise make an acquisition of our company more difficult, including the following:

- permitting the board of directors, and not stockholders, to establish the number of directors and fill any vacancies and newly created directorships;
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings;
- preventing stockholders from taking any action except at a formal meeting of stockholders;
- requiring certain amendments to our amended and restated certificate of incorporation to be approved by the holders of at least two-thirds of our then-outstanding common stock; and/or
- requiring that any special meeting of our stockholders will only be able to be called by a majority of our board of directors, our Chairman of our board of directors, our Chief Executive Officer, or our President.

These provisions, alone or together, may (a) frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to select or replace members of our board of directors, which is responsible for appointing the members of our management; (b) discourage, delay, or prevent a transaction involving a change in control of our Company; and/or (c) discourage proxy contests, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the market price of our common stock.

Our payment of future quarterly dividends on our common stock is subject to the discretion and approval of our Board of Directors.

On August 6, 2018, the Company announced that its Board of Directors approved the initiation of the Quarterly Cash Dividend program of $0.025 per share of the Company's common stock or $0.10 per share on an annualized basis. We temporarily replaced the Quarterly Cash Dividend with a Quarterly Stock Dividend during portions of the 2020 fiscal year in light of the operational impact of the COVID-19 pandemic. While we intend to pay regular Quarterly Cash Dividends for the foreseeable future, all subsequent dividends will be reviewed quarterly and declared at the discretion and approval of our Board of Directors and will depend upon, among other things, our results of operations, capital requirements, general business conditions, contractual restrictions under any new credit facility that we may enter into in the future on the payment of dividends, legal and regulatory restrictions on the payment of dividends, and other factors our Board of Directors deems relevant. Therefore, you should not purchase our common stock if you need immediate or future income by way of dividends from your investment. In addition, upon an event of default under any new credit facility that we may enter into in the future, we may be prohibited from declaring or paying any dividends on our common stock or generally making other distributions to our stockholders.

The sale of a substantial amount of our common stock in the public market could adversely affect the prevailing market price of our common stock.

We have outstanding an aggregate of 38,401,824 shares of our common stock as of March 2, 2026. This includes 8,124,220 shares of common stock that are beneficially owned by Mr. Kanders, our Chairman of the Board. Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, including sales of the shares beneficially owned by Mr. Kanders, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

We may issue a substantial amount of our common stock in the future, which could cause dilution to current investors and otherwise adversely affect our stock price.

We may issue additional shares of common stock as consideration for such acquisition. These issuances could be significant. To the extent that we make acquisitions and issue our shares of common stock as consideration, your equity interest in us will be diluted. Any such issuance will also increase the number of outstanding shares of common stock that will be eligible for sale in the future. Persons receiving shares of our common stock in connection with these acquisitions may be more likely to sell off their common stock, which may influence the price of our common stock. In addition, the potential issuance of additional shares in connection with anticipated acquisitions could lessen demand for our common stock and result in a lower price than might otherwise be obtained. We may issue common stock in the future for other purposes as well, including in connection with financings, for compensation purposes, in connection with strategic transactions or for other purposes. The issuance of a large number of shares of common stock in connection with an acquisition could also have a negative effect on our ability to use our NOLs.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our securities adversely, the price and trading volume of our securities could decline.

The trading market for our securities may be influenced by the research and reports that industry or securities analysts publish about us, our business, market, or competitors. If any of the analysts who may cover us adversely change their recommendation regarding our shares of common stock, or provide more favorable relative recommendations about our competitors, the price of our shares of common stock would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

Shares of our common stock have been, and may continue to be, thinly traded, which may contribute to volatility in our stock price and less liquidity for investors.

The trading volume of our common stock has varied, and at times may be characterized as thinly traded. As a result of this thin trading market or "float" for our common stock, our common stock has been, and may continue to be, less liquid than the common stock of companies with broader public ownership. If our common stock is thinly traded, the trading of a relatively small volume of our common stock may have a greater impact on the trading price of our common stock than would be the case if our float were larger. As a result, the trading prices of our common stock may be more volatile than the common stock of companies with broader public ownership, and an investor to be unable to liquidate an investment in our common stock at attractive prices.

We cannot predict the prices at which our common stock will trade in the future. Variations in financial results, announcements of material events, changes in our dividend policy, technological innovations or new products by us or our competitors, our quarterly operating results, changes in general conditions in the economy or the outdoor industry, other developments affecting us or our competitors or general price and volume fluctuations in the market are among the many factors that could cause the market price of our common stock to fluctuate substantially.

Our stock price may be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors.

The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates or ratings by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, operating results or capital commitments;
- changes in operating performance and stock market valuations of other technology or retail companies generally, or those in our industry in particular;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- changes in our board of directors or management;
- sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;
- lawsuits threatened or filed against us;
- changes in laws or regulations applicable to our business;
- the expiration of contractual lock-up agreements;
- changes in our capital structure, such as future issuances of debt or equity securities;
- short sales, hedging and other derivative transactions involving our capital stock;
- general economic conditions in the United States and abroad;
- other events or factors, including those resulting from war, pandemics, incidents of terrorism or responses to these events; and
- the other factors described in the sections of the Annual Report on Form 10-K titled "Risk Factors" and "Forward-Looking Statements."

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and have a materially adverse effect on our business, financial condition, results of operations and liquidity.

Our Second Amended and Restated By-Laws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our Second Amended and Restated By-Laws provide that the Court of Chancery of the State of Delaware (or the federal district court for the State of Delaware if the Court of Chancery does not have jurisdiction) is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine or any action asserting an "internal corporate claim" as that term is defined in Section 115 of the Delaware General Corporation Law. Our Second Amended and Restated By-Laws provide that, unless we consent in writing to an alternative forum, the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, a court may determine that this provision is unenforceable. To the extent it is enforceable, however, the provision may have the effect of discouraging lawsuits against our directors and officers, and our stockholders cannot waive our compliance with federal securities laws and the rules and regulations thereunder.

Our Second Amended and Restated By-Laws provide that the exclusive forum provision will be applicable to the fullest extent permitted by applicable law. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

Techniques employed by short sellers or other derivative traders may drive down the market price of our common stock and/or spur litigation or regulatory action.

Short selling is the practice of selling securities that a seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. Short sellers hope to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement securities, as short sellers expect to pay less in that purchase than they received in the sale. As it is in short sellers' interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions and allegations regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market that have negatively impacted the market price of our common stock.

If we were to become the subject of unfavorable allegations contained in short reports, whether such allegations are proven to be true or untrue, we may have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would prefer to strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short sellers by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could divert management's attention from our day-to-day operations. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact the market price of our common stock and our business operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We have established policies and processes for assessing, identifying, and managing cybersecurity risks, including risks from cybersecurity threats that could be material to the Company and have integrated these processes into our overall risk management systems and processes. We routinely assess cybersecurity threats, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein and the data we process, store, or transmit.

We design and assess our program based on the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF and AI Risk Management Framework) and seek to follow industry best practices to identify, assess, and manage cybersecurity risks relevant to our business. While we use these frameworks to help evaluate and enhance our controls and processes, we do not represent that our program fully satisfies any particular technical standard, specification, or requirement.

We conduct annual risk assessments to identify cybersecurity threats to our critical systems, information, services, and our broader enterprise IT environment. These risk assessments include identifying reasonably foreseeable potential internal and external risks, the likelihood of occurrence and any potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, controls, and other safeguards in place to manage such risks. As part of our risk management process, we may engage third party experts to help identify and assess risks from cybersecurity threats. Our risk management and assessment process also encompasses cybersecurity risks associated with our use of third-party service providers.

As part of our overall risk management and assessment program, we design, implement, and maintain reasonable safeguards to minimize potential risks, including cybersecurity risks; reasonably address any identified gaps in existing safeguards; update existing safeguards as necessary; and monitor the effectiveness of our safeguards which may include, as appropriate: (i) vulnerability management (including patching, configuration management, and remediation tracking); (ii) security monitoring and detection designed to identify anomalous activity; (iii) access controls and identity management practices intended to support least-privilege access; (iv) data protection practices (including, where appropriate, encryption and backup processes); (v) incident response planning and readiness activities, including tabletop exercises and lessons-learned reviews; and (vi) business continuity and disaster recovery planning for certain systems and processes. We also regularly provide cybersecurity awareness training to our employees at all levels and departments across the Company. The Company believes that we have allocated adequate resources to address the cybersecurity threats that may reasonably affect us. We evaluate our resourcing and investments in cybersecurity on an ongoing basis in light of our risk profile, business needs, and the evolving threat landscape.

Our cybersecurity team, consisting of the VP of Information Technology, Director of Governance, Compliance and Risk, and our Director of Information Security and Infrastructure, is principally responsible for managing our cybersecurity risk assessment processes, our security controls, mitigation process and our response to cybersecurity threats.

The Company also participates in a cybersecurity risk insurance policy, intended to help mitigate certain losses and expenses associated with cybersecurity incidents; however, such insurance may not cover all losses or all types of claims.

For additional information regarding cybersecurity threats that may materially affect the Company, including our business strategy, results of operations, and financial condition, please refer to Item 1A. Risk Factors of this Annual Report on Form 10-K.

Governance

One of the functions of our Board of Directors is informed oversight of our risk management processes, including risks from cybersecurity threats. Our Board of Directors is responsible for monitoring and assessing strategic risk exposure, and our executive officers are responsible for the day-to-day management of the material risks we face. Our Board of Directors administers its cybersecurity risk oversight function directly as a whole and through its committees.

In particular, the Audit Committee of our Board of Directors monitors and assesses our financial, legal and operational risks, and receives regular reports from the management team regarding comprehensive organizational risk as well as particular areas of concern, which includes, but is not limited to, cybersecurity risks, related mitigation, and other related responses and activities. Material cybersecurity matters are escalated to the Board and/or the Audit Committee based on their nature, scope, and potential impact.

Our management team is informed about and monitors the prevention, detection, mitigation, and remediation of cybersecurity risks and incidents through various means, which may include, among other things, briefings with internal security personnel, threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us, and alerts and reports produced by security tools deployed in our IT environment, as well as input from external consultants engaged by us.

ITEM 2. PROPERTIES

Our corporate headquarters, as well as our primary research, evaluation and design studios, is located in a facility owned by the Company in Salt Lake City, Utah. In addition, as of December 31, 2025, the Company and its subsidiaries lease or own facilities throughout the U.S., Europe, and Australia. In general, our properties are well maintained, considered adequate and being utilized for their intended purposes.

The following table identifies and provides certain information regarding our principal facilities:

Activity	Location	Owned/Leased
Corporate Headquarters	Salt Lake City, Utah	Owned
Outdoor Segment		
Black Diamond U.S. Headquarters and Distribution Facility	Salt Lake City, Utah	Leased
Black Diamond European Sales and Marketing Office	Innsbruck, Austria	Leased
Black Diamond HQ Retail Store	Salt Lake City, Utah	Owned
Black Diamond Jackson Retail Store	Jackson, Wyoming	Leased
Black Diamond Boulder Retail Store	Boulder, Colorado	Leased
Black Diamond Seattle Retail Store	Seattle, Washington	Leased
Adventure Segment		
Rhino-Rack Australia Headquarters and Distribution Facility	Sydney, Australia	Leased
Rhino-Rack Australia Perth Distribution Facility	Perth, Australia	Leased
Rhino-Rack U.S. Distribution Facility	Denver, Colorado	Leased
MAXTRAX and TRED Australia Headquarters	Brisbane, Australia	Leased

ITEM 3. LEGAL PROCEEDINGS

Legal Proceedings

The Company is involved in various legal disputes and other legal proceedings that arise from time to time in the ordinary course of business. Based on currently available information, and except as disclosed herein, the Company does not believe that the existence of any of the legal disputes the Company or its subsidiaries is currently involved in will have a material adverse effect upon the Company's consolidated financial condition, results of operations or cash flows. It is possible that, as additional information becomes available, the impact on the Company of an adverse determination could have a different effect. See also Item 1A. "Risk Factors".

Litigation

The Company is involved in various lawsuits arising from time to time that the Company considers ordinary routine litigation incidental to its business. Amounts accrued for litigation matters represent the anticipated costs (damages and/or settlement amounts) in connection with pending litigation and claims and related anticipated legal fees and other expenses or costs for defending such actions, which legal fees and expenses or costs are expensed as incurred. The costs are accrued when it is both probable that a liability has been incurred and the amount can be reasonably estimated. The accruals are based upon the Company's assessment, after consultation with counsel (if deemed appropriate), of probable loss based on the facts and circumstances of each case, the legal issues involved, the nature of the claim made, the nature of the damages sought and any relevant information about the plaintiffs and other significant factors that vary by case. When it is not possible to estimate a specific expected cost to be incurred, the Company evaluates the range of probable loss and records the minimum end of the range. Based on currently available information, and except as disclosed herein, the Company does not believe that it is reasonably possible that the disposition of any of the legal disputes the Company or its subsidiaries is currently involved in will have a material adverse effect upon the Company's consolidated financial condition, results of operations or cash flows. There is a reasonable possibility of loss from contingencies in excess of the amounts accrued by the Company in the accompanying consolidated balance sheets; however, the actual amounts of such possible losses cannot currently be reasonably estimated by the Company at this time. It is possible that, as additional information becomes available, the impact on the Company could have a different effect.

Product Liability

As a consumer goods manufacturer and distributor, the Company faces the risk of product liability and related lawsuits involving claims for substantial money damages, product recall actions and higher than anticipated rates of warranty returns or other returns of goods. The Company is therefore vulnerable to various personal injury and property damage lawsuits relating to its products and incidental to its business.

Except as disclosed herein, there are no pending product liability claims and lawsuits of the Company, which the Company believes in the aggregate, will have a material adverse effect on the Company's business, brand reputation, liquidity, stock price, consolidated financial position, results of operations and/or cash flows.

U.S. Consumer Product Safety Commission

In January 2021, Black Diamond Equipment, Ltd. ("BDEL") filed a Section 15(b) report with the U.S. Consumer Product Safety Commission ("CPSC") outlining its new cradle solution for certain models of its avalanche beacon transceivers to prevent such transceivers from switching unexpectedly out of "send" mode. The proposed new cradle solution was designed to improve transceiver safety by locking the transceiver into "send" mode prior to use so that it would not switch unexpectedly out of "send" mode. BDEL also requested approval for the CPSC Fast-Track Program for a voluntary product recall to implement this cradle solution. The CPSC approved the recall and entered into a Corrective Action Plan agreement with BDEL in March 2021. BDEL received a letter from the CPSC, dated October 28, 2021, stating that the CPSC is investigating whether BDEL has timely complied with the reporting requirements of Section 15(b) of the Consumer Protection Safety Act and related regulations regarding certain models of avalanche transceivers switching unexpectedly out of "send" mode.

Separately, on April 21, 2022, BDEL filed a Section 15(b) report and applied for Fast-Track consideration for a voluntary recall, consisting of free repair or replacement of such malfunctioning models of avalanche transceivers, which would not switch from "send" mode to "search" mode due to an electronic malfunction in the reed switch or foil. The CPSC approved the recall and entered into a Corrective Action Plan agreement with BDEL in August 2022. BDEL received a letter from the CPSC, dated January 17, 2023, stating that the CPSC is investigating whether BDEL has timely complied with the reporting requirements of Section 15(b) of the Consumer Protection Safety Act and related regulations regarding the malfunction in the reed switch or foil in certain models of avalanche transceivers switching out of "search" mode. BDEL responded to the CPSC's investigation by letter dated March 31, 2023, accompanied with documents responsive to the CPSC's requests. The CPSC asked for further clarification and documents, and BDEL sent a responsive letter accompanied by additional documents on June 23, 2023. On September 6, 2023, the CPSC requested further clarification and information regarding the reed switch issue, to which BDEL responded on October 6, 2023 and October 13, 2023.

By letters dated October 12, 2023 and December 18, 2023, respectively, BDEL was notified by the CPSC that the agency staff had concluded that BDEL failed to timely meet its statutory reporting obligations under the Consumer Product Safety Act with respect to certain models of avalanche transmitters distributed by BDEL switching unexpectedly out of "send" mode and certain models of avalanche transmitters distributed by BDEL not switching from "send" mode into "search" mode, that BDEL made a material misrepresentation in a report to the CPSC, and that the agency staff intends to recommend that the CPSC impose civil monetary penalties of $16,135,000 and $9,000,000, respectively, for the two matters described above.

On November 20, 2023 and February 8, 2024, respectively, BDEL submitted a comprehensive response disputing the CPSC's findings and conclusions, including the amount of any potential penalties. The CPSC ultimately disagreed with our position and the agency voted to refer the matter to the U.S. Department of Justice for further proceedings. The Company and BDEL intend to strongly contest and vigorously defend against any claims which may be asserted against them by the Department of Justice or the CPSC.

John C. Walbrecht, the former President of BDEL and the Company, received a letter from the CPSC dated June 25, 2024, alleging that in his personal capacity he knowingly violated the Consumer Product Safety Act by failing to timely report the occurrence resulting in beacons switching unexpectedly out of "send" mode. The staff of the CPSC recommended a $5,000,000 fine against Mr. Walbrecht personally. Pursuant to the Company's by-laws, the Company has agreed to indemnify Mr. Walbrecht and pay his legal fees in connection with the occurrences described above, and he has provided an undertaking to the Company that the Company will be entitled to recover those expenses if it is ultimately determined that he was not entitled to indemnification. On August 26, 2024, Mr. Walbrecht's independent counsel responded to the CPSC, denying the allegations of its June 25, 2024 letter and rejecting its demand for a penalty.

On January 23, 2025, in connection with a criminal investigation, the Company and BDEL were each served with grand jury subpoenas from the United States Department of Justice requiring the production of documents relating to avalanche transmitters distributed by BDEL. The Company and BDEL are cooperating with the investigation and have produced all relevant documents. The DOJ has sent letters to Mr. Walbrecht and Rick Vance (BDEL's former Director of Quality) advising them that they are targets in its investigation of possible criminal conduct. The DOJ has since served two subpoenas upon a current and former employee of BDEL for grand jury testimony. The Company's Board of Directors has approved indemnity and payment of legal fees for current and former employees subpoenaed by the DOJ, in the same manner and subject to the same conditions described above for Mr. Walbrecht.

On March 13, 2025, the Company received a letter from the CPSC requesting various categories of documents and information in connection with an investigation into whether BDEL sold products that were subject to a recall. The Company has cooperated with that investigation, substantially completed document production, and delivered a narrative explanatory letter to the CPSC on June 18, 2025. On January 28, 2026, the CPSC closed its investigation without taking further action.

Based on currently available information, the Company believes an unfavorable outcome with the CPSC is probable, however, we cannot reasonably estimate on what terms this matter will be resolved with the CPSC or the U.S. Department of Justice. During the year ended December 31, 2024, the Company recorded a liability of $2,500,000 representing the low end of the range of our estimated exposure. The Company does not have a better estimate of the loss; therefore the low-end of the range was recorded as an accrued liability during the first quarter of 2024 and a corresponding expense is included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive loss. Any penalties imposed by the CPSC or other regulators, could be costly to us and could damage our business and reputation as well as have a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations and/or cash flows.

Clarus Corporation v. HAP Trading, LLC and Harsh A. Padia

On September 23, 2022, the Company filed a lawsuit in the United States District Court for the Southern District of New York against HAP Trading, LLC and Harsh A. Padia, seeking disgorgement of profits from transactions in the Company's common stock and related derivative securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended.

On March 14, 2025, the Court issued an Opinion and Order granting the defendants' motion for summary judgment on the ground that they qualified for the market making exemption under Section 16(d) of the Exchange Act. On April 11, 2025, the Company filed a timely Notice of Appeal and the appeal was argued before the United States Court of Appeals for the Second Circuit on February 12, 2026. We are currently waiting for the Appeals Court to opine.

The Court of Appeals has invited the Securities and Exchange Commission ("SEC") to submit a brief within 60 days or by April 17, 2026, and to advise the Court by March 10, 2026 if it does not intend to submit a brief. If the SEC submits a brief, each side will have 21 days to submit a brief in response.

Williams v. Caption Management, LLC, et al. / Clarus Corporation v. Caption Management, LLC, et al.

On February 12, 2024, a stockholder of the Company filed a lawsuit against Caption Management LLC and related entities ("Caption Management") in the United States District Court for the Southern District of New York, seeking disgorgement of short-swing profits for violations of Section 16(b) of the Securities Exchange Act of 1934. The Company is named as a nominal defendant and any recovery in the case will inure to the benefit of the Company. On March 8, 2024, the Company filed its own lawsuit against these same defendants for disgorgement of short-swing profits under Section 16(b) of the Securities Exchange Act of 1934, as amended.

On February 10, 2026, the Court granted the Company's motion to dismiss the stockholder action without prejudice on the ground that it was duplicative of the Company's direct action against the same defendants alleging the same Section 16(b) violations. On February 24, 2026, the Company entered into a settlement agreement with Caption Management to resolve the Company's claims. Under the terms of the settlement agreement, Caption Management paid the Company an undisclosed sum in exchange for, among other things, mutual releases and dismissal of the claims with prejudice. The settlement resolves the Company’s claims against Caption Management without any admission of liability or wrongdoing by any party.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

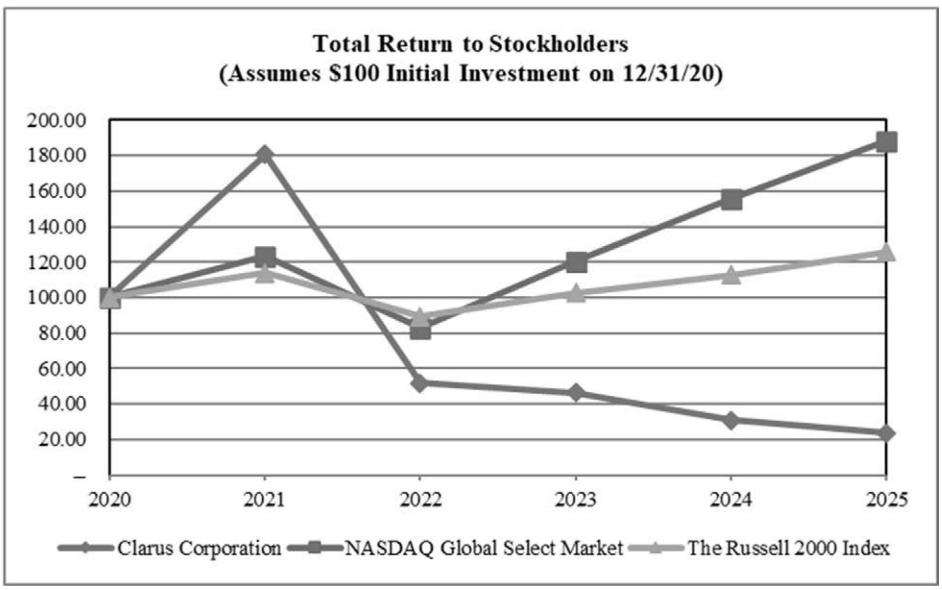
ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed for trading on NASDAQ Global Select Market under the trading symbol “CLAR”.

Performance Graph

Set forth below is a line graph comparing the yearly percentage change in the cumulative total stockholder return on our common stock to the cumulative total return of the NASDAQ Global Select Market Composite and the Russell 2000 Index for the period commencing on December 31, 2020 and ending on December 31, 2025 (the “Measuring Period”). The graph assumes that the value of the investment in our common stock and the indexes was $100 on December 31, 2020. The yearly change in cumulative total return is measured by dividing (1) the sum of (i) the cumulative amount of dividends for the Measuring Period, assuming dividend reinvestment, and (ii) the change in share price between the beginning and end of the Measuring Period, by (2) the share price at the beginning of the Measuring Period.

Historical stock price performance should not be relied on as indicative of future stock price performance.



Total Return Analysis

	2020	2021	2022	2023	2024	2025
Clarus Corporation	$ 100.00	$ 180.65	$ 51.74	$ 46.20	$ 30.87	$ 23.61
The Russell 2000 Index	$ 100.00	$ 113.69	$ 89.18	$ 102.64	$ 112.93	$ 125.68
NASDAQ Global Select Market	$ 100.00	$ 123.12	$ 82.96	$ 120.33	$ 155.63	$ 188.00

Stockholders

On March 2, 2026, the last reported sales price for our common stock was $3.26 per share. As of March 2, 2026, there were 62 holders of record of our common stock.

Dividends

On August 6, 2018, the Company announced that its Board of Directors approved the initiation of a Quarterly Cash Dividend program of $0.025 per share of the Company’s common stock or $0.10 per share on an annualized basis. In 2025, 2024 and 2023, our total Quarterly Cash Dividends were $3,840,000, $3,831,000, and $3,750,000 respectively.

On March 4, 2026, the Company announced that its Board of Directors approved the payment on March 25, 2026 of the Quarterly Cash Dividend to the record holders of shares of the Company’s common stock as of the close of business on March 16, 2026.

The payment of any future Quarterly Cash Dividends will be at the discretion of our Board of Directors and will depend upon, among other things, our results of operations, capital requirements, general business conditions, contractual restrictions on payment of dividends, if any, legal and regulatory restrictions on the payment of dividends, and other factors our Board of Directors deems relevant.

Recent Sales of Unregistered Securities

None.

Recent Purchases of our Registered Equity Securities

On August 1, 2022, the Company announced that its Board of Directors had terminated its $30,000,000 share repurchase program, which still had $10,793,587 available. The program was replaced with a new stock repurchase program that allows the repurchase of up to $50,000,000 of the Company’s outstanding common stock, which still had $42,829,217 available as of December 31, 2025. No repurchases of shares of the Company’s common stock occurred during the three months ended December 31, 2025.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth certain information regarding our equity plans as of December 31, 2025:

Plan Category	(A) Number of securities to be issued upon exercise of outstanding, warrants and rights	(B) Weighted-average exercise price of outstanding options, warrants and rights	(C) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders (1)	4,616,747	$ 14.23	7,420,000
Total	4,616,747	$ 14.23	7,420,000

(1) Consists of stock options and restricted stock awards issued and issuable under the Amended and Restated 2015 Stock Incentive Plan. There are a total of 1,050,000 restricted stock awards included in column (A) that do not have an exercise price. Excluding these restricted stock awards, the weighted average exercise price of outstanding options, warrants and rights is $9.01.

ITEM 6. [RESERVED]

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

The following Management's Discussion and Analysis reviews significant factors affecting the Company's consolidated results of operations, financial condition and liquidity. This discussion should be read in conjunction with our financial statements and the accompanying notes to the financial statements.

Forward-Looking Statements

Please note that in this Annual Report on Form 10-K Clarus Corporation (which may be referred to herein as the "Company," "Clarus," "we," "our" or "us") 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 Annual Report on Form 10-K include, but are not limited to, the overall level of consumer demand for our products; the highly competitive nature of our markets and the potential for rapid or significant changes in consumer preferences; general economic conditions and other factors affecting consumer confidence, preferences, and behavior; the potential impact of the uncertain macroeconomic environment on our financial results, including, but not limited to, the effects of sustained global inflationary pressures and interest rates, potential economic slowdowns or recessions, trade restrictions and regulatory changes, and global supply chain disruptions; the effect of inflation on our business, including any future pricing actions taken in an effort to mitigate the effects of inflation and potential impacts on our revenue, operating margins and net income; disruption and volatility in the global currency, capital and credit markets; the impact of changes in tariffs, tax laws, global trade policies as well as instability and volatility in global markets; the financial strength of retail economies and the Company's customers; the Company's ability to implement its business strategy; our ability to accurately forecast demand and manage inventory levels, including the risk of excess or obsolete inventory, increased discounting, or lost sales; the Company's ability to execute and integrate acquisitions, as well as to complete dispositions and effectively manage the associated separation and transition risks, including those related to the recent sale of PIEPS; the Company's exposure to product liability or product warranty claims and other loss contingencies, including, without limitation, recalls and liability claims relating to certain avalanche beacon transceivers distributed by BDEL; disruptions and other impacts to the Company's business, as a result of an outbreak of disease or similar public health threat, and government actions and restrictive measures implemented in response; stability of the Company's manufacturing facilities and suppliers, as well as consumer demand for our products, in light of disease epidemics and health-related concerns; disruptions in our supply chain, third-party logistics providers, or distribution facilities; the impact that global climate change trends may have on the Company and its suppliers and customers, increased focus on sustainability issues as a result of global climate change; regulatory or market responses to global climate change; compliance costs and potential liabilities related to environmental requirements, including those associated with Per- and Polyfluoroalkyl Substances (PFAS); the Company's ability to protect patents, trademarks and other intellectual property rights; any breaches of, or interruptions in, our information systems; the ability of our information technology systems or information security systems to operate effectively, including as a result of security breaches, viruses, hackers, malware, natural disasters, vendor business interruptions or other causes; our ability to properly maintain, protect, repair or upgrade our information technology systems or information security systems, or problems arising in connection with our transition to upgraded or replacement systems; the impact of adverse publicity about the Company and/or its brands and products, including without limitation, through social media or in connection with brand damaging events and/or public perception; the potential impact of the Consumer Products Safety Commission's and the U.S. Department of Justice's investigations related to BDEL's reporting obligations under the Consumer Product Safety Act in connection with BDEL's recall of certain models of its avalanche transceivers on our business, results of operations, and financial condition; fluctuations in the price, availability and quality of raw materials and contracted products as well as foreign currency fluctuations; ongoing disruptions and delays in the shipping and transportation of our products due to port congestion, container ship availability and/or other logistical challenges; the impact of political unrest, natural disasters or other crises, terrorist acts, acts of war and/or military operations; our ability to utilize our net operating loss carryforwards; changes in tax laws and liabilities, tariffs, legal, regulatory, political and economic risks; the Company's ability to maintain a quarterly dividend; our ability to obtain additional capital and funding on acceptable terms to meet our financial obligations as well as to support our business operations and growth initiatives; any material differences in the actual financial results of the Company's past and future acquisitions and dispositions, including the impact of such transactions and any related recognition of impairment or other charges, such as the recent impairments recognized in the Outdoor and Adventure segments and the potential that we may be required to take additional write-downs or write-offs, restructuring charges, impairment charges, or other charges in the future, on the Company's future earnings per share. More information on potential factors that could affect the Company's financial results can be found under Item 1A. Risk Factors of this Annual Report on Form 10-K. All forward-looking statements included in this Annual Report on Form 10-K are based upon information available to the Company as of the date of this Annual Report on Form 10-K, and speak only as the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this Annual Report on Form 10-K.

Overview

Headquartered in Salt Lake City, Utah, Clarus is a global leading designer, developer, manufacturer and distributor of best-in-class outdoor equipment and lifestyle products focused on the outdoor enthusiast markets. Each of our brands has a long history of continuous product innovation for core and everyday users alike. The Company's products are principally sold globally under the Black Diamond®, Rhino-Rack®, MAXTRAX®, TRED Outdoors®, and RockyMounts® brand names through outdoor specialty and online retailers, our own websites, distributors and original equipment manufacturers. Our portfolio of iconic brands is well-positioned for sustainable, long-term growth underpinned by powerful industry trends across the outdoor and adventure sport end markets.

Our iconic brands are rooted in performance-defining technologies that enable our customers to have their best days outdoors. We have a long history of technical innovation and product development, backed by an extensive patent portfolio that continues to evolve and advance our markets. We focus on enhancing our customers' performance in the most critical moments. Our commitment to quality, rigorous safety, and ultimately best-in-class design is evidenced by outstanding industry recognition, as we have received numerous product awards across our portfolio of brands.

Each of our brands represents a unique customer value proposition. Supported by six decades of proven innovation, Black Diamond is an established global leader in high-performance, activity-based climbing, skiing, and technical mountain sports equipment. The brand is synonymous with premium performance, safety and reliability. Founded in 1992, our Rhino-Rack brand is a globally-recognized designer and distributor of highly-engineered automotive roof racks and accessories to enhance the outdoor enthusiast's overlanding experience. Founded in 2005, our MAXTRAX brand offers high-quality overlanding and off-road vehicle recovery and extraction tracks for the overland and off-road market. Similarly, TRED, founded in 2012, is a trusted brand for key retailers and distributors in the overlanding and off-road vehicle recovery market. Founded in 1993, our RockyMounts brand is known for making well designed and dependable premium bicycle racks and other accessories compatible with vehicles of all sizes.

Clarus, incorporated in Delaware in 1991, acquired Black Diamond Equipment, Ltd. ("Black Diamond Equipment") in May 2010 and changed its name to Black Diamond, Inc. in January 2011. In October 2012, we acquired PIEPS Holding GmbH and its subsidiaries (collectively, "PIEPS"). On August 14, 2017, the Company changed its name from Black Diamond, Inc. to Clarus Corporation and its stock ticker symbol from "BDE" to "CLAR" on the NASDAQ stock exchange.

On August 21, 2017, the Company acquired Sierra Bullets, L.L.C. ("Sierra"). On October 2, 2020, the Company completed the acquisition of certain assets and liabilities constituting the Barnes business ("Barnes"). On July 1, 2021, the Company completed the acquisition of Australia-based Rhino-Rack Holdings Pty Ltd ("Rhino-Rack"). On December 1, 2021, the Company completed the acquisition of Australia-based MaxTrax Australia Pty Ltd ("MAXTRAX"). On October 9, 2023, the Company completed the acquisition of Australia-based TRED Outdoors Pty Ltd. ("TRED"). On December 5, 2024, the Company completed the acquisition of certain assets and liabilities constituting the RockyMounts business ("RockyMounts").

On February 29, 2024, the Company completed the sale of all of the equity associated with the Company's Precision Sport segment, which was comprised of the Company's subsidiaries Sierra Bullets, L.L.C. ("Sierra") and Barnes Bullets – Mona, LLC ("Barnes"), pursuant to a Purchase and Sale Agreement dated as of December 29, 2023.

On May 8, 2025, BD European Holdings, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company, entered into a Share Purchase and Transfer Agreement (the "Share Purchase Agreement") to sell all of the issued and outstanding shares of Black Diamond Austria GmbH, together with its operating subsidiary, PIEPS GmbH (collectively, "PIEPS"). On July 11, 2025, the Company completed the sale of PIEPS, which was included in the Company's Outdoor segment, to a private investment firm for a total purchase price of €7,825,000 (approximately $9,124,000), including cash held at PIEPS of $1,311,000, pursuant to the Share Purchase Agreement.

On August 6, 2018, the Company announced that its Board of Directors approved the initiation of a quarterly cash dividend program of $0.025 per share of the Company's common stock (the "Quarterly Cash Dividend") or $0.10 per share on an annualized basis. The declaration and payment of future Quarterly Cash Dividends is subject to the discretion of and approval of the Company's Board of Directors. In 2025, 2024 and 2023 our total Quarterly Cash Dividends were $3,840,000, $3,831,000, and $3,750,000, respectively. On March 4, 2026, the Company announced that its Board of Directors approved the payment on March 25, 2026 of the Quarterly Cash Dividend of $0.025 to the record holders of shares of the Company's common stock as of the close of business on March 16, 2026.

Restructuring

Starting in 2023, the Company began incurring expenses to facilitate long-term sustainable growth through cost reduction actions, consisting of employee reductions, facility rationalization and contract termination costs. During the years ended December 31, 2025, 2024, and 2023, the Company incurred $967,000, $1,948,000, and $3,223,000, respectively, of restructuring charges related to these actions. The Company has incurred $6,138,000 of cumulative restructuring charges since the commencement of these restructuring actions in 2023. The Company accrues for restructuring costs when they are probable and reasonably estimable. Restructuring costs include severance costs, exit costs, and other restructuring costs and are included in Restructuring charges in the consolidated statements of comprehensive loss. Severance costs primarily consist of severance benefits through payroll continuation, conditional separation costs and employer tax liabilities, while exit costs primarily consist of lease exit and contract termination costs. Other costs consist primarily of costs related to the discontinuance of certain product lines and are distinguishable and directly attributable to the Company's restructuring initiative and not a result of external market factors associated with the ongoing business. We estimate that we will incur additional employee-related and facility exit restructuring costs in 2026; however, the Company cannot estimate the total amount expected to be incurred at this time as cost reduction actions continue to be evaluated. The Company currently anticipates completing these restructuring activities in 2026; however, the timing and scope of these actions may change, and additional actions may be taken, depending on business conditions and other factors.

Critical Accounting Policies and Use of Estimates

Management's discussion of our financial condition and results of operations is based on the consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting periods. We continually evaluate our estimates and assumptions including those related to revenue recognition, inventory provisions, income taxes and valuation of long-lived assets, goodwill and indefinite-lived intangible assets, and other intangible assets. We base our estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

We believe the following critical accounting policies include the more significant estimates and assumptions used in the preparation of our consolidated financial statements. Our accounting policies are more fully described in Note 1 of our consolidated financial statements.

- *Fair value of net assets acquired in business combinations* – We allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over these fair values is recorded as goodwill. We engage independent third-party valuation specialists to assist us in determining the fair values of certain assets acquired and liabilities assumed. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Different valuation approaches are used to value different types of intangible assets. The income approach is a valuation technique that capitalizes anticipated income associated with the asset being valued. This approach is predicated on developing net income and cash flow projections which are discounted for risk and the time value of money. This approach is generally the principal approach to the valuation of most intangible assets. The market approach involves the compilation and analysis of recent acquisitions of similar assets in the open market. A fair value can be estimated after adjustments are made to reflect comparability differences between the assets sold and those being valued. This method of valuation applies primarily to the valuation of owned land, inventory, and certain intangible assets. The cost approach estimates the amount that would be required to replace the service capacity of an asset (often referred to as current replacement cost). We typically apply all three approaches to estimate the fair value of our tangible and intangible tangible assets depending on the type of asset acquired. Business acquisitions may include contingent consideration payments based on various future financial measures, such as sales-based milestones, related to the acquired entity. We estimate the fair value of contingent consideration liabilities based on estimated sales growth rates, discount rates, and other relevant factors.

Significant estimates in valuing certain intangible assets include, but are not limited to, the projected financial information related to each individual asset, particularly forecasted sales growth rates, cash flows, market-based royalty rates and estimated discount rates. Product technology and trademarks are valued using the relief-from-royalty method, and customer relationships are valued using the multi-period excess earnings model. The relief-from-royalty method is used to estimate the cost savings that accrue to the owner of an intangible asset who would otherwise have to pay royalties or license fees on revenues earned through the use of the asset. The multi-period excess earnings method supposes that the owner of the intangible asset is able to achieve a return in excess of that received without the intangible asset through enhanced revenues or cost savings. Our discounted cash flow estimates use discount rates that correspond to a weighted-average cost of capital consistent with a market-participant view. The discount rates are consistent with those used for investment decisions and take into account our operating plans and strategies. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. If we do not achieve the results reflected in the assumptions and estimates, our goodwill impairment evaluations could be adversely affected, and we may impair a portion or all of our intangible assets, which would adversely affect our operating results in the period of impairment.

- *Income taxes* – We account for income taxes using the asset and liability method. The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carryforwards. We may make assumptions, judgments and estimates in order to determine the future taxable income available to support the recoverability of deferred tax assets at a more-likely-than-not threshold. The sources of future taxable income include 1) future reversal of existing taxable temporary differences, 2) taxable income in carryback years if carryback is permitted, 3) future taxable income from future operations, and 4) tax planning strategies. The degree and subjectivity and judgment increases as the source of future taxable income becomes more inherently subjective. Our assumptions, judgments and estimates relative to the realizability of a deferred tax asset take into account predictions of the amount and category of expected future taxable income. Actual operating results and the underlying amount and category of income in future years could cause our current assumptions, judgments and estimates of recoverable net deferred taxes to be inaccurate. Changes in any of the assumptions, judgments and estimates mentioned above related to the realizability of deferred tax assets, could materially affect our financial position and results of operations.

- *Goodwill and indefinite-lived intangible assets* – We assess the recoverability of our reporting units' carrying value of goodwill by performing a qualitative assessment and/or a quantitative goodwill impairment test. At a minimum, we perform an annual assessment of possible goodwill impairment as of December 31st of each year. Management may perform an interim goodwill impairment assessment whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of the reporting unit. If we begin with a qualitative assessment and are able to support the conclusion that it is not more likely than not that the fair value of the reporting unit is less than its carrying value, we are not required to perform the quantitative goodwill impairment test. Otherwise, we are required to perform the quantitative goodwill impairment test which compares the reporting unit's carrying value including goodwill to its estimated fair value. We estimate the reporting units' fair value using a combination of the income approach based upon projected discounted cash flows of the reporting unit and the market approach based upon the market multiple of comparable publicly traded companies. If the estimated fair value of the reporting entity exceeds the carrying value, the goodwill is not impaired, and no further review is required. However, if the carrying value exceeds the estimated fair value of the reporting unit, an impairment expense should be recognized for the excess of the carrying value over the fair value.

  Under the income approach, the estimated discounted cash flows are based on the best information available to us at the time, including supportable assumptions and projections we believe are reasonable. Our discounted cash flow estimates use discount rates that correspond to a weighted-average cost of capital consistent with a market-participant view. The discount rates are consistent with those used for investment decisions and take into account our future operating plans and strategies. Certain other key assumptions utilized, including revenue and cash flow projections, are based on estimates consistent with those utilized in our annual budgeting and planning process that we believe are reasonable. However, if we do not achieve the results reflected in the assumptions and estimates, our goodwill impairment evaluations could be adversely affected, and we may impair a portion or all of our goodwill, which would adversely affect our operating results in the period of impairment.

The market approach identifies the EBITDA multiples of comparable publicly traded companies. The reporting unit's EBITDA projections are multiplied by the market multiple to estimate its current estimated fair value. Key assumptions utilized in estimating the reporting unit's EBITDA include revenue and cash flow projections. If the market multiples or EBITDA value assumptions are incorrect, our goodwill impairment evaluation could also be adversely affected, and we may impair a portion or all of our goodwill, which would adversely affect our operating results in the period of impairment.

We also test indefinite-lived intangible assets for impairment annually during the fourth quarter, as of December 31st of each year. Management may perform an interim indefinite-lived intangible asset impairment assessment whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of the reporting unit. If the carrying value of the indefinite-lived asset is higher than its fair value, then the asset is deemed to be impaired and the impairment charge is estimated as the difference. The Company calculates the fair value of its indefinite-lived intangible assets using the income approach, specifically the relief-from-royalty method. The relief-from-royalty method is used to estimate the cost savings that accrue to the owner of an intangible asset who would otherwise have to pay royalties or license fees on revenues earned through the use of the asset. Internally forecasted revenues, which the Company believes reasonably approximate market participant assumptions, are multiplied by a royalty rate to arrive at the estimated net after tax cost savings. The royalty rate used in the analysis is based on an analysis of empirical, market-derived royalty rates for comparable intangible assets. The net after tax cost savings are discounted using the same weighted-average cost of capital discount rate developed for purposes of the Company's quantitative goodwill impairment test. The key uncertainties in these calculations are the assumptions used in determining the revenue associated with each indefinite-lived intangible asset and the royalty rate. If we do not achieve the results reflected in the market assumptions and forecasted estimates, our indefinite-lived intangibles impairment evaluations could be adversely affected, and we may impair a portion or all of their carrying values, which would adversely affect our operating results in the period of impairment.

- *Inventory provision* – We make ongoing estimates of potential excess, close-out or slow moving inventory. We evaluate our inventory on hand considering our purchasing plans, sales forecasts, and historical experience to identify excess, close-out, discontinued, or slow moving inventory and make provisions as necessary to properly reflect inventory value at the lower of cost or net realizable value.

Recent Accounting Pronouncements

See "Recent Accounting Pronouncements" in Note 1 of our consolidated financial statements.

Results of Operations (In Thousands)

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

The following presents a discussion of operations for the year ended December 31, 2025, compared with the year ended December 31, 2024:

	Year Ended	
	December 31, 2025	**December 31, 2024**
Sales		
Domestic sales	$ 106,123	$ 105,745
International sales	144,317	158,570
Total sales	250,440	264,315
Cost of goods sold	167,464	171,696
Gross profit	82,976	92,619
Operating expenses		
Selling, general and administrative	105,173	111,948
Restructuring charges	967	1,948
Transaction costs	752	576
Contingent consideration benefit	(355)	(125)
Legal costs and regulatory matter expenses	4,682	3,842
Impairment of goodwill	3,804	36,264
Impairment of indefinite-lived intangible assets	27,634	8,545
Total operating expenses	142,657	162,998
Operating loss	(59,681)	(70,379)
Other income (expense)		
Interest income, net	619	1,467
Other, net	1,973	(1,673)
Total other income (expense), net	2,592	(206)
Loss before income tax	(57,089)	(70,585)
Income tax (benefit) expense	(10,533)	17,852
Loss from continuing operations	(46,556)	(88,437)
Discontinued operations, net of tax	-	36,150
Net loss	$ (46,556)	$ (52,287)

Sales

Total sales decreased $13,875, or 5.2%, to $250,440 during the year ended December 31, 2025, compared to total sales of $264,315 during the year ended December 31, 2024. The decrease in sales was attributable to a decrease in sales at the Adventure and Outdoor segments of $7,170 and $6,705, respectively.

Sales in the Adventure segment were reduced by $1,302 due to foreign exchange impact from the strengthening of the U.S. dollar against the Australian dollar during the year ended December 31, 2025, compared to the prior period. Sales in the Outdoor segment were reduced by $176 due to foreign exchange impact from the strengthening of the U.S. dollar primarily against the euro during the year ended December 31, 2025, compared to the prior period.

Sales in the Adventure segment decreased due to significantly lower demand from global original equipment manufacturer customers and a challenging wholesale market in Australia for both Rhino-Rack and MAXTRAX, combined with a prior year large wholesale customer in North America not reoccurring in 2025, partially offset by a $5,962 increase from the RockyMounts acquisition. Sales in the Outdoor segment decreased due to lower independent global distributor revenue, lower global direct-to-consumer revenue of $2,934, and lower PIEPS revenue of $3,418 due to the sale of PIEPS in July 2025, compared to the prior period.

Domestic sales increased $378, or 0.4%, to $106,123 during the year ended December 31, 2025, compared to domestic sales of $105,745 during the year ended December 31, 2024. The increase in sales was attributable to an increase in sales at the Adventure segment of $2,837, partially offset by a decrease in sales at the Outdoor segment of $2,459.

International sales decreased $14,253, or 9.0%, to $144,317 during the year ended December 31, 2025, compared to international sales of $158,570 during the year ended December 31, 2024. The decrease in sales was attributable to a decrease in sales at the Adventure and Outdoor segments of $10,007 and $4,246, respectively.

Cost of Goods Sold

Cost of goods sold decreased $4,232, or 2.5%, to $167,464 during the year ended December 31, 2025, compared to cost of goods sold of $171,696 during the year ended December 31, 2024.

Gross Profit

Gross profit decreased $9,643, or 10.4%, to $82,976 during the year ended December 31, 2025, compared to gross profit of $92,619 during the year ended December 31, 2024. Gross margin was 33.1% during the year ended December 31, 2025, compared to a gross margin of 35.0% during the year ended December 31, 2024. Gross margin during the year ended December 31, 2025, decreased compared to the prior year as a result of lower volumes at the Outdoor and Adventure segments, impacts due to tariffs imposed by the United States for both segments, and an unfavorable product mix and increases of inventory reserve expenses at the Adventure segment. Specifically, the unfavorable product mix at Adventure was primarily driven by promotional sales efforts in North America and higher RockyMounts revenue. This combined with lower wholesale volume at both Rhino-Rack and MAXTRAX in Australia drove the decline in gross margin compared to the year ended December 31, 2024. Additionally, losses on foreign currency cash flow hedges were $1,585 during the year ended December 31, 2025, which negatively impacted gross margin. These were partially offset by a favorable product mix at the Outdoor segment due to our simplification initiatives.

Selling, General and Administrative

Selling, general, and administrative expenses decreased $6,775, or 6.1%, to $105,173 during the year ended December 31, 2025, compared to selling, general and administrative expenses of $111,948 during the year ended December 31, 2024. Selling, general and administrative expenses at the Outdoor segment decreased by $3,051 primarily as a result of lower digital marketing and employee-related costs, lower costs from PIEPS due to the sale in July 2025, as well as lower retail expenses due to store closures and other expense reduction initiatives to manage costs. Selling, general and administrative expenses at the Adventure segment decreased by $2,155 primarily as a result of lower marketing, amortization, and employee-related costs, combined with other expense reduction initiatives, partially offset by a write-off of internally developed software during the year ended December 31, 2025. Additionally, Corporate costs decreased $1,569 due to lower outside service and employee-related costs.

Restructuring Charges

Restructuring charges decreased to $967 during the year ended December 31, 2025, compared to restructuring charges of $1,948 during the year ended December 31, 2024. The restructuring charges incurred during the year ended December 31, 2025 relate to benefits provided to employees who were terminated due to the Company’s reduction-in-force as part of its continued realignment of resources within the organization of $937 and lease exit and contract termination costs of $30.

Transaction Costs

Transaction expense increased to $752 during the year ended December 31, 2025, compared to transaction costs of $576 during the year ended December 31, 2024, which consisted of expenses related to the Company's various acquisition and disposal efforts.

Contingent Consideration Benefit

Contingent consideration benefit increased to $355 during the year ended December 31, 2025, compared to a contingent consideration benefit of $125 during the year ended December 31, 2024, which consisted of changes in the estimated fair value of contingent consideration liabilities associated with our acquisitions of TRED in 2023 and RockyMounts in December 2024.

Legal Costs and Regulatory Matter Expenses

Legal costs and regulatory matter expenses increased to $4,682 during the year ended December 31, 2025, compared to legal costs and regulatory matter expenses of $3,842 during the year ended December 31, 2024, which consisted of expenses related to the Company's specific legal matters. See Note 16 to our consolidated financial statements for financial information regarding specific legal matters.

Impairment of Goodwill

Impairment of goodwill decreased to $3,804 during the year ended December 31, 2025, compared to impairment of goodwill of $36,264 during the year ended December 31, 2024. Based on the results of the Company's annual impairment analysis completed as of December 31, 2025 and 2024, the Company determined that goodwill at the Adventure reporting unit was impaired and recognized charges of $3,804 and $36,264, respectively.

Impairment of Indefinite-Lived Intangible Assets

Impairment of indefinite-lived intangible assets increased to $27,634 during the year ended December 31, 2025, compared to impairment of indefinite-lived intangible assets of $8,545 during the year ended December 31, 2024. Based on the results of the Company's impairment analysis completed as of June 30, 2025, the Company determined that certain indefinite-lived intangible assets in our Outdoor reporting unit, specifically the PIEPS trademark, were impaired and recognized charges of $1,565 during the year ended December 31, 2025. Based on the results of the Company's impairment analysis completed as of December 31, 2025 and 2024, the Company determined that certain indefinite-lived intangible assets in our Adventure reporting unit, specifically the Rhino-Rack and MAXTRAX trademarks, were impaired and recognized charges of $21,600 and $4,469, respectively, during the year ended December 31, 2025, and $3,480 and $5,065, respectively, during the year ended December 31, 2024.

Interest Income, net

Interest income, net decreased to $619 during the year ended December 31, 2025, compared to interest income, net of $1,467 during the year ended December 31, 2024. The decrease in interest income recognized during the year ended December 31, 2025, was due to lower interest rates on lower cash balances, compared to the prior period.

Other, net

Other, net changed by $3,646, or 217.9%, to $1,973 during the year ended December 31, 2025, compared to other, net of ($1,673) during the year ended December 31, 2024. The change in other, net, was primarily attributable to an increase in remeasurement gains recognized on the Company's foreign denominated accounts receivable and accounts payable. The change was partially offset by losses in mark-to-market adjustments on non-hedged foreign currency contracts during the year ended December 31, 2025.

Income Taxes

Income tax (benefit) expense changed by $28,385, or 159.0%, to an income tax benefit of $10,533 during the year ended December 31, 2025, compared to an income tax expense of $17,852 during the same period in 2024. Our effective income tax rate was a benefit of 18.5% for the year ended December 31, 2025, and differed compared to the statutory tax rates primarily due to the impact of changes in the valuation allowance on deferred tax assets and statutory tax rate differences between foreign jurisdictions and the United States. Our effective income tax rate was an expense of 25.3% for the year ended December 31, 2024, and differed compared to the statutory tax rates due to due to the impact of recording a valuation allowance on deferred tax assets and the impairment of goodwill and indefinite-lived intangible assets, all of which are non-deductible for tax purposes.

Discontinued Operations

Net income from discontinued operations decreased to $0 during the year ended December 31, 2025, compared to net income from discontinued operations of $36,150 during the year ended December 31, 2024. The change in net income from discontinued operations is due to the sale of the Precision Sport segment occurring during the year ended December 31, 2024. There was no activity in discontinued operations during the year ended December 31, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

The following presents the Company's results of operations for the year ended December 31, 2024, compared with the year ended December 31, 2023:

	Year Ended	
	December 31, 2024	**December 31, 2023**
Sales		
Domestic sales	$ 105,745	$ 112,385
International sales	158,570	173,635
Total sales	264,315	286,020
Cost of goods sold	171,696	188,509
Gross profit	92,619	97,511
Operating expenses		
Selling, general and administrative	111,948	114,603
Restructuring charges	1,948	3,223
Transaction costs	576	593
Contingent consideration (benefit) expense	(125)	(1,565)
Legal costs and regulatory matter expenses	3,842	1,764
Impairment of goodwill	36,264	-
Impairment of indefinite-lived intangible assets	8,545	-
Total operating expenses	162,998	118,618
Operating loss	(70,379)	(21,107)
Other income (expense)		
Interest income, net	1,467	67
Other, net	(1,673)	961
Total other (expense) income, net	(206)	1,028
Loss before income tax	(70,585)	(20,079)
Income tax expense (benefit)	17,852	(4,291)
Loss from continuing operations	(88,437)	(15,788)
Discontinued operations, net of tax	36,150	5,642
Net loss	$ (52,287)	$ (10,146)

For a discussion of our results of operations for the year ended December 31, 2024, compared to the year ended December 31, 2023, please see Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the Securities and Exchange Commission on March 6, 2025.

Liquidity and Capital Resources (In Thousands)

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Our primary ongoing funding requirements are for working capital, expansion of our operations organically, and general corporate needs, as well as investing in the various brands. We plan to fund these activities through a combination of our current cash balances and future operating cash flows. Upon the closing of the sale of the Precision Sport segment, the Company terminated and settled all outstanding borrowings on our revolving credit facility and term debt under the Restated Credit Agreement. We believe that our liquidity requirements and contractual obligations for at least the next 12 months will be adequately covered by our current cash balances and cash provided by operations. Additionally, long-term contractual obligations are also currently expected to be funded from our current cash balances and cash from operations. For additional information regarding the Company's credit facilities, see the section titled "Credit Agreement" below.

At December 31, 2025, we had total cash and restricted cash of $38,195, compared to cash and restricted cash of $45,359 at December 31, 2024. At December 31, 2025, the Company had $12,545 of the $38,195 in cash and restricted cash held by foreign entities, of which $8,595 is considered permanently reinvested.

The following presents a discussion of cash flows for the year ended December 31, 2025 compared with the year ended December 31, 2024, inclusive of continuing and discontinued operations.

	Year Ended December 31,	
	2025	**2024**
Net cash used in operating activities	$ (4,746)	$ (7,300)
Net cash provided by investing activities	2,771	165,160
Net cash used in financing activities	(5,882)	(123,239)
Effect of foreign exchange rates on cash and restricted cash	693	(586)
Change in cash and restricted cash	(7,164)	34,035
Cash and restricted cash, beginning of year	45,359	11,324
Cash and restricted cash, end of period	$ 38,195	$ 45,359

Net Cash From Operating Activities

Net cash used in operating activities was $4,746 during the year ended December 31, 2025, compared to net cash used in operating activities of $7,300 during the year ended December 31, 2024. The change in net cash used in operating activities during 2025 is primarily due to the gain on sale of $40,585 during the year ended December 31, 2024 related to the disposition of the Precision Sport segment, and an increase in impairment of indefinite-lived intangible assets at the Adventure and Outdoor segments of $19,089, and a decrease in net loss of $5,731 compared to the same period in 2024. These impacts were partially offset by a decrease in impairment of goodwill at the Adventure segment of $32,460, a decrease in deferred income taxes of $28,159, and an increase in cash outflows related to working capital of $791, compared to the same period in 2024.

Free cash flow, defined as net cash used in operating activities less capital expenditures, of ($9,908) was used during the year ended December 31, 2025 compared to ($14,039) used during the same period in 2024. The Company believes that the non-GAAP measure, free cash flow, provides an understanding of the capital required by the Company to expand its asset base. A reconciliation of free cash flows to comparable GAAP financial measures is set forth below, inclusive of continuing and discontinued operations:

	Year Ended December 31,	
	2025	**2024**
Net cash used in operating activities	$ (4,746)	$ (7,300)
Purchase of property and equipment	(5,162)	(6,739)
Free cash flow	$ (9,908)	$ (14,039)

Net Cash From Investing Activities

Net cash provided by investing activities was $2,771 during the year ended December 31, 2025 compared to net cash provided by investing activities of $165,160 during the year ended December 31, 2024. The change in net cash provided by investing activities during the year ended December 31, 2025, is primarily due to the cash received related to the disposition of the Precision Sport segment during the year ended December 31, 2024.

Net Cash From Financing Activities

Net cash used in financing activities was $5,882 during the year ended December 31, 2025, compared to net cash used in financing activities of $123,239 during the year ended December 31, 2024. The decrease in cash used during the year ended December 31, 2025, compared to the same period in 2024 was primarily due to the settlement of all outstanding borrowings on our revolving credit facility and term debt under the Restated Credit Agreement during the year ended December 31, 2024.

Net Operating Loss

As of December 31, 2025, the Company had net operating loss carryforwards ("NOLs") and research and experimentation credit for U.S. federal income tax purposes of $41,209 and $5,709, respectively. All federal NOLs will have an indefinite carryforward period. Federal research and experimentation credits have a limited carryforward period and will begin to expire in tax year 2033. In accordance with Section 382 and Section 383 of the Internal Revenue Code of 1986 ("Code"), utilization of the NOL and tax credit carryforwards may subject to limitations based on prior or future ownership changes.

As of December 31, 2025, the Company's gross deferred tax asset was $40,300. The Company has recorded a valuation allowance of $29,315, resulting in a net deferred tax asset of $10,985, before deferred tax liabilities of $12,348. The Company has provided a full valuation allowance against all of the net U.S. deferred tax assets as of December 31, 2025, because the ultimate realization of those assets does not meet the more-likely-than-not criteria. The majority of the Company's deferred tax assets consist of net operating loss carryforwards, research and experimentation credits and capitalized costs for federal tax purposes. The deferred tax assets related to research and experimentation credits and capitalized costs are expected to reverse into NOL carryforwards that can be used to offset taxable income and reduce income taxes payable in future periods. If a change in control were to occur, these future NOLs could be limited under Section 382 of the Code, as amended.

Credit Agreement

Upon the closing of the sale of the Precision Sport segment on February 29, 2024, the Company terminated and settled all outstanding borrowings on our revolving credit facility and term debt under the Restated Credit Agreement.

Off-Balance Sheet Arrangements

We do not engage in any transactions or have relationships or other arrangements with unconsolidated entities. These include special purpose and similar entities or other off-balance sheet arrangements. We also do not engage in energy, weather or other commodity-based contracts.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In general, we can be exposed to market risks including fluctuations in interest rates, foreign currency exchange rates and certain commodity prices that can affect the cost of operating, investing, and financing under those conditions. The Company believes it has moderate exposure to these risks. We assess market risk based on changes in interest rates, foreign currency rates, and commodity prices utilizing a sensitivity analysis that measures the potential loss in earnings, fair values, and cash flows based on a hypothetical change in these rates and prices.

Interest Rate Risks

Our primary exposure to market risk is interest rate risk associated with potential credit facilities since the interest would be indexed to market rates. As of December 31, 2025, the Company has no outstanding borrowings under any credit facilities. On February 29, 2024, upon the closing of the disposition of the Precision Sport segment, the Company terminated and settled all outstanding borrowings on our revolving credit facility and term debt under the Restated Credit Agreement.

Foreign Currency Risks

Our consolidated financial statements are denominated in, and our principal currency is, the U.S. dollar. We transact business predominantly in U.S. dollars, Australian dollars, Euros (EUR), and Canadian dollars ($CAD). Given the current geopolitical environment and other economic uncertainties worldwide, changes in these and other currencies in relation to the U.S. dollar will affect our sales and profitability and could result in foreign exchange losses. For the year ended December 31, 2025, approximately 51% of our sales were denominated in foreign currencies (compared to 54% of our sales from continuing operations in the prior year), the most significant of which were the Australian Dollar, Euro, Canadian Dollar, Norwegian Kroner, and Swiss Franc. Our Australian Dollar denominated expenses associated with our Australian operations (which include business operations and distribution facilities) provide a natural hedge for Australian Dollar denominated revenues, however, a significant amount of our finished good inventory purchases are transacted in U.S. dollars.

The Company's primary exchange rate risk management objective is to attempt to mitigate the uncertainty of anticipated cash flows attributable to changes in foreign currency exchange rates. The Company primarily focuses on mitigating changes in cash flows resulting from sales denominated in currencies other than the U.S. dollar. The Company manages this risk primarily by using currency forward and option contracts. As of December 31, 2025 and 2024, we had entered into foreign currency forward contracts for Euros and Canadian dollars, which qualified as cash flow hedges. As of December 31, 2025 and 2024, the aggregate notional amounts of Euro contracts were EUR 3,134,000 and EUR 6,711,000, respectively, and the aggregate notional amounts of Canadian dollar contracts were $CAD 1,208,000 and $CAD 1,379,000, respectively. A hypothetical 10% change in foreign currency rates would not have a material effect on foreign currency gains and losses related to the foreign currency derivatives or the net fair value of the Company's foreign currency derivatives. Gains or losses on the fair value of derivative contracts would generally be offset by gains and losses on the underlying hedged transaction. These offsetting gains and losses are not reflected above. See Note 9 to our consolidated financial statements for additional discussion of our foreign currency contracts.

Derivative Instruments

We employ a variety of practices to manage these market risks, including operating and financing activities and, where deemed appropriate, the use of derivative instruments. Derivative instruments are used only for risk management purposes and not for speculation or trading. Derivatives are such that a specific debt instrument, contract, or anticipated purchase determines the amount, maturity, and other specifics of the hedge. If a derivative contract is entered into, we either determine that it is an economic hedge or we designate the derivative as a cash flow or fair value hedge. We do not hold derivative financial investments, derivative commodity investments, engage in foreign currency hedging or other transactions that expose us to material market risks.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CLARUS CORPORATION AND SUBSIDIARIES

Index to Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Clarus Corporation:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Clarus Corporation and subsidiaries (the "Company") as of December 31, 2025 and December 31, 2024, the related consolidated statements of comprehensive loss, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and December 31, 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 5, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Indefinite-lived intangible assets — Rhino-Rack and MAXTRAX Trademarks --- Refer to Notes 1 and 6 to the financial statements

Critical Audit Matter Description

The Company's evaluation of indefinite-lived intangible assets for impairment involves the comparison of the estimated fair value of an indefinite-lived intangible asset to its carrying value. The Company estimates the fair value of its indefinite-lived intangible assets using the relief-from-royalty method. The relief-from-royalty method requires management to make estimates and assumptions related to revenue projections, discount rates, and royalty rates. During the year ended December 31, 2025, the Company recognized an impairment of $26.1 million related to the Rhino-Rack and MAXTRAX indefinite-lived trademarks in its Adventure reporting unit.

We identified the valuation of the Rhino-Rack and MAXTRAX trademarks within indefinite-lived intangibles as a critical audit matter because of the estimates and assumptions management made to determine their estimated fair values. The audit of these estimates and assumptions required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to revenue projections and the selection of discount and royalty rates.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the revenue projections and discount and royalty rates for the valuation of the Rhino-Rack and MAXTRAX trademarks included the following, among others:

- We tested the effectiveness of internal controls over the indefinite-lived intangible assets impairment analysis, including those over revenue projections and the selection of discount and royalty rates.

- We evaluated the reasonableness of management's revenue projections by comparing the projections to:

    - Historical revenues.

    - Internal communications between management and the Board of Directors.

    - Projected information included in industry reports and certain of its peer companies.

- With the assistance of our fair value specialists, we evaluated the reasonableness of the valuation methodologies and discount and royalty rates by:

    - Testing the source information underlying the determination of the discount and royalty rates and the mathematical accuracy of the calculations.

    - Developing a range of independent estimates and comparing those estimates to the discount rate selected by management.

/s/ Deloitte & Touche LLP

Salt Lake City, Utah

March 5, 2026

We have served as the Company's auditor since 2018.

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

	December 31, 2025	December 31, 2024
Assets		
Current assets		
Cash	$ 36,691	$ 45,359
Accounts receivable, net	44,839	43,678
Inventories	83,028	82,278
Prepaid and other current assets	5,457	5,555
Income tax receivable	1,407	910
Total current assets	171,422	177,780
Property and equipment, net	18,255	17,606
Other intangible assets, net	23,761	31,516
Indefinite-lived intangible assets	19,600	46,750
Goodwill	-	3,804
Deferred income taxes	55	36
Other long-term assets	15,935	16,602
Total assets	$ 249,028	$ 294,094
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 15,907	$ 11,873
Accrued liabilities	24,403	22,276
Income tax payable	179	-
Current portion of long-term debt	-	1,888
Total current liabilities	40,489	36,037
Deferred income taxes	1,418	12,210
Other long-term liabilities	10,728	12,754
Total liabilities	52,635	61,001
Stockholders' Equity		
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; 43,054 and 43,004 issued and 38,402 and 38,362 outstanding, respectively	4	4
Additional paid in capital	703,487	697,592
Accumulated deficit	(457,253)	(406,857)
Treasury stock, at cost	(33,156)	(33,114)
Accumulated other comprehensive loss	(16,689)	(24,532)
Total stockholders' equity	196,393	233,093
Total liabilities and stockholders' equity	$ 249,028	$ 294,094

See accompanying notes to consolidated financial statements.

CLARUS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands, except per share amounts)

	Year Ended December 31, 2025	2024	2023
Sales			
Domestic sales	$ 106,123	$ 105,745	$ 112,385
International sales	144,317	158,570	173,635
Total sales	250,440	264,315	286,020
Cost of goods sold	167,464	171,696	188,509
Gross profit	82,976	92,619	97,511
Operating expenses			
Selling, general and administrative	105,173	111,948	114,603
Restructuring charges	967	1,948	3,223
Transaction costs	752	576	593
Contingent consideration benefit	(355)	(125)	(1,565)
Legal costs and regulatory matter expenses	4,682	3,842	1,764
Impairment of goodwill	3,804	36,264	-
Impairment of indefinite-lived intangible assets	27,634	8,545	-
Total operating expenses	142,657	162,998	118,618
Operating loss	(59,681)	(70,379)	(21,107)
Other income (expense)			
Interest income, net	619	1,467	67
Other, net	1,973	(1,673)	961
Total other income (expense), net	2,592	(206)	1,028
Loss before income tax	(57,089)	(70,585)	(20,079)
Income tax (benefit) expense	(10,533)	17,852	(4,291)
Loss from continuing operations	(46,556)	(88,437)	(15,788)
Discontinued operations, net of tax	-	36,150	5,642
Net loss	(46,556)	(52,287)	(10,146)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	8,172	(9,635)	2,405
Unrealized (loss) gain on hedging activities	(329)	517	(134)
Other comprehensive income (loss)	7,843	(9,118)	2,271
Comprehensive loss	$ (38,713)	$ (61,405)	$ (7,875)
Loss from continuing operations per share:			
Basic	$ (1.21)	$ (2.31)	$ (0.42)
Diluted	(1.21)	(2.31)	(0.42)
Net loss per share:			
Basic	$ (1.21)	$ (1.37)	$ (0.27)
Diluted	(1.21)	(1.37)	(0.27)
Weighted average shares outstanding:			
Basic	38,393	38,305	37,485
Diluted	38,393	38,305	37,485

See accompanying notes to consolidated financial statements.

CLARUS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Cash Flows From Operating Activities:			
Net loss	$ (46,556)	$ (52,287)	$ (10,146)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation of property and equipment	3,641	4,034	7,602
Amortization of other intangible assets	8,740	9,784	12,748
Impairment of goodwill	3,804	36,264	-
Impairment of indefinite-lived intangible assets	27,634	8,545	-
Loss (gain) on sale of businesses	91	(40,585)	-
Accretion of notes payable	112	10	-
Amortization of debt issuance costs	-	1,209	928
Loss on disposition of property and equipment	723	269	54
Noncash lease expense	3,558	3,155	3,741
Contingent consideration benefit	(355)	(125)	(1,565)
Stock-based compensation	5,895	5,829	5,292
Deferred income taxes	(11,658)	16,182	(6,348)
Changes in operating assets and liabilities, net of dispositions:			
Accounts receivable	(967)	10,844	6,078
Inventories	(1,579)	3,743	13,211
Prepaid and other assets	92	640	2,134
Accounts payable	3,602	(7,965)	(4,940)
Accrued liabilities	(1,226)	(6,075)	540
Income taxes	(297)	(771)	2,595
Net cash (used in) provided by operating activities	(4,746)	(7,300)	31,924
Cash Flows From Investing Activities:			
Proceeds from sale of businesses, net of cash	7,813	175,674	-
Purchase of businesses, net of cash acquired	-	(3,840)	(5,648)
Proceeds from disposition of property and equipment	120	315	199
Purchase of intangible assets	-	(250)	(250)
Purchases of property and equipment	(5,162)	(6,739)	(5,717)
Net cash provided by (used in) investing activities	2,771	165,160	(11,416)
Cash Flows From Financing Activities:			
Proceeds from revolving credit facilities	-	31,205	51,243
Repayments on revolving credit facilities	-	(41,580)	(59,835)
Repayments on term loans and other debt	(2,000)	(109,459)	(11,126)
Proceeds from issuance of term loans and other debt	-	46	-
Purchase of treasury stock	(42)	(185)	(222)
Proceeds from exercise of options	-	565	3,435
Cash dividends paid	(3,840)	(3,831)	(3,750)
Net cash used in financing activities	(5,882)	(123,239)	(20,255)
Effect of foreign exchange rates on cash and restricted cash	693	(586)	(990)
Change in cash and restricted cash	(7,164)	34,035	(737)
Cash and restricted cash, beginning of year	45,359	11,324	12,061
Cash and restricted cash, end of period	$ 38,195	$ 45,359	$ 11,324
Supplemental Disclosure of Cash Flow Information:			
Cash paid (received) for income taxes	$ 936	$ 2,463	$ (758)
Cash paid for interest	$ 16	$ 1,957	$ 10,398
Supplemental Disclosures of Non-Cash Investing and Financing Activities:			
Shares issued for business acquisitions	$ -	$ -	$ 3,132
Debt issued for business acquisition	$ -	$ 1,878	$ -
Contingent consideration for business acquisitions	$ -	$ 609	$ 121
Purchases of property and equipment incurred but not paid	$ 118	$ 167	$ 145
Intangible assets purchased with accounts payable	$ -	$ -	$ 250
Lease liabilities arising from obtaining right-of-use assets	$ 545	$ 2,530	$ 4,441

See accompanying notes to consolidated financial statements.

CLARUS CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except per share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance, December 31, 2022	41,637	$ 4	$ 679,339	$ (336,843)	(4,589)	$ (32,707)	$ (17,685)	$ 292,108
Net loss	-	-	-	(10,146)	-	-	-	(10,146)
Other comprehensive income	-	-	-	-	-	-	2,271	2,271
Cash dividends ($0.10 per share)	-	-	-	(3,750)	-	-	-	(3,750)
Purchase of treasury stock	-	-	-	-	(23)	(222)	-	(222)
Stock-based compensation expense	-	-	5,292	-	-	-	-	5,292
Proceeds from exercise of options	695	-	3,435	-	-	-	-	3,435
Shares issued for business acquisitions	429	-	3,132	-	-	-	-	3,132
Balance, December 31, 2023	42,761	$ 4	$ 691,198	$ (350,739)	(4,612)	$ (32,929)	$ (15,414)	$ 292,120
Net loss	-	-	-	(52,287)	-	-	-	(52,287)
Other comprehensive loss	-	-	-	-	-	-	(9,118)	(9,118)
Cash dividends ($0.10 per share)	-	-	-	(3,831)	-	-	-	(3,831)
Purchase of treasury stock	-	-	-	-	(30)	(185)	-	(185)
Stock-based compensation expense	-	-	5,829	-	-	-	-	5,829
Proceeds from exercise of options	243	-	565	-	-	-	-	565
Balance, December 31, 2024	43,004	$ 4	$ 697,592	$ (406,857)	(4,642)	$ (33,114)	$ (24,532)	$ 233,093
Net loss	-	-	-	(46,556)	-	-	-	(46,556)
Other comprehensive income	-	-	-	-	-	-	7,843	7,843
Cash dividends ($0.10 per share)	-	-	-	(3,840)	-	-	-	(3,840)
Purchase of treasury stock	-	-	-	-	(10)	(42)	-	(42)
Stock-based compensation expense	-	-	5,895	-	-	-	-	5,895
Shares issued from restricted stock units	50	-	-	-	-	-	-	-
Balance, December 31, 2025	43,054	$ 4	$ 703,487	$ (457,253)	(4,652)	$ (33,156)	$ (16,689)	$ 196,393

See accompanying notes to consolidated financial statements.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying audited consolidated financial statements of Clarus Corporation and subsidiaries (which may be referred to as the "Company," "Clarus," "we," "our" or "us") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Nature of Business

Headquartered in Salt Lake City, Utah, we are a global leading designer, developer, manufacturer and distributor of best-in-class outdoor equipment and lifestyle products focused on the outdoor enthusiast markets. Each of our brands has a long history of continuous product innovation for core and everyday users alike. The Company's products are principally sold globally under the Black Diamond®, Rhino-Rack®, MAXTRAX®, TRED Outdoors®, and RockyMounts® brand names through outdoor specialty and online retailers, our own websites, distributors and original equipment manufacturers. We believe that our portfolio of iconic brands is well-positioned for sustainable, long-term growth underpinned by industry trends across the outdoor and adventure sport end markets.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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. The more significant estimates relate to the fair value of net assets acquired in business combinations, provision for excess or obsolete inventory, allowance for credit losses, and valuation of contingent consideration liabilities, deferred tax assets, long-lived assets, goodwill and indefinite-lived intangible assets, and other intangible assets. We base our estimates on historical experience, projected future cash flows, and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Clarus Corporation and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Unless otherwise specified, disclosures in these consolidated financial statements reflect continuing operations only. The consolidated statements of cash flows are inclusive of continuing and discontinued operations for all periods presented.

Foreign Currency Transactions and Translation

The accounts of the Company's international subsidiaries' financial statements which have functional currencies other than the U.S. dollar are translated into U.S. dollars using the exchange rate at the balance sheet dates for assets and liabilities and average exchange rates for the periods for revenues, expenses, gains and losses. Foreign currency translation adjustments are recorded as a separate component of accumulated other comprehensive loss. Foreign currency transaction gains and losses are included in other comprehensive income (loss) in the consolidated statements of comprehensive loss.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2025 and 2024, the Company did not hold any amounts that were considered to be cash equivalents. Restricted cash primarily includes cash and highly liquid instruments that are used as collateral for certain lease agreements which will affect the amount of cash the Company has available for other uses. Restricted cash is recorded in Other long-term assets on the consolidated balance sheets. The following table provides a reconciliation of cash and restricted cash reported within the consolidated balance sheets to the consolidated statements of cash flows as of December 31, 2025.

(in thousands, except per share amounts)

	December 31, 2025
Cash	$ 36,691
Restricted cash included in Other long-term assets	1,504
Total cash and restricted cash shown in the statements of cash flows	$ 38,195

Accounts Receivable and Allowance for Credit Losses

The Company records its trade receivables at sales value. The trade receivables do not bear interest. The Company performs on-going credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current credit worthiness, as determined by the review of their current credit information. The Company evaluates the collectability of its accounts receivable and determines the appropriate allowance for credit losses based on a combination of factors. A non-specific allowance for estimated credit losses is recorded based on historical experience of collectability. In addition, specific allowances are established for customer accounts as known collection problems occur due to insolvency, disputes or other collection issues. The amounts of these specific allowances are estimated by management based on the customer's financial position, the age of the customer's receivables and the reasons for any disputes. The allowance for credit losses is reduced by subsequent collections of the specific allowances or by any write-off of customer accounts that are deemed uncollectible. The allowance for credit losses was $1,121 and $1,271 at December 31, 2025 and 2024, respectively. There were no significant write-offs during the years ended December 31, 2025, 2024, and 2023.

Inventories

Inventories are stated at the lower of cost (using the first-in, first-out method "FIFO") or net realizable value. The Company evaluates its inventories considering its purchasing plans, sales forecasts, and historical experience to identify excess, close-out, discontinued, or slow-moving items and makes provisions as necessary to properly reflect inventory values.

Property and Equipment

Property and equipment is stated at historical cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives. The principal estimated useful lives are: buildings, 30 years; building improvements, 20 years; machinery and equipment, 3-10 years; computer hardware and software, 3-5 years; furniture and fixtures, 5 years. Leasehold improvements are amortized over the lesser of the estimated useful life of the improvement or the remaining life of the lease. Major replacements, which extend the useful lives of equipment, are capitalized and depreciated over the remaining useful life. Normal maintenance and repair items are expensed as incurred. Property and equipment are reviewed for impairment whenever events or changes in circumstances exist that indicate the carrying amount of an asset may not be recoverable.

Leases

Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement of an arrangement where it is determined at inception that a lease exists. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are initially recognized based on the present value of lease payments over the lease term calculated using our incremental borrowing rate. Lease terms include options to extend or terminate the lease when it is reasonably certain that those options will be exercised.

Variable lease payments are generally expensed as incurred and include certain non-lease components, such as common area maintenance and other services provided by the lessor, and other charges such as utilities, insurance and property taxes included in the lease. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and the expense for these short-term leases is recognized on a straight-line basis over the lease term. Non-lease components are excluded from the ROU asset and lease liability present value computations. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

Goodwill represents the excess of the purchase price over the fair market value of identifiable net assets of acquired companies. Goodwill is not amortized, but rather is tested for impairment at the reporting unit level annually as of December 31st of each year or more frequently if triggering events or changes in circumstances indicate impairment, such as a significant adverse change in business climate. The Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, through this qualitative assessment, the conclusion is made that it is more likely than not that a reporting unit's fair value is less than its carrying amount, or the Company elects to bypass the qualitative assessment, a quantitative impairment analysis is performed. We estimate the reporting unit's fair value using a combination of the income approach based upon projected discounted cash flows of the reporting unit and the market approach based upon the market multiple of comparable publicly traded companies. If the fair value of the reporting unit is less than its carrying amount, an impairment loss is recognized for the excess carrying amount over the fair value computation. Based on the results of the Company's annual impairment tests completed as of December 31, 2025 and December 31, 2024, the Company recognized a goodwill impairment in our Adventure reporting unit of $3,804 during the year ended December 31, 2025, and $36,264 during the year ended December 31, 2024, respectively. No impairment of goodwill was recorded during the year ended December 31, 2023.

Intangible Assets

Intangible assets represent other intangible assets and indefinite-lived intangible assets acquired. The Company's other intangible assets, such as certain customer relationships, product technologies, certain tradenames, trademarks and core technologies with finite lives are amortized over their estimated useful lives. Other intangible assets are reviewed for impairment whenever events or changes in circumstances exist that indicate the carrying amount of an asset may not be recoverable.

The Company's indefinite-lived intangible assets consists of certain tradenames and trademarks that provide Black Diamond Equipment, PIEPS, Rhino-Rack, and MAXTRAX with the exclusive and perpetual rights to manufacture and sell their respective products. Indefinite-lived intangible assets are not amortized; however, they are tested for impairment annually as of December 31st of each year or more frequently if events or changes in circumstances exist that may indicate impairment. The Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. If, through this qualitative assessment, the conclusion is made that it is more likely than not that an indefinite-lived intangible asset's fair value is less than its carrying amount, or the Company elects to bypass the qualitative assessment, a quantitative impairment analysis is performed by comparing the indefinite-lived intangible asset's book value to its estimated fair value. The fair value for indefinite-lived intangible assets is determined through an income approach using the relief-from-royalty method. The amount of any impairment is measured as the difference between the carrying amount and the fair value of the impaired asset. Based on the results of the Company's impairment analysis completed as of June 30, 2025, the Company determined that certain indefinite-lived intangible assets in our Outdoor reporting unit, specifically the PIEPS trademark, were impaired and recognized charges of $1,565 during the year ended December 31, 2025. Based on the results of the Company's annual impairment tests completed as of December 31, 2025 and 2024, the Company determined that certain indefinite-lived intangible assets in our Adventure reporting unit, specifically the Rhino-Rack and MAXTRAX trademarks, were impaired and recognized charges of $21,600 and $4,469, respectively, during the year ended December 31, 2025, and $3,480 and $5,065, respectively, during the year ended December 31, 2024. No impairment of indefinite-lived intangible assets was recorded during the year ended December 31, 2023.

Derivative Financial Instruments

The Company uses derivative instruments to hedge currency rate movements on foreign currency denominated sales. The Company enters into forward contracts, option contracts and non-deliverable forwards to manage the impact of foreign currency fluctuations on a portion of its forecasted foreign currency exposure. These derivatives are carried at fair value on the Company's consolidated balance sheets in prepaid and other current assets, other long-term assets, accrued liabilities, and other long-term liabilities. Changes in fair value of the derivatives not designated as hedge instruments are included in Other, net in the determination of net income. For derivative contracts designated as hedge instruments, the effective portion of gains and losses resulting from changes in fair value of the instruments are included in accumulated other comprehensive loss and reclassified to sales in the period the underlying hedged item is recognized in earnings.

For all hedging relationships, the Company formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the hedged transaction, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method used to measure ineffectiveness. The Company also formally assesses, both at the inception of the hedging relationship and on an ongoing basis, whether the derivatives that are used in hedging relationships are highly effective in offsetting changes in cash flows of hedged transactions. The Company uses operating budgets and cash flow forecasts to estimate future foreign currency cash flow exposures and to determine the level and timing of derivative transactions intended to mitigate such exposures in accordance with its risk management policies. The Company discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting cash flows attributable to the hedged risk, the derivative expires or is sold, terminated, or exercised, the cash flow hedge is de-designated because a forecasted transaction is not probable of occurring, or management determines to remove the designation of the cash flow hedge. The Company does not enter into material derivative instruments for any purpose other than cash flow hedging. The Company does not speculate using derivative instruments.

Stock-Based Compensation

The Company records compensation expense for all share-based awards granted based on the fair value of the award at the time of the grant. The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model that uses assumptions and estimates that the Company believes are reasonable. Stock-based compensation costs for stock awards and restricted stock awards is measured based on the closing market value of the Company's common stock on the date of the grant. For restricted stock awards subject to market conditions, the fair value of each restricted stock award has been estimated as of the date of grant using the Monte-Carlo pricing model. The Company recognizes the cost of the share-based awards on a straight-line basis over the requisite service period of the award and recognizes forfeitures in the period they occur. Stock options granted have contractual terms of up to ten years. Upon exercise of stock options or vesting of restricted stock awards, the Company issues shares from new shares authorized and reserved for issuance.

Revenue Recognition

The Company recognizes revenue when a contract exists with a customer that specifies the goods and services to be provided at an agreed upon sales price and when the performance obligation is satisfied by transferring the goods or service to the customer. The performance obligation is considered complete when control transfers, which is determined when products are shipped or delivered to the customer depending on the terms of the contract. Sales are made on normal and customary short-term credit terms or upon delivery of point-of-sale transactions.

The Company enters into contractual arrangements with customers in the form of individual customer orders which specify the goods, quantity, pricing, and associated order terms. The Company does not have long-term contracts that are satisfied over time. Due to the nature of the contracts, no significant judgment exists in relation to the identification of the customer contract, satisfaction of the performance obligation, or transaction price. The Company expenses incremental costs of obtaining a contract due to the short-term nature of the contracts.

The Company's contract terms or historical business practices can give rise to variable consideration such as prompt payment discounts. We estimate the expected prompt payment discounts based on an analysis of historical experience and record cash discounts as a reduction to revenue.

At the time of revenue recognition, we also provide for estimated sales returns and miscellaneous claims from customers as reductions to revenues. The estimates are based on historical rates of product returns and claims. The Company accrues for such estimated returns and claims with an estimated accrual and associated reduction of revenue. Additionally, the Company records inventory that it expects to be returned as part of inventories, with a corresponding reduction of cost of goods sold.

Sales commissions are expensed as incurred. These costs are recorded in selling, general and administrative expenses in the accompanying consolidated statements of comprehensive loss. Taxes collected from customers and remitted to government authorities are reported on the net basis and are excluded from sales.

Cost of Goods Sold

The expenses that are included in cost of goods sold include all direct product costs and costs related to shipping, certain warehousing or handling, duties and importation fees. Product warranty costs and specific provisions for excess, close-out, or slow-moving inventory are also included in cost of goods sold. Certain warehousing or handling costs which are not associated with the manufacturing of goods for sale are excluded from cost of goods sold.

Selling, General and Administrative Expense

Selling, general and administrative expense includes personnel-related costs, including stock-based compensation, product development, selling, advertising, visual merchandise, depreciation and amortization, and other general operating expenses. Advertising costs are expensed in the period incurred. Total advertising expense for continuing operations were $5,207, $6,046, and $8,385 for the years ended December 31, 2025, 2024, and 2023, respectively.

Product Warranty

Some of the Company's products carry warranty provisions for defects in quality and workmanship. Warranty repairs and replacements are recorded in cost of goods sold and a warranty liability is established at the time of sale to cover estimated costs based on the Company's history of warranty repairs and replacements. For the years ended December 31, 2025, 2024, and 2023, the Company experienced warranty claims on its products related to continuing operations of $838, $927, and $1,007, respectively.

Research and Development

Research and development costs are charged to expense as incurred, and are included in selling, general and administrative expenses in the accompanying consolidated statements of comprehensive loss. Total research and development costs for continuing operations were $11,928, $12,171, and $12,740 for the years ended December 31, 2025, 2024, and 2023, respectively.

Transaction Costs

Transaction costs consist of expenses related to the Company's various acquisition and disposal efforts, including those associated with the acquisitions of TRED and RockyMounts, and the sale of PIEPS.

Income Taxes

Income taxes are accounted for under the asset and liability method. Income taxes are based on amounts of taxes payable or refundable in the current year and on expected future tax consequences of events that are recognized in the financial statements in different periods than they are recognized in tax returns. As a result of timing of recognition and measurement differences between financial accounting standards and income tax laws, temporary differences arise between amounts of pre-tax financial statement income and taxable income and between reported amounts of assets and liabilities in the consolidated balance sheets and their respective tax bases. Deferred income tax assets and liabilities reported in the consolidated balance sheets reflect estimated future tax effects attributable to these temporary differences and to net operating loss and net capital loss carryforwards, based on enacted tax rates expected to be in effect for years in which the differences are expected to be settled or realized. The Company has netted these deferred tax assets and deferred tax liabilities by jurisdiction. Realization of deferred tax assets is dependent on future taxable income in specific jurisdictions. Valuation allowances are used to reduce deferred tax assets to amounts considered more likely than not to be realized. U.S. deferred income taxes are not provided on undistributed income of foreign subsidiaries where such earnings are considered to be permanently invested. Unremitted taxes on undistributed foreign earnings are not material for the years ended December 31, 2025, 2024, and 2023.

The Company releases residual tax effects in accumulated other comprehensive loss through continuing operations as the underlying asset matures or expires.

The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax (benefit) expense. Unrecognized tax benefits that reduce a net operating loss, similar tax loss or tax credit carryforward, are presented as a reduction to deferred income taxes. The Company recognizes interest expense and penalties related to uncertain tax positions in income tax (benefit) expense.

Concentration of Credit Risk and Sales

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash, accounts receivable, and aggregate unrealized gains (losses) on derivative contracts. Risks associated with cash within the United States are mitigated by banking with federally insured, creditworthy institutions; however, there are balances with these institutions that are greater than the Federal Deposit Insurance Corporation insurance limit. The Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses as considered necessary by management.

During the years ended December 31, 2025 and 2024, Recreational Equipment, Inc. ("REI") accounted for approximately 10% of the Company's sales from continuing operations. These sales are included in the Outdoor segment. No other single customer contributed more than 10% of the Company's sales from continuing operations during these periods. During the year ended December 31, 2023, no single customer contributed more than 10% of the Company's sales from continuing operations. As of December 31, 2025 and 2024, Roof Racks Galore accounted for approximately 10% and 11%, respectively, of the Company's accounts receivable. No other single customer contributed more than 10% of the Company's accounts receivable during these periods.

Fair Value Measurements

The carrying value of cash, accounts receivable, and accrued liabilities approximate their respective fair values due to the short-term nature and liquidity of these financial instruments. Derivative financial instruments are recorded at fair value based on current market pricing models.

Contingent Consideration Liabilities

Contingent consideration liabilities are required to be recognized at fair value as of the acquisition date. We estimate the fair value of these liabilities based on financial projections of the acquired company, such as sales-based milestones and estimated probabilities of achievement. Based on updated estimates and projections, the contingent consideration liabilities are adjusted at each reporting date to their estimated fair value. Changes in fair value subsequent to the acquisition date are reported in contingent consideration benefit in the accompanying consolidated statements of comprehensive loss. Variations in the fair value of contingent consideration liabilities may result from changes in discount periods or rates, changes in the timing and amount of sales estimates, and changes in probability assumptions with respect to the likelihood of achieving sales milestones.

Legal Costs and Regulatory Matter Expenses

Legal expenses related to the outstanding regulatory matter with the U.S. Consumer Product Safety Commission ("CPSC") and/or the ongoing investigation by the U.S. Department of Justice, as well as legal expenses related to bringing the Company's cases against HAP Trading and Caption Management to trial, are included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive loss. All other legal expenses incurred in the ordinary course of business are included in selling, general, and administrative expenses in the consolidated statements of comprehensive loss. See Note 16 to our consolidated financial statements for additional information regarding specific legal matters.

Segment Information

We operate our business structure within two segments. These segments are defined based on the internal financial reporting used by our chief operating decision maker to allocate resources and assess performance. Corporate costs consist of corporate office expenses including compensation, benefits, non-cash stock compensation expense, transaction costs, and other administrative costs, as well as charges related to certain legal and regulatory matters, that are managed at a corporate level and are not included within segment results when evaluating performance or allocating resources.

Recent Accounting Pronouncements

Accounting Pronouncements adopted during 2025

During the year ended December 31, 2025, the Company adopted Accounting Standards Update ("ASU") ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU was adopted on a prospective basis. This ASU requires a public entity to disclose in its rate reconciliation table additional categories of information about federal, state and foreign income taxes and provide more details about the reconciling items in some categories if items meet a quantitative threshold. This ASU also requires all entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The adoption of this standard did not have a material effect on the Company's consolidated financial statements and related disclosures. See Note 17 to our consolidated financial statements for additional information regarding income taxes.

Accounting Pronouncements issued and not yet adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires a public entity to disclose, in the notes to the financial statements, specified information about certain costs and expenses on an annual and interim basis. The guidance will require all entities to disclose the amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization included in each relevant expense caption. The guidance also requires disclosure of a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, as well as disclosure of the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. All entities are required to apply the guidance prospectively, with the option to apply it retrospectively. The amendments in ASU 2024-03 are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the enhanced disclosure requirements; however it does not anticipate a material change to the consolidated financial statements.

NOTE 2. ACQUISITIONS

RockyMounts

On December 5, 2024, Clarus and its wholly-owned subsidiary, Rhino-Rack USA LLC, entered into an Asset Purchase Agreement (the "RockyMounts Purchase Agreement") with RockyMounts, Inc. (the "Seller" or "RockyMounts") and Robert C. Noyes, pursuant to which the Company (i) acquired certain assets and liabilities of the Seller constituting the RockyMounts business, including equipment, inventory, intellectual property (including exclusive use of the brand name ROCKYMOUNTS and the tradename ROCKY MOUNTS INC.), software, domain names and social media accounts, and (ii) assumed certain liabilities related to the RockyMounts assets, including all liabilities and obligations of the Seller under the Assigned Contracts (as defined in the RockyMounts Purchase Agreement), arising or to be performed after the closing of the acquisition pursuant to the RockyMounts Purchase Agreement.

Pursuant to the RockyMounts Purchase Agreement, the purchase price paid for the RockyMounts assets was up to $8,000, which includes (i) $4,000 paid in cash at closing, subject to adjustment as set forth in the RockyMounts Purchase Agreement, (ii) the issuance of a promissory note by Rhino-Rack USA LLC in favor of the Seller in the original principal amount of $2,000, payable on the one-year anniversary of the closing of the RockyMounts Purchase Agreement, and (iii) the payment of additional contingent consideration of up to $2,000 in cash if certain future net sales thresholds are met for the years ending December 31, 2025 and December 31, 2026, respectively (the "RockyMounts Contingent Consideration"). The Company estimated the initial fair value of the RockyMounts Contingent Consideration to be $609 and recorded this liability within accrued liabilities and other long-term liabilities at the date of purchase. The net sales threshold required for the cash payment of the 2025 portion of the RockyMounts Contingent Consideration was not met during the measurement period ended December 31, 2025. See Note 11 for discussion regarding the valuation of the RockyMounts Contingent Consideration as of December 31, 2025.

The acquisition was accounted for as a business combination. Acquisition-related costs for the RockyMounts Acquisition, which were included in transaction costs during the years ended December 31, 2025 and 2024, were $40 and $333, respectively.

TRED

On September 13, 2023, Clarus entered into a Share Purchase Agreement (the "TRED Purchase Agreement") to acquire TRED Outdoors Pty Ltd. ("TRED"), which subsequently closed on October 9, 2023. All United States dollar amounts contained herein are based on the exchange rates in effect for Australian dollars ($AUD) and the market value of the Company's common stock at the time of closing of the acquisition of TRED (the "TRED Acquisition").

The Company acquired TRED for an aggregate purchase price of $AUD 10,741 (approximately $6,849), subject to a post-closing adjustment, comprised of $AUD 8,875 (approximately $5,659) cash, 179 shares of the Company's common stock valued at $1,069, and additional consideration described below. The TRED Purchase Agreement provided for the payment of additional contingent consideration of up to $AUD 1,000 (approximately $638) in cash upon the satisfaction of certain net sales targets (the "TRED Contingent Consideration"). The Company estimated the initial fair value of the TRED Contingent Consideration to be $AUD 189 (approximately $121) and recorded this liability within other long-term liabilities at the date of purchase. The net sales threshold required for the cash payment of the TRED Contingent Consideration was not met during the final measurement period ended June 30, 2025. See Note 11 for discussion regarding the valuation of the TRED Contingent Consideration as of December 31, 2025.

The acquisition was accounted for as a business combination. Acquisition-related costs for the TRED Acquisition, which were included in transaction costs during the years ended December 31, 2024 and 2023, were $62 and $456, respectively. There were no transaction costs related to the TRED Acquisition during the year ended December 31, 2025.

The Company believes the acquisitions of RockyMounts and TRED will provide the Company with a greater combined global revenue base, increased gross margins, profitability and free cash flows, and access to increased liquidity to further acquire and grow businesses.

The following table is a reconciliation to the fair value of the purchase consideration and how the purchase consideration is allocated to assets acquired and liabilities assumed which have been estimated at their fair values. The fair value measurements for the acquisition of RockyMounts and TRED have been completed. The excess of purchase consideration over the assets acquired and liabilities assumed is recorded as goodwill. Goodwill for RockyMounts and TRED is included in the Adventure segment. At the time of acquisition, the goodwill consisted largely of the growth and profitability expected from these acquisitions.

(in thousands, except per share amounts)

	RockyMounts	TRED	
	December 5, 2024	October 9, 2023	
	Estimated Fair Value	Number of Shares	Estimated Fair Value
Cash paid	$ 3,840	-	$ 5,659
Seller Note	1,878	-	-
Issuance of shares of Clarus Corporation	-	179	1,069
Contingent consideration	609	-	121
Total purchase consideration	$ 6,327	179	$ 6,849
Assets acquired and liabilities assumed			
Assets			
Cash	$ -		$ 11
Accounts receivable	160		1,000
Inventories	928		1,006
Prepaid and other current assets	85		11
Property and equipment	97		195
Other intangible assets	2,366		3,305
Goodwill	2,741		2,832
Total assets	6,377		8,360
Liabilities			
Accounts payable and accrued liabilities	$ 50		$ 638
Deferred income taxes	-		873
Total liabilities	50		1,511
Net Book Value Acquired	$ 6,327		$ 6,849

(in thousands, except per share amounts)

The estimated fair value of inventory was recorded at expected sales price less cost to sell plus a reasonable profit margin for selling efforts.

In connection with the acquisitions, the Company acquired exclusive rights to RockyMounts' and TRED's trademarks, customer relationships, product technologies, and tradenames. The amounts assigned to each class of intangible asset, other than goodwill acquired, and the related average useful lives are as follows:

	RockyMounts		TRED	
	Gross	Average Useful Life	Gross	Average Useful Life
Intangibles subject to amortization				
Customer relationships	$ 1,138	3.0 years	$ 1,249	8.0 years
Product technologies	374	3.0 years	394	6.0 years
Tradenames	622	3.0 years	1,662	12.0 years
Non-compete agreements	232	5.0 years	-	N/A
	$ 2,366	3.2 years	$ 3,305	9.8 years

The full amount of goodwill of $2,741 at RockyMounts is expected to be deductible for tax purposes. The full amount of goodwill of $2,832 at TRED is expected to be non-deductible for tax purposes. No pre-existing relationships existed between the Company, RockyMounts, and TRED or their sellers prior to the acquisition. RockyMounts and TRED revenue and operating income are included in the Adventure segment. Total revenue and net income of RockyMounts from the date of acquisition to December 31, 2024, were not material to the Company's consolidated financial statements. Total revenue and net income of TRED from the date of acquisition to December 31, 2023, were not material to the Company's consolidated financial statements.

NOTE 3. DISCONTINUED OPERATIONS

On May 8, 2025, BD European Holdings, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company, entered into a Share Purchase and Transfer Agreement (the "Share Purchase Agreement") to sell all of the issued and outstanding shares of Black Diamond Austria GmbH, together with its operating subsidiary, PIEPS GmbH (collectively, "PIEPS"). On July 11, 2025, the Company completed the sale of PIEPS, which was included in the Company's Outdoor segment, to a private investment firm for a total purchase price of €7,825 (approximately $9,124), including cash held at PIEPS of $1,311, pursuant to the Share Purchase Agreement. The Company recognized a pre-tax loss on sale of $91, which is included in other, net in the consolidated statements of comprehensive loss.

We determined that the sale of the PIEPS business does not represent a strategic shift that had or will have a major effect on the consolidated statements of comprehensive loss, and therefore results were not classified as discontinued operations.

On February 29, 2024, the Company and Everest/Sapphire Acquisition, LLC, its wholly-owned subsidiary, completed the sale to Bullseye Acquisitions, LLC, an affiliate of JDH Capital Company, of all of the equity associated with the Company's Precision Sport segment, which is comprised of the Company's subsidiaries Sierra and Barnes, pursuant to a Purchase and Sale Agreement dated as of December 29, 2023, by and among, Bullseye Acquisitions, LLC, Everest/Sapphire Acquisition, LLC and the Company (the "Precision Sport Purchase Agreement"). The Precision Sport segment engaged in the business of designing, developing, manufacturing, and marketing bullets and ammunition to the military, law enforcement, and commercial/consumer markets. Under the terms of the Precision Sport Purchase Agreement, the Buyer agreed to pay $175,000 in cash, which is subject to a customary working capital adjustment. The Company received $175,674 in cash under the terms of the Precision Sport Purchase Agreement, which included a preliminary working capital adjustment. As of December 31, 2024, the working capital adjustment had been finalized, with no changes from the preliminary working capital adjustment. The Company recognized a pre-tax gain on such sale of $40,585. The activities of the Precision Sport segment have been segregated and reported as discontinued operations for the years ended December 31, 2024 and 2023. There was no activity in discontinued operations during the year ended December 31, 2025.

(in thousands, except per share amounts)

Summarized results of discontinued operations for the Precision Sport segment are as follows:

	Year Ended December 31,	
	2024	2023
Sales	$ 10,585	$ 89,950
Cost of goods sold	(6,543)	(56,980)
Selling, general and administrative	(2,062)	(11,639)
Restructuring charges	(3)	(47)
Transaction costs	(3,440)	(2,162)
Interest expense, net	(2,455)	(11,437)
Other, net	(38)	(19)
(Loss) income from operations of discontinued operations	(3,956)	7,666
Gain on sale of discontinued operations	40,585	-
Income from discontinued operations before taxes	36,629	7,666
Income tax expense	479	2,024
Income from discontinued operations, net of tax	$ 36,150	$ 5,642

In connection with the sale of the Precision Sport segment, all outstanding debt that was required to be repaid with the proceeds received from the sale pursuant to the terms of the Company's credit facility and all associated interest expense has been allocated to discontinued operations in our consolidated financial statements for the years ended December 31, 2024 and 2023. There was no activity in discontinued operations during the year ended December 31, 2025.

Summarized cash flow information for the Precision Sport segment discontinued operations are as follows:

	Year Ended December 31,	
	2024	2023
Depreciation of property and equipment	$ -	$ 3,452
Amortization of intangible assets	$ -	$ 2,033
Stock-based compensation	$ 5	$ 151
Purchase of property and equipment	$ 886	$ 1,848

NOTE 4. INVENTORIES

Inventories, as of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Finished goods	$ 79,584	$ 72,329
Work-in-process	338	234
Raw materials and supplies	3,106	9,715
	$ 83,028	$ 82,278

(in thousands, except per share amounts)

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment, net as of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Land	$ 2,850	$ 2,850
Building and improvements	8,356	5,891
Furniture and fixtures	5,194	4,958
Computer hardware and software	8,278	8,380
Machinery and equipment	16,246	16,795
Construction in progress	968	3,412
	41,892	42,286
Less accumulated depreciation	(23,637)	(24,680)
	$ 18,255	$ 17,606

Depreciation expense for continuing operations was $3,641, $4,034, and $4,150 for the years ended December 31, 2025, 2024, and 2023, respectively.

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill by segment as of December 31, 2025 was as follows:

	Outdoor	Adventure	Total
Gross value of goodwill	$ 29,507	$ 96,966	$ 126,473
Accumulated goodwill impairments adjusted for impact of foreign currency exchange rates	(29,507)	(96,966)	(126,473)
	$ -	$ -	$ -

Goodwill by segment as of December 31, 2024 was as follows:

	Outdoor	Adventure	Total
Gross value of goodwill	$ 29,507	$ 96,966	$ 126,473
Accumulated goodwill impairments adjusted for impact of foreign currency exchange rates	(29,507)	(93,162)	(122,669)
	$ -	$ 3,804	$ 3,804

(in thousands, except per share amounts)

The following table summarizes the changes in goodwill by segment:

		Adventure
Balance at December 31, 2023	$	39,320
Decrease due to impairment		(36,264)
Increase due to acquisition of RockyMounts		2,741
Impact of foreign currency exchange rates		(1,993)
Balance at December 31, 2024	$	3,804
Decrease due to impairment		(3,804)
Balance at December 31, 2025	$	-

Due to challenging market conditions and other factors affecting the demand for our Adventure reporting unit products, we experienced significant declining revenue and profitability in our Adventure reporting unit and a sustained decline in our stock price during the years ended December 31, 2025 and 2024. As part of our annual impairment tests as of December 31, 2025 and 2024, we performed quantitative assessments using income-based and market-based approaches. As a result of these assessments, the carrying value of our Adventure reporting unit exceeded the related estimated fair value, thus impairments of goodwill of $3,804 and $36,264 were recorded during the years ended December 31, 2025 and 2024, respectively.

Indefinite-Lived Intangible Assets

The following table summarizes the changes in indefinite-lived intangible assets:

Balance at December 31, 2024	$	46,750
Decrease due to impairment		(27,634)
Decrease due to sale of PIEPS		(1,704)
Impact of foreign currency exchange rates		2,188
Balance at December 31, 2025	$	19,600

(in thousands, except per share amounts)

Management performs an indefinite-lived intangible asset impairment assessment whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of the asset. If the carrying value of the indefinite-lived asset is higher than its fair value, the asset is deemed to be impaired and the impairment charge is estimated as the difference.

The Company calculates the fair value of its indefinite-lived intangible assets using the income approach, specifically the relief-from-royalty method. The relief-from-royalty method is used to estimate the cost savings that accrue to the owner of an intangible asset who would otherwise have to pay royalties or license fees on revenues earned through the use of the asset. Internally forecasted revenues, which the Company believes reasonably approximate market participant assumptions, are multiplied by a royalty rate to arrive at the estimated net after tax cost savings. The royalty rate used in the analysis is based on an analysis of empirical, market-derived royalty rates for comparable intangible assets. Our discounted cash flow estimates use discount rates that correspond to a weighted-average cost of capital consistent with a market-participant view. The discount rates are consistent with those used for investment decisions and take into account our future operating plans and strategies.

We determined that a triggering event had occurred during the quarter ended June 30, 2025, with respect to certain indefinite-lived intangible assets within our Outdoor reporting unit, which required that we perform a quantitative assessment. We assessed the fair value of the specific indefinite-lived intangible assets using the relief-from-royalty method described above. As a result of this assessment, the carrying value of the PIEPS trademark recorded within our Outdoor reporting unit exceeded its estimated related fair value, thus an impairment of the PIEPS trademark of $1,565 was recorded in the second quarter during the year ended December 31, 2025.

As part of our annual impairment tests as of December 31, 2025 and 2024, we performed quantitative assessments using the relief-from-royalty method. As a result of these assessments, the carrying value of the Rhino-Rack and MAXTRAX trademarks recorded within our Adventure reporting unit exceeded their estimated related fair values, thus impairments of the Rhino-Rack and MAXTRAX trademarks of $21,600 and $4,469, respectively, during the year ended December 31, 2025, and $3,480 and $5,065, respectively, during the year ended December 31, 2024, were recorded.

If we do not achieve the results reflected in the forecasts utilized in our impairment assessments, or if there are changes to market assumptions, all of which require significant estimates and assumptions, our valuation of the reporting unit, including related indefinite-lived intangible assets, could be adversely affected, and we may be required to impair an additional portion or all of the indefinite-lived intangibles and other long-lived assets which could adversely affect our operating results in the period of impairment.

Trademarks classified as indefinite-lived intangible assets by brand as of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Black Diamond	$ 19,600	$ 19,600
PIEPS	-	2,899
Rhino-Rack	-	20,093
MAXTRAX	-	4,158
	$ 19,600	$ 46,750

(in thousands, except per share amounts)

Other Intangible Assets, net

The following table summarizes the changes in gross other intangible assets:

Gross balance at December 31, 2024	$ 77,960
Decrease due to sale of PIEPS	(4,712)
Impact of foreign currency exchange rates	4,492
Gross balance at December 31, 2025	$ 77,740

Other intangible assets, net of amortization as of December 31, 2025 and 2024, were as follows:

	December 31, 2025			
	Gross	Accumulated Amortization	Net	Weighted Average Useful Life
Intangibles subject to amortization				
Customer relationships	$ 59,197	$ (41,439)	$ 17,758	13.7 years
Product technologies	15,943	(11,862)	4,081	9.3 years
Tradenames	2,368	(628)	1,740	9.6 years
Non-compete agreements	232	(50)	182	5.0 years
	$ 77,740	$ (53,979)	$ 23,761	12.6 years

	December 31, 2024			
	Gross	Accumulated Amortization	Net	Weighted Average Useful Life
Customer relationships	$ 58,737	$ (35,715)	$ 23,022	13.6 years
Product technologies	16,745	(10,528)	6,217	9.9 years
Tradenames	2,246	(197)	2,049	9.5 years
Core technologies	232	(4)	228	5.0 years
	$ 77,960	$ (46,444)	$ 31,516	12.7 years

Amortization expense for continuing operations for the years ended December 31, 2025, 2024, and 2023, was $8,740, $9,784, and $10,715, respectively. Future amortization expense for other intangible assets as of December 31, 2025 is as follows:

Years Ending December 31,	Amortization Expense
2026	$ 6,924
2027	4,974
2028	3,491
2029	2,627
2030	1,900
Thereafter	3,845
	$ 23,761

(in thousands, except per share amounts)

NOTE 7. ACCRUED LIABILITIES AND OTHER LONG-TERM LIABILITIES

Accrued liabilities as of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Accrued payroll and related items	$ 2,837	$ 4,054
Accrued bonus	2,005	1,866
Designated forward exchange contracts	358	-
Accrued warranty	1,480	2,212
Current lease liabilities	3,021	3,470
Accrued commissions	576	376
Sales returns and rebates	3,300	2,145
Contingent consideration liabilities	254	355
Accrued CPSC regulatory matter	2,500	2,500
Accrued legal expenses	1,183	436
Restructuring liabilities	407	541
Other	6,482	4,321
	$ 24,403	$ 22,276

Other long-term liabilities as of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Long-term lease liabilities	$ 9,266	$ 11,288
Contingent consideration liabilities	-	254
Other	1,462	1,212
	$ 10,728	$ 12,754

NOTE 8. LONG-TERM DEBT, NET

As of December 31, 2025, the Company maintained no long-term debt. Long-term debt as of December 31, 2024, was as follows:

	December 31, 2024
Other debt (a)	$ 1,888
	1,888
Less current portion	(1,888)
	$ -

(a) On December 5, 2024, pursuant to the RockyMounts Purchase Agreement, Clarus and its wholly-owned subsidiary, Rhino-Rack USA LLC, issued a promissory note in favor of RockyMounts, Inc. in the principal amount of $2,000, which was fully paid on December 5, 2025. Imputed interest was included within the principal amount and the fair value of the note was $1,878 on the date of issuance. There were no remaining amounts outstanding as of December 31, 2025. As of December 31, 2024, the borrowing rate was 6.5%.

NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's primary exchange rate risk management objective is to mitigate the uncertainty of anticipated cash flows attributable to changes in foreign currency exchange rates. The Company primarily focuses on mitigating changes in cash flows resulting from sales denominated in currencies other than the U.S. dollar. The Company manages this risk primarily by using currency forward and option contracts. If the anticipated transactions are deemed probable, the resulting relationships are formally designated as cash flow hedges. The Company accounts for these contracts as cash flow hedges and tests effectiveness by determining whether changes in the expected cash flow of the derivative offset, within a range, changes in the expected cash flow of the hedged item.

(in thousands, except per share amounts)

At December 31, 2025, the Company's derivative contracts had remaining maturities of less than one year. The counterparties to these transactions had both long-term and short-term investment grade credit ratings. The maximum net exposure of the Company's credit risk to the counterparties is generally limited to the aggregate unrealized loss of all contracts with that counterparty, which was $358 as of December 31, 2025. The Company's exposure of counterparty credit risk is limited to the aggregate unrealized gain on all contracts. As of December 31, 2025, there was no such exposure to the counterparties. The Company's derivative counterparties have strong credit ratings and as a result, the Company does not require collateral to facilitate transactions.

The Company held the following contracts designated as hedged instruments as of December 31, 2025 and 2024:

	December 31, 2025	
	Notional Amount	Latest Maturity
Foreign exchange contracts - Canadian Dollars	$1,208	February 2026
Foreign exchange contracts - Euros	€ 3,134	February 2026

	December 31, 2024	
	Notional Amount	Latest Maturity
Foreign exchange contracts - Canadian Dollars	$1,379	February 2025
Foreign exchange contracts - Euros	€ 6,711	August 2025

For contracts that qualify as effective hedge instruments, the effective portion of gains and losses resulting from changes in fair value of the instruments are included in accumulated other comprehensive loss and reclassified to sales in the period the underlying hedged transaction is recognized in earnings. (Losses) gains of ($1,585) and $573 were reclassified to sales during the years ended December 31, 2025 and 2024, respectively.

The following table presents the balance sheet classification and fair value of derivative instruments as of December 31, 2025 and 2024:

	Classification	**December 31, 2025**	**December 31, 2024**
Derivative instruments in asset positions:			
Designated forward exchange contracts	Prepaid and other current assets	$ -	$ 600
Derivative instruments in liability positions:			
Designated forward exchange contracts	Accrued liabilities	$ 358	$ -

(in thousands, except per share amounts)

NOTE 10. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss ("AOCI") primarily consists of foreign currency translation adjustments and changes in our forward foreign exchange contracts. The components of AOCI, net of tax, were as follows:

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance as of December 31, 2024	$ (24,858)	$ 326	$ (24,532)
Other comprehensive income (loss) before reclassifications	8,172	(1,530)	6,642
Amounts reclassified from other comprehensive income (loss)	-	1,201	1,201
Net current period other comprehensive income	8,172	(329)	7,843
Balance as of December 31, 2025	$ (16,686)	$ (3)	$ (16,689)

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance as of December 31, 2023	$ (15,223)	$ (191)	$ (15,414)
Other comprehensive (loss) income before reclassifications	(9,635)	949	(8,686)
Amounts reclassified from other comprehensive (loss) income	-	(432)	(432)
Net current period other comprehensive loss	(9,635)	517	(9,118)
Balance as of December 31, 2024	$ (24,858)	$ 326	$ (24,532)

The effects on net loss of amounts reclassified from unrealized gains (losses) on cash flow hedges for foreign exchange contracts and foreign currency translation adjustments for the years ended December 31, 2025 and 2024 were as follows:

	Gains (losses) reclassified from AOCI to the Consolidated Statements of Comprehensive Loss	
	Twelve Months Ended	
Affected line item in the Consolidated Statements of Comprehensive Loss	December 31, 2025	December 31, 2024
Foreign exchange contracts:		
Sales	$ (1,585)	$ 573
Less: Income tax (benefit) expense	(384)	141
Amount reclassified, net of tax	$ (1,201)	$ 432
Total reclassifications from AOCI	$ (1,201)	$ 432

The Company's policy is to classify reclassifications of cumulative foreign currency translation associated with continuing operations from AOCI to Other, net.

(in thousands, except per share amounts)

NOTE 11. FAIR VALUE MEASUREMENTS

We measure certain financial assets and liabilities at fair value on a recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, under a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1 - inputs to the valuation methodology are quoted market prices for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are based on prices or valuation techniques that are unobservable.

Items Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis at December 31, 2025 and 2024 were as follows:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Designated forward exchange contracts	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
Liabilities				
Designated forward exchange contracts	$ -	$ 358	$ -	$ 358
Contingent consideration liabilities	$ -	$ -	$ 254	$ 254
	$ -	$ 358	$ 254	$ 612

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Designated forward exchange contracts	$ -	$ 600	$ -	$ 600
	$ -	$ 600	$ -	$ 600
Liabilities				
Contingent consideration liabilities	$ -	$ -	$ 609	$ 609
	$ -	$ -	$ 609	$ 609

Derivative financial instruments are recorded at fair value based on current market pricing models.

The Company estimated the initial fair value of the contingent consideration liabilities primarily using the Monte-Carlo pricing model. Significant unobservable inputs used in the valuations of contingent consideration liabilities related to the acquisitions of RockyMounts and TRED included discount rates of 13.0% and 11.5%, respectively. Contingent consideration liabilities are subsequently remeasured at the estimated fair value at the end of each reporting period using financial projections of the acquired company, such as sales-based milestones and estimated probabilities of achievement, with the change in fair value recognized in contingent consideration (benefit) expense in the accompanying consolidated statements of comprehensive loss for such period. We measure the initial liability and remeasure the liability on a recurring basis using Level 3 inputs as defined under authoritative guidance for fair value measurements.

(in thousands, except per share amounts)

The net sales threshold required for the payment of the MAXTRAX contingent consideration was not met during the measurement period ended June 30, 2023. The net sales threshold required for the payment of the TRED contingent consideration was not met during the final measurement period ended June 30, 2025. There were no contingent consideration liabilities related to the TRED acquisition recorded as of December 31, 2024. The net sales threshold required for the payment of the 2025 portion of the RockyMounts contingent consideration was not met during the measurement period ended December 31, 2025.

The following table summarizes the changes in contingent consideration liabilities:

	RockyMounts	TRED	Total
Balance at December 31, 2023	$ -	$ 129	$ 129
Increase due to acquisition of RockyMounts	609	-	609
Fair value adjustments	-	(125)	(125)
Impact of foreign currency exchange rates	-	(4)	(4)
Balance at December 31, 2024	$ 609	$ -	$ 609
Fair value adjustments	(355)	-	(355)
Balance at December 31, 2025	$ 254	$ -	$ 254

As the contingent consideration liabilities are remeasured to fair value each reporting period, significant increases or decreases in projected sales, discount rates or the time until payment is made could have resulted in a significantly lower or higher fair value measurement. Our determination of fair value of the contingent consideration liabilities could change in future periods based on our ongoing evaluation of these significant unobservable inputs.

Items Measured at Fair Value on a Non-Recurring Basis

In assessing the recoverability of goodwill and indefinite-lived intangible assets, management estimates the fair value of each reporting unit using Level 3 inputs through a combination of the income approach based upon projected discounted cash flows of the reporting unit and the market approach. The fair value of indefinite-lived intangible assets is estimated using Level 3 inputs through the income approach, specifically the relief-from-royalty method. The fair values are based on revenue and cash flow projections, royalty rates, and discount rates. Impairment of goodwill was $3,804, $36,264, and $0 during the years ended December 31, 2025, 2024, and 2023, respectively. Impairment of indefinite-lived intangible assets was $27,634, $8,545, and $0 during the years ended December 31, 2025, 2024, and 2023, respectively. See Note 6 for additional information.

NOTE 12. STOCKHOLDERS' EQUITY

On August 6, 2018, the Company announced that its Board of Directors approved the initiation of a quarterly cash dividend program of $0.025 per share of the Company's common stock (the "Quarterly Cash Dividend") or $0.10 per share on an annualized basis. The declaration and payment of future Quarterly Cash Dividends is subject to the discretion of and approval of the Company's Board of Directors. In 2025, 2024 and 2023 our total Quarterly Cash Dividends were $3,840, $3,831 and $3,750, respectively. On March 4, 2026, the Company announced that its Board of Directors approved the payment on March 25, 2026 of the Quarterly Cash Dividend of $0.025 to the record holders of shares of the Company's common stock as of the close of business on March 16, 2026.

NOTE 13. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing earnings (loss) by the weighted average number of common shares outstanding during each period. Diluted earnings (loss) per share is computed by dividing earnings (loss) by the total of the weighted average number of shares of common stock outstanding during each period, plus the effect of dilutive outstanding stock options and unvested restricted stock grants. 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.

(in thousands, except per share amounts)

The following table is a reconciliation of basic and diluted shares of common stock outstanding used in the calculation of earnings (loss) per share:

	Year Ended December 31,		
	2025	2024	2023
Weighted average shares outstanding - basic	38,393	38,305	37,485
Effect of dilutive stock awards	-	-	-
Weighted average shares outstanding - diluted	38,393	38,305	37,485
Loss from continuing operations per share:			
Basic	$ (1.21)	$ (2.31)	$ (0.42)
Diluted	(1.21)	(2.31)	(0.42)
Income from discontinued operations per share:			
Basic	$ -	$ 0.94	$ 0.15
Diluted	-	0.94	0.15
Net loss per share:			
Basic	$ (1.21)	$ (1.37)	$ (0.27)
Diluted	(1.21)	(1.37)	(0.27)

For the years ended December 31, 2025, 2024, and 2023, equity awards of 4,553, 4,596, and 5,424, respectively, were outstanding and anti-dilutive and therefore not included in the calculation of net loss per share for these periods.

NOTE 14. STOCK-BASED COMPENSATION PLAN

On May 29, 2025, at the Company's 2025 Annual Meeting, stockholders approved the Clarus Corporation Amended and Restated 2015 Stock Incentive Plan (the "Amended and Restated 2015 Plan"), which had previously been adopted by the Board of Directors on April 16, 2025, subject to such approval. The Amended and Restated 2015 Plan amends and restates the Clarus Corporation 2015 Stock Incentive Plan (the "2015 Plan"), originally approved by stockholders on December 11, 2015. Upon stockholder approval of the Amended and Restated 2015 Plan, the 2015 Plan was terminated, and no further awards will be granted under it. Any remaining shares available for grant under the 2015 Plan were canceled. However, 4,537 shares subject to outstanding awards previously granted under the 2015 Plan will remain available for issuance pursuant to their existing terms.

Under the Amended and Restated 2015 Plan, the Company's Board of Directors has flexibility to determine the type and amount of awards to be granted to eligible participants, who must be employees, directors, officers or consultants of the Company or its subsidiaries. The Amended and Restated 2015 Plan allows for grants of incentive stock options, nonqualified stock options, restricted stock awards, stock appreciation rights, and restricted stock unit awards. Unless earlier terminated as provided therein, the Amended and Restated 2015 Plan will terminate on the tenth (10th) anniversary of the effective date of the Amended and Restated 2015 Plan.

Options Granted:

During the year ended December 31, 2025, the Company issued stock option awards for an aggregate of 630 shares of Common Stock under the Amended and Restated 2015 Plan and the 2015 Plan to directors and employees of the Company. Of the 630 stock options, 500 stock options shall vest and become exercisable one year from the date of the grant, 50 stock options shall vest and become exercisable over a period of three years from the date of the grant, and 80 stock options shall vest and become exercisable in four equal consecutive quarterly tranches from the date of grant. All of the issued stock options expire ten years from the date of the grant.

(in thousands, except per share amounts)

For computing the fair value of the stock-based awards, the fair value of each option grant has been estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2025	2024	2023
Number of options	630	1,250	75
Option vesting period	1 - 3 Years	1 - 2 Years	1 Year
Grant price (per share)	\$3.21 - \$4.02	\$4.63 - \$6.81	\$7.91
Dividend yield	2.49% - 3.12%	1.47% - 2.16%	1.26%
Expected volatility (a)	50.6% - 53.2%	50.3% - 53.1%	47.8%
Risk-free interest rate	4.01% - 4.17%	4.07% - 4.57%	3.69%
Expected life (years) (b)	5.50 - 6.69	5.19 - 5.75	5.31
Weighted average fair value (per share)	\$1.32 - \$1.74	\$1.99 - \$3.12	\$2.48

(a) Expected volatility is based upon the Company's historical volatility.

(b) The expected term was determined based upon the underlying terms of the awards and the category and employment history of employee award recipient.

Using these assumptions, the fair value of the stock options granted during the years ended December 31, 2025, 2024, and 2023 was \$1,046, \$3,818, and \$186, respectively, which will be amortized as stock-based compensation expense over the vesting period of the options.

Restricted Stock Awards Granted:

On March 11, 2024, the Company issued and granted employees restricted stock awards of 100 restricted shares under the 2015 Plan, of which 50 and 50 shares will vest and become nonforfeitable on each March 11, 2025 and March 11, 2026, respectively. As these restricted stock awards vest over time, the fair value of the restricted stock was estimated as of the date of grant using the grant price of \$6.75 per share. The grant date fair value of the restricted stock awards was approximately \$675 which will be amortized over the expected term of 2 years.

Market Condition Restricted Shares Granted:

On March 14, 2023, the Company awarded the Executive Chairman 500 restricted shares under the 2015 Plan, of which 250 and 250 shares will vest if, on or before March 14, 2033, the Fair Market Value (as defined in the Plan) of the Company's common stock shall have equaled or exceeded \$15.00 and \$18.00 per share for twenty consecutive trading days, respectively. For computing the fair value of the restricted shares with a market condition, the fair value of the restricted stock award grant has been estimated as of the date of grant using the Monte-Carlo pricing model with the assumptions below.

(in thousands, except per share amounts)

	March 14, 2023
Number issued	500
Vesting period	$15.00 - $18.00 stock price target
Grant price (per share)	$9.60
Dividend yield	1.04%
Expected volatility	45.2%
Risk-free interest rate	3.64%
Expected term (years)	2.56 - 3.22
Weighted average fair value (per share)	$7.84 - $8.34

Using these assumptions, the fair value of the market condition restricted stock awards granted on March 14, 2023 was approximately $4,046.

The total non-cash stock compensation expense for continuing operations related to stock options and restricted stock awards recorded by the Company was as follows:

	Year Ended December 31,		
	2025	2024	2023
Restricted stock awards	$ 3,418	$ 3,545	$ 2,540
Stock options	2,477	2,279	2,601
Total	$ 5,895	$ 5,824	$ 5,141

For the years ended December 31, 2025, 2024, and 2023, stock-based compensation costs were classified as selling, general and administrative expense. A summary of changes in outstanding options and restricted stock awards during the year ended December 31, 2025 is as follows:

	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Restricted Stock Awards
Outstanding at December 31, 2024	3,132	$ 10.18	$ -	1,100
Granted	630	1.66		-
Exercised or vested	-	-		(50)
Expired	(140)	13.18		-
Cancelled	-	-		-
Forfeited	(55)	-		-
Outstanding at December 31, 2025	3,567	$ 9.01	$ -	1,050
Options exercisable at December 31, 2025	2,544	10.53	$ -	

(in thousands, except per share amounts)

The following table summarizes the exercise price range, weighted average exercise price, and remaining contractual lives by significant ranges for options outstanding and exercisable as of December 31, 2025:

			Remaining Life In Years		Weighted Average
Exercise Price Range	**Outstanding**	**Exercisable**	**Outstanding**	**Exercisable**	**Exercise Price**
$3.21 - $3.71	80	60	9.4	9.4	$ 3.21
$3.71 - $27.65	3,487	2,484	4.9	4.7	$ 10.71
	3,567	2,544	5.1	4.9	$ 10.53

The intrinsic value of options exercised was $0, $160, and $351 during the years ended December 31, 2025, 2024, and 2023, respectively. The intrinsic value of restricted stock awards vested was $206, $722, and $1,891 during the years ended December 31, 2025, 2024, and 2023, respectively. Total fair value of options vested during the years ended December 31, 2025, 2024, and 2023 was $1,721, $1,050, and $3,461, respectively. Total fair value of restricted stock awards vested during the years ended December 31, 2025, 2024, and 2023 was $338, $877, and $1,438, respectively.

The fair value of unvested restricted stock awards is determined based on the market price of our shares of common stock on the grant date or using the Monte-Carlo pricing model. As of December 31, 2025, there were 1,023 unvested stock options and unrecognized compensation cost of $539 related to unvested stock options, as well as 1,050 unvested restricted stock awards and unrecognized compensation cost of $921 related to unvested restricted stock awards. Unrecognized compensation cost of unvested stock options and restricted stock awards are expected to be recognized over the weighted average period of 0.4 years and 0.3 years, respectively.

NOTE 15. RESTRUCTURING

Starting in 2023, the Company began incurring expenses to facilitate long-term sustainable growth through cost reduction actions, consisting of employee reductions, facility rationalization and contract termination costs. During the years ended December 31, 2025, 2024, and 2023, the Company incurred $967, $1,948, and $3,223, respectively, of restructuring charges related to these actions. The Company has incurred $6,138 of cumulative restructuring charges since the commencement of these restructuring actions in 2023. The Company accrues for restructuring costs when they are probable and reasonably estimable. Restructuring costs include severance costs, exit costs, and other restructuring costs and are included in Restructuring charges in the consolidated statements of comprehensive loss. Severance costs primarily consist of severance benefits through payroll continuation, conditional separation costs and employer tax liabilities, while exit costs primarily consist of lease exit and contract termination costs. Other costs consist primarily of costs related to the discontinuance of certain product lines and are distinguishable and directly attributable to the Company’s restructuring initiative and not a result of external market factors associated with the ongoing business. We estimate that we will incur additional employee-related and facility exit restructuring costs in 2026; however, the Company cannot estimate the total amount expected to be incurred at this time as cost reduction actions continue to be evaluated. The Company currently anticipates completing these restructuring activities in 2026; however, the timing and scope of these actions may change, and additional actions may be taken, depending on business conditions and other factors.

The following table summarizes the restructuring charges, payments and the remaining liabilities related to restructuring costs at December 31, 2025, which are included within accrued liabilities in the consolidated balance sheets.

	Outdoor	Adventure	Corporate	Total
Balance at December 31, 2024	$ 541	$ -	$ -	$ 541
Charges to expense:				
Employee termination benefits	569	368	-	937
Exit costs	30	-	-	30
Total restructuring charges	$ 599	$ 368	$ -	$ 967
Cash payments and non-cash charges:				
Cash payments	(733)	(368)	-	(1,101)
Balance at December 31, 2025	$ 407	$ -	$ -	$ 407

NOTE 16. COMMITMENTS AND CONTINGENCIES

As a consumer goods manufacturer and distributor, the Company faces the risk of product liability and related lawsuits involving claims for substantial money damages, product recall actions and higher than anticipated rates of warranty returns or other returns of goods. The Company is therefore vulnerable to various personal injury and property damage lawsuits relating to its products and incidental to its business.

The Company is involved in various legal disputes and other legal proceedings that arise from time to time in the ordinary course of business. Anticipated costs related to litigation matters are accrued when it is both probable that a liability has been incurred and the amount can be reasonably estimated. Based on currently available information, the Company does not believe that it is reasonably possible that the disposition of any of the legal disputes the Company or its subsidiaries is currently involved in will have a material adverse effect upon the Company's consolidated financial position, results of operations or cash flows, except for the U.S. Consumer Product Safety Commission ("CPSC") and Department of Justice matters discussed below. There is a reasonable possibility of loss from contingencies in excess of the amounts accrued by the Company in the accompanying condensed consolidated balance sheets; however, the actual amounts of such possible losses cannot currently be reasonably estimated by the Company. It is possible that, as additional information becomes available, the Company may subsequently determine that it may incur losses from such contingencies materially in excess of the amounts initially accrued by the Company which could have a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations and/or cash flows. See Item 3. "Legal Proceedings." and Item 1A. "Risk Factors."

Legal expenses incurred in the ordinary course of business are included in selling, general, and administrative expenses in the consolidated statements of comprehensive loss except as described below.

U.S. Consumer Product Safety Commission

In January 2021, Black Diamond Equipment, Ltd. ("BDEL") filed a Section 15(b) report with the U.S. Consumer Product Safety Commission ("CPSC") outlining its new cradle solution for certain models of its avalanche beacon transceivers to prevent such transceivers from switching unexpectedly out of "send" mode. The proposed new cradle solution was designed to improve transceiver safety by locking the transceiver into "send" mode prior to use so that it would not switch unexpectedly out of "send" mode. BDEL also requested approval for the CPSC Fast-Track Program for a voluntary product recall to implement this cradle solution. The CPSC approved the recall and entered into a Corrective Action Plan agreement with BDEL in March 2021. BDEL received a letter from the CPSC, dated October 28, 2021, stating that the CPSC is investigating whether BDEL has timely complied with the reporting requirements of Section 15(b) of the Consumer Protection Safety Act and related regulations regarding certain models of avalanche transceivers switching unexpectedly out of "send" mode.

Separately, on April 21, 2022, BDEL filed a Section 15(b) report and applied for Fast-Track consideration for a voluntary recall, consisting of free repair or replacement of such malfunctioning models of avalanche transceivers, which would not switch from "send" mode to "search" mode due to an electronic malfunction in the reed switch or foil. The CPSC approved the recall and entered into a Corrective Action Plan agreement with BDEL in August 2022. BDEL received a letter from the CPSC, dated January 17, 2023, stating that the CPSC is investigating whether BDEL has timely complied with the reporting requirements of Section 15(b) of the Consumer Protection Safety Act and related regulations regarding the malfunction in the reed switch or foil in certain models of avalanche transceivers switching out of "search" mode. BDEL responded to the CPSC's investigation by letter dated March 31, 2023, accompanied with documents responsive to the CPSC's requests. The CPSC asked for further clarification and documents, and BDEL sent a responsive letter accompanied by additional documents on June 23, 2023. On September 6, 2023, the CPSC requested further clarification and information regarding the reed switch issue, to which BDEL responded on October 6, 2023 and October 13, 2023.

By letters dated October 12, 2023 and December 18, 2023, respectively, BDEL was notified by the CPSC that the agency staff had concluded that BDEL failed to timely meet its statutory reporting obligations under the Consumer Product Safety Act with respect to certain models of avalanche transmitters distributed by BDEL switching unexpectedly out of "send" mode and certain models of avalanche transmitters distributed by BDEL not switching from "send" mode into "search" mode, that BDEL made a material misrepresentation in a report to the CPSC, and that the agency staff intends to recommend that the CPSC impose civil monetary penalties of $16,135 and $9,000, respectively, for the two matters described above.

On November 20, 2023 and February 8, 2024, respectively, BDEL submitted a comprehensive response disputing the CPSC's findings and conclusions, including the amount of any potential penalties. The CPSC ultimately disagreed with our position and the agency voted to refer the matter to the U.S. Department of Justice for further proceedings. The Company and BDEL intend to strongly contest and vigorously defend against any claims which may be asserted against them by the Department of Justice or the CPSC.

John C. Walbrecht, the former President of BDEL and the Company, received a letter from the CPSC dated June 25, 2024, alleging that in his personal capacity he knowingly violated the Consumer Product Safety Act by failing to timely report the occurrence resulting in beacons switching unexpectedly out of "send" mode. The staff of the CPSC recommended a $5,000 fine against Mr. Walbrecht personally. Pursuant to the Company's by-laws, the Company has agreed to indemnify Mr. Walbrecht and pay his legal fees in connection with the occurrences described above, and he has provided an undertaking to the Company that the Company will be entitled to recover those expenses if it is ultimately determined that he was not entitled to indemnification. On August 26, 2024, Mr. Walbrecht's independent counsel responded to the CPSC, denying the allegations of its June 25, 2024 letter and rejecting its demand for a penalty.

On January 23, 2025, in connection with a criminal investigation, the Company and BDEL were each served with grand jury subpoenas from the United States Department of Justice requiring the production of documents relating to avalanche transmitters distributed by BDEL. The Company and BDEL are cooperating with the investigation and have produced all relevant documents. The DOJ has sent letters to Mr. Walbrecht and Rick Vance (BDEL's former Director of Quality) advising them that they are targets in its investigation of possible criminal conduct. The DOJ has since served two subpoenas upon a current and former employee of BDEL for grand jury testimony. The Company's Board of Directors has approved indemnity and payment of legal fees for current and former employees subpoenaed by the DOJ, in the same manner and subject to the same conditions described above for Mr. Walbrecht.

On March 13, 2025, the Company received a letter from the CPSC requesting various categories of documents and information in connection with an investigation into whether BDEL sold products that were subject to a recall. The Company has cooperated with that investigation, substantially completed document production, and delivered a narrative explanatory letter to the CPSC on June 18, 2025. On January 28, 2026, the CPSC closed its investigation without taking further action.

Based on currently available information, the Company believes an unfavorable outcome with the CPSC is probable, however, we cannot reasonably estimate on what terms this matter will be resolved with the CPSC or the U.S. Department of Justice. During the year ended December 31, 2024, the Company recorded a liability of $2,500 representing the low end of the range of our estimated exposure. The Company does not have a better estimate of the loss; therefore the low-end of the range was recorded as an accrued liability during the first quarter of 2024 and a corresponding expense is included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive loss.

We believe it is reasonably possible that a change in our ability to estimate the amount of loss could occur in the near term and that the change in the estimate could be material. In addition, as this matter is ongoing, the Company is currently unable to predict its duration, resources required or outcome, or the impact it may have on the Company's liquidity, financial condition, results of operations and/or cash flows. Any penalties imposed by the CPSC or other regulators could be costly to us and could damage our business and reputation as well as have a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations and/or cash flows. During the years ended December 31, 2025, 2024, and 2023, the Company incurred legal expenses of $2,825, $3,088, which includes the $2,500 recorded liability noted above, and $476, respectively, in efforts to resolve this matter. These legal expenses are included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive loss.

Clarus Corporation v. HAP Trading, LLC and Harsh A. Padia

On September 23, 2022, the Company filed a lawsuit in the United States District Court for the Southern District of New York against HAP Trading, LLC and Harsh A. Padia ("HAP Trading"), seeking disgorgement of profits from transactions in the Company's common stock and related derivative securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended.

(in thousands, except per share amounts)

On March 14, 2025, the Court issued an Opinion and Order granting the defendants' motion for summary judgment on the ground that they qualified for the market making exemption under Section 16(d) of the Exchange Act. On April 11, 2025, the Company filed a timely Notice of Appeal and the appeal was argued before the United States Court of Appeals for the Second Circuit on February 12, 2026. We are currently waiting for the Appeals Court to opine.

The Court of Appeals has invited the Securities and Exchange Commission ("SEC") to submit a brief within 60 days or by April 17, 2026, and to advise the Court by March 10, 2026 if it does not intend to submit a brief. If the SEC submits a brief, each side will have 21 days to submit a brief in response.

Williams v. Caption Management, LLC, et al. / Clarus Corporation v. Caption Management, LLC, et al.

On February 12, 2024, a stockholder of the Company filed a lawsuit against Caption Management LLC and related entities ("Caption Management") in the United States District Court for the Southern District of New York, seeking disgorgement of short-swing profits for violations of Section 16(b) of the Securities Exchange Act of 1934. The Company is named as a nominal defendant and any recovery in the case will inure to the benefit of the Company. On March 8, 2024, the Company filed its own lawsuit against these same defendants for disgorgement of short-swing profits under Section 16(b) of the Securities Exchange Act of 1934, as amended.

On February 10, 2026, the Court granted the Company's motion to dismiss the stockholder action without prejudice on the ground that it was duplicative of the Company's direct action against the same defendants alleging the same Section 16(b) violations. On February 24, 2026, the Company entered into a settlement agreement with Caption Management to resolve the Company's claims. Under the terms of the settlement agreement, Caption Management paid the Company an undisclosed sum in exchange for, among other things, mutual releases and dismissal of the claims with prejudice. The settlement resolves the Company's claims against Caption Management without any admission of liability or wrongdoing by any party.

During the years ended December 31, 2025, 2024, and 2023, the Company incurred legal expenses of $1,857, $754, and $1,288, respectively, in the efforts to bring the cases against HAP Trading and Caption Management to trial. These legal expenses are included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive loss.

NOTE 17. INCOME TAXES

Consolidated loss from continuing operations before income taxes consists of the following:

	Year Ended December 31,		
	2025	2024	2023
U.S. operations	$ (26,711)	$ (34,575)	$ (19,929)
Foreign operations	(30,378)	(36,010)	(150)
Loss from continuing operations before income tax	$ (57,089)	$ (70,585)	$ (20,079)

(in thousands, except per share amounts)

The components of the benefit for income taxes attributable to continuing operations consist of the following:

	Year Ended December 31,		
	2025	2024	2023
Current:			
Federal	$ 79	$ -	$ -
State and local	234	26	90
Foreign	460	2,642	833
	773	2,668	923
Deferred:			
Federal	372	25,835	(4,972)
State and local	(48)	(1,271)	300
Foreign	(11,630)	(9,380)	(542)
	(11,306)	15,184	(5,214)
Income tax (benefit) expense	$ (10,533)	$ 17,852	$ (4,291)

The allocation of income tax (benefit) expense between continuing and discontinued operations was as follows:

	Year Ended December 31,		
	2025	2024	2023
Continuing operations	$ (10,533)	$ 17,852	$ (4,291)
Discontinued operations	-	479	2,024
	$ (10,533)	$ 18,331	$ (2,267)

The Company's foreign operations that are considered to be permanently reinvested have statutory tax rates of approximately 19% to 30%.

The following is a reconciliation of the statutory federal income tax rate to the effective rate reported in the Company's financial statements:

	Year Ended December 31, 2025	
U.S. Federal statutory income tax benefit	$ (11,990)	(21.0)%
Increase (decrease) in income taxes resulting from:		
State and local tax effects		
State and local income taxes, before federal income tax effect (a)	(211)	(0.4)
Foreign tax effects		
Australia		
Statutory tax rate difference between Australia and U.S.	(2,844)	(5.0)
Changes in valuation allowances	1,328	2.3
Other	(223)	(0.4)
Austria		
Sales Gain/Loss	(1,376)	(2.4)
Other	322	0.6
Other foreign jurisdictions	60	0.1

(in thousands, except per share amounts)

Tax Credit		
Research and development tax credits	(448)	(0.8)
Changes in valuation allowances	4,109	7.2
Nontaxable or nondeductible items		
Executive compensation limitation	927	1.6
Other	236	0.4
Changes in unrecognized tax benefits	(157)	(0.3)
Other adjustments	(266)	(0.4)
Income tax benefit	$ (10,533)	(18.5)%

(a) For the year ended December 31, 2025, a majority (greater than 50 percent) of the Company's state income tax expense related to Utah.

	Year Ended December 31,	
	2024	2023
Statutory income tax benefit	(21.0)%	(21.0)%
Increase (decrease) in income taxes resulting from:		
Foreign taxes	(1.6)	0.6
State income taxes, net of federal income taxes	(0.2)	(1.9)
Income tax credits	(5.0)	(6.6)
Stock options	1.1	1.2
Change in effective state rate	(1.8)	-
Deferred tax asset write-offs	-	13.0
Executive compensation limitation	1.4	4.4
Change in valuation allowance	41.7	(13.0)
Impairment of goodwill	10.8	-
Research and development expenditure	0.6	1.9
Other	(0.7)	-
Income tax expense (benefit)	25.3 %	(21.4)%

The effective income tax rate was a benefit of 18.5% for the year ended December 31, 2025, and differed compared to the statutory tax rates primarily due to the impact of changes in the valuation allowance on deferred tax assets and statutory tax rate differences between foreign jurisdictions and the United States. The deferred tax asset write-offs during the year ended December 31, 2023, relate to state NOLs that expired in 2023 that had been previously fully reserved via a valuation allowance.

(in thousands, except per share amounts)

Deferred income tax assets and liabilities are determined based on the difference between the financial reporting carrying amounts and tax bases of existing assets and liabilities and operating loss and tax credit carryforwards. Significant components of the Company's existing deferred income tax assets and liabilities as of December 31, 2025 and 2024 are as follows:

	December 31,	
	2025	**2024**
Deferred tax assets:		
Net operating loss, capital loss and research & experimentation credit carryforwards	$ 16,493	$ 6,358
Capitalized research and development costs	8,950	9,221
Capitalized costs to self-constructed property	790	5,411
Non-cash compensation	2,233	2,064
Accrued liabilities	1,629	1,878
Reserves and other	4,898	6,493
Depreciation	231	-
Lease liabilities	2,832	3,472
Business Interest Limitation	2,244	761
	40,300	35,658
Valuation allowance	(29,315)	(23,344)
Net deferred tax assets	10,985	12,314
Deferred tax liabilities:		
Depreciation	-	(1,155)
Intangibles	(9,253)	(18,983)
Right-of-use assets	(2,485)	(3,046)
Other	(610)	(1,304)
	(12,348)	(24,488)
Total	$ (1,363)	$ (12,174)

Certain deferred income tax balances are not netted as they represent deferred amounts applicable to different taxing jurisdictions. The Company has provided a full valuation allowance against all of the U.S. deferred tax assets as of December 31, 2025, because the ultimate realization of those assets does not meet the more-likely-than-not criteria.

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and net operating loss and credit carryforwards expire. The estimates and judgments associated with the Company's valuation allowance on deferred tax assets are considered critical due to the amount of deferred tax assets recorded by the Company on its consolidated balance sheets and the judgment required in determining the Company's future taxable income. The need for a valuation allowance is reassessed at each reporting period.

(in thousands, except per share amounts)

The net change in the valuation allowance for deferred income tax assets was $5,971, $22,630, and ($2,609) during the years ended December 31, 2025, 2024, and 2023, respectively. A roll forward of our valuation allowance for deferred income tax assets for the years ended December 31, 2025, 2024, and 2023 is as follows:

	Balance at Beginning of Year	Charged to Costs and Expenses	Other Adjustments	Balance at End of Year
2023	$ 3,323	$ 26	$ (2,635)	$ 714
2024	$ 714	$ 21,038	$ 1,592	$ 23,344
2025	$ 23,344	$ 7,204	$ (1,233)	$ 29,315

As of December 31, 2025, the Company has net operating loss carryforwards ("NOLs") and research and experimentation credit for U.S. federal income tax purposes of $41,209 and $5,709, respectively. All federal NOLs will have an indefinite carryforward period. Federal research and experimentation credits have a limited carryforward period and will begin to expire in tax year 2033. In accordance with Section 382 and Section 383 of the Internal Revenue Code of 1986 ("Code"), utilization of the NOL and tax credit carryforwards may subject to limitations based on prior or future ownership changes.

Tax positions are recognized in the financial statements when it is more likely than not that the position will be sustained upon examination by the tax authorities. The Company conducts its business globally. As a result, the Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions and are subject to examination for the open tax years in the U.S. federal and state jurisdictions of 2020 through 2025 and in the foreign jurisdictions of 2019 through 2025. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax (benefit) expense.

A reconciliation of the beginning and ending amount of total unrecognized tax benefits for the years ended December 31, 2025, 2024 and 2023 is as follows:

	December 31,		
	2025	2024	2023
Balance, beginning of year	$ 2,863	$ 890	$ 813
Additions for current year tax positions	1,713	1,815	98
Additions for prior year tax positions	305	310	8
Reductions for prior year tax positions	(27)	(16)	-
Reductions due to statute expirations	(106)	(136)	(29)
Balance, end of year	$ 4,748	$ 2,863	$ 890

As of December 31, 2025 and 2024, we had unrecognized tax benefits of $4,748 and $2,863, respectively, of which $2,764 of tax benefit and $433 of tax expense would affect the effective tax rate if recognized. Unrecognized tax benefits that reduce a net operating loss, similar tax loss or tax credit carryforward are presented as a reduction to deferred income taxes. As a result, the Company classified $4,202 and $2,438 of its unrecognized tax benefit as a reduction to deferred tax assets as of December 31, 2025 and 2024, respectively.

Interest and penalty expense recognized related to uncertain tax positions were not significant during the years ending December 31, 2025, 2024, and 2023, respectively. Total accrued interest and penalties as of December 31, 2025 and 2024, were not significant.

(in thousands, except per share amounts)

Significant income taxes paid (refunded) by jurisdiction for the year ended December 31, 2025 is as follows:

	Year Ended December 31, 2025
Federal	$ -
State	
Missouri	(106)
Other state	(22)
Foreign	
Australia	962
Austria	96
Other foreign	6
Total income tax paid	$ 936

NOTE 18. SEGMENT INFORMATION

We operate our business structure within two segments. These segments are defined based on the internal financial reporting used by our chief operating decision maker ("CODM") to allocate resources and assess performance. The Company's CODM is the Executive Chairman and Director (Principal Executive Officer). The CODM allocates resources based on revenue and operating income primarily through the annual budget and periodic forecasting process. The CODM considers budget-to-actual variances when making decisions about allocating capital and personnel to the segments. Corporate costs consist of corporate office expenses including compensation, benefits, non-cash stock compensation expense, transaction costs, and other administrative costs, as well as charges related to certain legal and regulatory matters, that are managed at a corporate level and are not included within segment results when evaluating performance or allocating resources.

Each segment is described below:

- Prior to its sale on July 11, 2025, PIEPS was included in our Outdoor segment alongside Black Diamond Equipment. Our Outdoor segment is a global leader in designing, manufacturing, and marketing innovative outdoor engineered equipment and apparel for climbing, mountaineering, trail running, backpacking, skiing, and a wide range of other year-round outdoor recreation activities. Our Outdoor segment offers a broad range of products, including: high-performance, activity-based apparel (such as shells, insulation, midlayers, pants, and logowear); rock-climbing footwear and equipment (such as carabiners, protection devices, harnesses, belay devices, helmets, and ice-climbing gear); technical backpacks and high-end day packs; trekking poles; headlamps and lanterns; and gloves and mittens. We also offer advanced skis, ski poles, ski skins, and snow safety products, including avalanche airbag systems, avalanche transceivers, shovels, and probes.

- Our Adventure segment, which includes Rhino-Rack, MAXTRAX, TRED, and RockyMounts is a manufacturer of highly-engineered automotive roof racks, trays, mounting systems, luggage boxes, carriers, recovery boards, bicycle racks, and accessories in Australia and New Zealand and a growing presence in the United States and Europe.

As noted above, the Company has a wide variety of technical outdoor equipment and lifestyle products that are sold to a variety of customers in multiple end markets. While there are multiple products sold, the terms and nature of revenue recognition policy is similar for all segments.

Financial information for our segments, as well as revenue by geography, which the Company believes provides a meaningful depiction how the nature, timing and uncertainty of revenue are affected by economic factors, is as follows:

(in thousands, except per share amounts)

	Year Ended December 31, 2025		
	Outdoor	Adventure	Total
Sales			
Domestic sales	$ 88,743	$ 17,380	$ 106,123
International sales	88,120	56,197	144,317
Total sales	176,863	73,577	250,440
Cost of goods sold	115,468	47,546	
Inventory fair value of purchase accounting	-	120	
Other inventory reserves	949	3,381	
Selling, general and administrative	56,295	35,067	
Restructuring charges	599	368	
Transaction costs	614	40	
Contingent consideration benefit	-	(355)	
Legal costs and regulatory matter expenses	2,825	-	
Impairment of goodwill	-	3,804	
Impairment of indefinite-lived intangible assets	1,565	26,069	
Segment operating loss	$ (1,452)	$ (42,463)	$ (43,915)
Corporate costs			(15,766)
Interest income, net			619
Other, net			1,973
Loss before income tax			$ (57,089)

	Year Ended December 31, 2024		
	Outdoor	Adventure	Total
Sales			
Domestic sales	$ 91,202	$ 14,543	$ 105,745
International sales	92,366	66,204	158,570
Total sales	183,568	80,747	264,315
Cost of goods sold	116,522	48,611	
Inventory fair value of purchase accounting	-	61	
Other inventory reserves	4,192	2,310	
Selling, general and administrative	59,351	37,212	
Restructuring charges	1,349	599	
Transaction costs	65	396	
Contingent consideration benefit	-	(125)	
Legal costs and regulatory matter expenses	3,088	-	
Impairment of goodwill	-	36,264	
Impairment of indefinite-lived intangible assets	-	8,545	
Segment operating loss	$ (999)	$ (53,126)	$ (54,125)
Corporate costs			(16,254)
Interest income, net			1,467
Other, net			(1,673)
Loss before income tax			$ (70,585)

(in thousands, except per share amounts)

	Year Ended December 31, 2023		
	Outdoor	**Adventure**	**Total**
Sales			
Domestic sales	$ 99,031	$ 13,354	$ 112,385
International sales	105,022	68,613	173,635
Total sales	204,053	81,967	286,020
Cost of goods sold	135,165	48,910	
Inventory fair value of purchase accounting	-	64	
Other inventory reserves	4,370	-	
Selling, general and administrative	66,443	33,311	
Restructuring charges	2,754	306	
Transaction costs	-	30	
Contingent consideration expense	-	(1,565)	
Legal costs and regulatory matter expenses	476	-	
Segment operating (loss) income	$ (5,155)	$ 911	$ (4,244)
Corporate costs			(16,863)
Interest income, net			67
Other, net			961
Loss before income tax			$ (20,079)

There were no intercompany sales between the Outdoor and Adventure segments for the periods presented.

Total assets by segment, as of December 31, 2025 and 2024, were as follows:

	December 31,	
	2025	**2024**
Outdoor	$ 145,902	$ 137,062
Adventure	84,086	120,063
Corporate	19,040	36,969
	$ 249,028	$ 294,094

(in thousands, except per share amounts)

Capital expenditures, depreciation and amortization by segment is as follows.

	Year Ended December 31,		
	2025	2024	2023
Capital expenditures:			
Outdoor	$ 4,682	$ 4,059	$ 1,542
Adventure	480	1,779	2,080
Total capital expenditures	$ 5,162	$ 5,838	$ 3,622
Depreciation:			
Outdoor	$ 2,177	$ 2,588	$ 2,848
Adventure	1,464	1,446	1,302
Total depreciation	$ 3,641	$ 4,034	$ 4,150
Amortization:			
Outdoor	$ 973	$ 1,142	$ 1,057
Adventure	7,767	8,642	9,658
Total amortization	$ 8,740	$ 9,784	$ 10,715

Total long-lived assets by geographic region, as of December 31, 2025 and 2024, were as follows:

	December 31,	
	2025	2024
United States	$ 14,698	$ 17,302
Australia	7,877	9,353
China	2,174	1,431
Austria	3,872	2,435
Other countries	1,111	910
	$ 29,732	$ 31,431

NOTE 19. LEASES

The Company has entered into leases for certain facilities, vehicles and other equipment. Our leases have remaining contractual terms of up to ten years, some of which include options to extend the leases for up to five years. Our lease costs are primarily related to facility leases for inventory warehousing, administration offices and vehicles. The Company’s finance leases are immaterial.

Lease ROU assets and liabilities as of December 31, 2025 and 2024, were as follows:

	Balance Sheet Classification	December 31, 2025	December 31, 2024
Assets			
Lease ROU assets	Other long-term assets	$ 11,477	$ 13,825
Liabilities			
Current lease liabilities	Accrued liabilities	$ 3,021	$ 3,470
Noncurrent lease liabilities	Other long-term liabilities	$ 9,266	$ 11,288

(in thousands, except per share amounts)

Lease costs were as follows:

	Affected line item in the Consolidated Statements of Comprehensive Loss	Year Ended December 31, 2025	Year Ended December 31, 2024
Lease costs	Cost of goods sold, Selling, general and administrative	$ 3,712	$ 3,956
Variable lease costs	Cost of goods sold, Selling, general and administrative	1,877	900
Short-term lease costs	Cost of goods sold, Selling, general and administrative	438	635
		$ 6,027	$ 5,491

The maturity of lease liabilities as of December 31, 2025 are as follows:

Years Ending December 31,	Lease Payments
2026	$ 3,505
2027	2,786
2028	2,807
2029	2,657
2030	1,097
Thereafter	804
Total future lease payments	13,656
Less: amount representing interest	(1,369)
Present value of future lease payments	12,287
Less: current lease obligations	(3,021)
Long-term lease obligations	$ 9,266

As of December 31, 2025, our leases have a weighted-average remaining lease term of 4.67 years and a weighted-average discount rate of 4.42%.

NOTE 20. RELATED PARTY TRANSACTIONS

As part of the TRED Acquisition, on October 9, 2023, the Company paid a fee in the amount of $150 to Kanders & Company, Inc. ("Kanders & Company") in consideration of the significant support received by the Company from Kanders & Company in sourcing, structuring, performing due diligence and negotiating the TRED Acquisition. Mr. Warren B. Kanders, the Company's Executive Chairman of the Board of Directors, is a member of the Board of Directors and sole stockholder of Kanders & Company. No amounts were due to Kanders & Company as of December 31, 2025 or 2024, and the Company did not enter into any other related party transactions with Kanders & Company during the years ended December 31, 2025, 2024, or 2023.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management carried out an evaluation, under the supervision and with the participation of the Company's Executive Chairman and Chief Financial Officer, its principal executive officer and principal financial officer, respectively, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2025, pursuant to Exchange Act Rule 13a-15. Such disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the appropriate management on a basis that permits timely decisions regarding disclosure. Based upon that evaluation, the Company's Executive Chairman and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of December 31, 2025, were effective.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with US GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework (2013)*.

Based on our assessment and those criteria, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2025. The Company's independent registered public accounting firm, Deloitte & Touche LLP, has issued an audit report on the Company's internal control over financial reporting, which is included herein.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the fourth quarter of 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CLARUS CORPORATION

Report of Independent Registered Public Accounting Firm

To the stockholders and the Board of Directors of Clarus Corporation:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Clarus Corporation and subsidiaries (the "Company") as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated March 5, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Salt Lake City, Utah

March 5, 2026

ITEM 9B. OTHER INFORMATION

During the three month period ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K, nor did the Company during such three month period ended December 31, 2025 adopt or terminate any "Rule 10b5-1 trading arrangement".

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning the executive officers of the Company required by this item is incorporated and made part hereof by reference to the material appearing under the heading "Executive Officers" in the Company's Proxy Statement for the 2026 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission, pursuant to Regulation 14A, no later than 120 days after the end of the fiscal year (the "Proxy Statement for the 2026 Annual Meeting of Stockholders"). References in this Part III to headings in the Proxy Statement for the 2026 Annual Meeting of Stockholders are intended to refer to such headings or similar captions. Information concerning directors of the Company required by this item is incorporated and made part hereof by reference to the material appearing under the heading "Election of Directors" in the Proxy Statement for the 2026 Annual Meeting of Stockholders. Information concerning the Audit Committee of the Company's Board of Directors, and its financial expert required by this item is incorporated and made part hereof by reference to the material appearing under the heading "Governance of the Company– Audit Committee" in the Proxy Statement for the 2026 Annual Meeting of Stockholders. Information concerning the Compensation Committee of the Company's Board of Directors is incorporated and made part hereof by reference to the material appearing under the heading "Governance of the Company– Compensation Committee" in the Proxy Statement for the 2026 Annual Meeting of Stockholders. Information regarding the Nominating and Corporate Governance Committee required by this item is incorporated and made part hereof by reference to the material appearing under the heading "Governance of the Company– Nominating and Corporate Governance Committee" in the Proxy Statement for the 2026 Annual Meeting of Stockholders. Information regarding the ability of stockholders to communicate with the Board of Directors is incorporated and made part hereof by reference to the material appearing under the heading "Governance of the Company– Stockholder Communications" in the Proxy Statement for the 2026 Annual Meeting of Stockholders. Information regarding compliance with Section 16(a) of the Exchange Act required by this item is incorporated and made part hereof by reference to the material appearing under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for the 2026 Annual Meeting of Stockholders.

The Company has adopted a Code of Business Conduct and ethics that applies to all its directors and employees, including the chief executive officer, chief financial officers, and all senior financial officers of the Company and its subsidiaries, including the principal financial officer, principal accounting officer, and controller of the Company and its subsidiaries. In addition, such officers are also subject to the Code of Ethics for Senior Executive Officer and Senior Financial Officers. These documents may be accessed at www.claruscorp.com, our Internet website, at the tab "Governance" under the section called "Governance Documents." The Company intends to disclose future amendments to, or waivers from, certain provisions of its codes of conduct, if any, on the above website within five business days following the date of such amendment or waiver.

We intend to post all required disclosures concerning any amendments to or waivers from our Code of Business Conduct and Code of Ethics for Senior Executive Officer and Senior Financial Officers on our website. The Company does not intend to incorporate the contents of our website into this Annual Report on Form 10-K.

The Company has an Insider Trading Policy governing the purchase, sale and other dispositions of its securities by directors, officers and employees that is reasonably designed to promote compliance with insider trading laws, rules and regulations and NASDAQ listing standards. The Insider Trading Policy is filed as Exhibit 19.1 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 7, 2024 and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated and made part hereof by reference to the material appearing under the headings "Director Summary Compensation Table," "Discussion of Director Compensation," "Compensation Discussion and Analysis," "Compensation Committee Report," "Executive Compensation Tables," "Potential Payments Upon Termination or Change in Control" and "Pay Ratio Disclosure" in the Proxy Statement for the 2026 Annual Meeting of Stockholders.

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

Information required by this item is incorporated and made part hereof by reference to the material appearing under the headings "Beneficial Ownership of Company Common Stock By Directors, Officers and Principal Stockholders" in the Proxy Statement for the 2026 Annual Meeting of Stockholders. Information concerning the Company's equity compensation plan is contained in Part II of this Form 10-K under the heading "Securities Authorized for Issuance Under Equity Compensation Plans."

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

Information required by this item is incorporated and made part hereof by reference to the material appearing under the headings "Certain Relationships and Related Transactions" and "Governance of the Company– Director Independence" in the Proxy Statement for the 2026 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated and made part hereof by reference to the material appearing under the heading "Independent Registered Public Accounting Firm" in the Proxy Statement for the 2026 Annual Meeting of Stockholders.

CLARUS CORPORATION

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements, Financial Statement Schedules and Exhibits

(a)(1) The Financial Statements. The Financial Statements of the Company are included in Item 8 above.

(a)(2) Financial Statement Schedules. No schedules are included because the required information is inapplicable, not required or are presented in the financial statements or the related notes thereto.

(a)(3) The following Exhibits are hereby filed as part of this Annual Report on Form 10-K:

Exhibit Number	Exhibit
2.1	Purchase and Sale Agreement, by and among Bullseye Acquisitions, LLC, Everest/Sapphire Acquisition, LLC, and Clarus Corporation, dated as of December 29, 2023 (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 3, 2024 and incorporated herein by reference).
3.1	Amended and Restated Certificate of Incorporation of the Company (filed as Appendix C to the Company's Definitive Proxy Statement, filed with the Securities and Exchange Commission on November 6, 2002 and incorporated herein by reference).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 of the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 31, 2003 and incorporated herein by reference).
3.3	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 24, 2011 and incorporated herein by reference).
3.4	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 14, 2017 and incorporated herein by reference).
3.5	Second Amended and Restated By-Laws of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 6, 2024).
3.6	Form of Certificate of Designation of Series A Junior Participating Preferred Stock (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 13, 2008 and incorporated herein by reference).
4.1	See Exhibits 3.1, 3.2, 3.3, 3.4, 3.5, and 3.6, for provisions of the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of the Company defining rights of the holders of Common Stock of the Company.
4.2	Company's Specimen Common Stock Certificate.
4.3	Rights Agreement, dated as of February 12, 2008, by and between the Company and American Stock Transfer & Trust Company (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 13, 2008 and incorporated herein by reference).
4.4	Amendment No. 1 to Rights Agreement, dated as of September 5, 2024, by and between the Company and Equiniti Trust Company, LLC (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 6, 2024).
4.5	Form of Rights Certificate (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 13, 2008 and incorporated herein by reference).
10.1	Employment Agreement, dated as of March 14, 2023, between Clarus Corporation and Warren B. Kanders (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 16, 2023, and incorporated herein by reference). +
10.2	Form of Amended and Restated Indemnification Agreement for Directors and Executive Officers of the Company (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 9, 2024 and incorporated herein by reference).
10.3	Company's 2015 Stock Incentive Plan (filed as Appendix A to the Company's Proxy Statement, filed with the Securities and Exchange Commission on November 9, 2015 and incorporated herein by reference). +
10.4	Company's Amended and Restated 2015 Stock Incentive Plan (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on July 31, 2025 and incorporated herein by reference). +
10.5	Form of Stock Option Agreement for the Company's Amended and Restated 2015 Stock Incentive Plan (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on July 31, 2025 and incorporated herein by reference). +

Exhibit Number	Exhibit
10.6	Form of Restricted Stock Unit Award Agreement for the Company's Amended and Restated 2015 Stock Incentive Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on July 31, 2025 and incorporated herein by reference). +
19.1	Clarus Corporation Policy on Insider Trading (filed as Exhibit 19.1 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 7, 2024 and incorporated herein by reference).
21.1	Subsidiaries of the Company. **
23.1	Consent of Independent Registered Public Accounting Firm. **
31.1	Certification of Principal Executive Officer, as required by Rule 13a-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
31.2	Certification of Principal Financial Officer, as required by Rule 13a-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
32.1	Certification of Principal Executive Officer, pursuant to 18. U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley of 2002. ***
32.2	Certification of Principal Financial Officer, pursuant to 18. U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley of 2002. ***
97.1	Clarus Corporation Compensation Recovery Policy (filed as Exhibit 97.1 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 7, 2024 and incorporated herein by reference).
101.INS	Inline XBRL Instance Document. **
101.SCH	Inline XBRL Taxonomy Extension Schema Document. **
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document. **
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. **
101.LAB	Inline XBRL Taxonomy Extension Label 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
+	Management contract or compensatory plan or arrangement.
**	Filed herewith
***	Furnished herewith

ITEM 16. SUMMARY

None.

CLARUS CORPORATION

SIGNATURES

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

	CLARUS CORPORATION
Date: March 5, 2026	*By: /s/ Michael J. Yates* *Michael J. Yates* *Chief Financial Officer* *(Principal Financial Officer and* *Principal Accounting Officer)*

Name	Title
/s/ Warren B. Kanders Warren B. Kanders	Executive Chairman and Director (Principal Executive Officer)
/s/ Michael J. Yates Michael J. Yates	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ Nicholas Sokolow Nicholas Sokolow	Director
/s/ Susan Ottmann Susan Ottmann	Director
/s/ Roger Werner Roger Werner	Director
/s/ Mark M. Besca Mark M. Besca	Director

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Warren B. Kanders, certify that:

1. I have reviewed this annual report on Form 10-K of Clarus Corporation;

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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

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

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

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

Date: March 5, 2026

By: /s/ Warren B. Kanders
Name: Warren B. Kanders
Title: Executive Chairman
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Michael J. Yates certify that:

1. I have reviewed this annual report on Form 10-K of Clarus Corporation;

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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

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

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

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

Date: March 5, 2026

By: /s/ Michael J. Yates
Name: Michael J. Yates
Title: Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

EXHIBIT 32.1

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

I, Warren B. Kanders, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Clarus Corporation on Form 10-K for the year ended December 31, 2025, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Clarus Corporation.

A signed original of this written statement required by Section 906 has been provided to Clarus Corporation and will be retained by Clarus Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 5, 2026

By: /s/ Warren B. Kanders
Name: Warren B. Kanders
Title: Executive Chairman
(Principal Executive Officer)

EXHIBIT 32.2

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

I, Michael J. Yates, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Clarus Corporation on Form 10-K for the year ended December 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Clarus Corporation.

A signed original of this written statement required by Section 906 has been provided to Clarus Corporation and will be retained by Clarus Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 5, 2026

By: /s/ Michael J. Yates
Name: Michael J. Yates
Title: Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

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BLACK DIAMOND 2025 AWARDS

Hydra Ice Tool
Climbing Magazine: Best Ice Tool

Distance Carbon Z Poles
iRunFar: Best Trekking Poles, Carbon Fixed Length
GearJunkie: Best Trail Running Poles

Distance Z Poles
iRunFar: Best Trekking Poles, Aluminum Fixed Length

Dawn Patrol Pants
Treeline Review: Best Backcountry Ski Pants

Factor Bibs
Travel + Leisure: Best Overall Ski Bibs

First Light Stretch Shell
Men's Journal: Best Backcountry Puffy Jacket

Recon LT Pants
GearJunkie: Best Ski Pants for the Backcountry

Black Diamond Distance Spikes
GearJunkie: Best Ultralight Winter Traction Device

Distance Carbon FLZ Poles
Nomadasaurus: Best Trekking Poles

Distance Carbon Z Poles
Nomadasaurus: Smallest Packed Trekking Poles

Impulse Ti 104 Skis
GearJunkie: Best Powder Day All-Mountain Skis for Women

Spot 400 Headlamp
Wirecutter: Best Headlamp
Popular Science: Best Emergency Light
Travel + Leisure: Hiking Essentials

Spot 400-R Headlamp
Live Science: Best Overall Headlamp
GearJunkie: Best Overall Headlamp

Windweight Gloves
Adventure Alan: Best Convertible Flip Mitts

Black Diamond Traverse Compactor
OutdoorGearLab: Best Overall Backcountry Poles for Splitboarders

Wiz Headlamp
Wirecutter: Best Headlamp for Kids

Distance Z Trekking Poles
The Trek: Best Fixed Length Poles

Guide Gloves
Business Insider: Best Heavy-Duty Waterproof Gloves

Alpine Light Pants
GearJunkie: Best Men's Hiking Pants for Summer Scrambles
Climbing Magazine: Best All-Around Climbing Pants

Switch Stretch Pants
Treeline Review: Best Men's Hiking Pants for Wet Weather

Distance SS Tee
Switchback Travel: Best Lightweight Men's Hiking Shirt

Alpenglow Hoody
Switchback Travel: Best Sun Hoody for Hiking

Men's Distance Shorts
Outside Magazine: Best Daily Workhorse Trail Shorts

Distance Carbon Z Poles, Apline Carbon Cork Poles, Pursuit Trekking Poles
GearJunkie: Best Collapsible Poles for Trail Running

Alpine Light Pants, Sequence Pants
Swtchback Travel: Best Overall Men's Climbing Pants

Notion Shorts
CNN Underscored: Best Men's Shorts - Editor Favorite

Distance 15 Backpack
Switchback Travel: Best for Fast-and-Light Mountain Missions

Midweight ScreenTap
OutdoorGearLab: Best Touchscreen Winter Glove

Spot 400, Distance LT 1100
Treeline Review: Longest Lasting Headlamp, Best for Running and Trail Running

Deploy Down Jacket
Switchback Travel: Best Men's Ultralight Down Jacket

Mercury Mitt
OutdoorGearLab: Best Overall Women's Ski Mittens

Solution 150 Merino Quarter Zip
OutdoorGearLab: Best Merino Wool Base Layer

Recon Stretch Shell
OutdoorGearLab: Best Womens Ski Jackets for Women

Highline Stretch
OutdoorGearLab: Best Lightweight Performance for Men & Best on Ultralight Adventures for Women

Solution 150 Merino Quarter Zip
OutdoorGearLab: Best Merino Wool Base Layer

Distance Wind Shell
Treeline Review: Best Overall Women's Windbreaker, Best Women's Windbreaker Jackets

Dawn Patrol 32, Cirque 50
Switchback Travel: Best Overall Ski Pack, Best Ski Mountaineering Pack

Impulse Ti 98, Impulse TI 104, Impulse TI 112
GearJunkie: Best Powder Day All-Mountain Skis for Women
OutdoorGearLab: Best All-Mountain Skis
Ski Magazine: Most Responsive Powder Skis

Guide Gloves, Mercury Mitt, Tour Gloves
OutdoorGearLab: Best Ski Gloves for Men, Best Overall Ski Mittens, Best for Backcountry Use

Distance Wind Shell
Treeline Review: Best Lightweight Windbreaker Jackets

Vision Helmet
Climbing Magazine: Best All-Around Climbing Helmet

Pursuit, Alpine Carbon Cork, Distance FLZ, Distance Carbon FLZ
Treeline Review: Best Overall Trekking Poles, Best Carbon Fiber Trekking Poles, Best Running Poles, Best Folding Poles

Alpine Start Hoody
Climbing Magazine: Best Lightweight Wind Jacket
OutdoorGearLab: Men's Best Lightweight Softshell
Switchback Travel: Best Ultralight and Packable Softshell

Mondo Pad, Circuit Pad
OutdoorGearLab: Top 11 Bouldering Crash Pads

Distance 15 Pack
OutdoorGearLab: Best for Technical Overnights, Top 14 Hiking Daypacks
Outside Magazine: Best for Multi-Day Adventures

ATC Guide, ATC XP, ATC Pilot
OutdoorGearLab: Best Bang for the Buck, Top 17 Belay Devices

Fineline Stretch Shell
Men's Journal: Best Rain Jacket for Hiking
OutdoorGearLab: Best Rain Jacket for Lightweight Performance
Treeline Review: Most Comfortable Lightweight Rain Jacket

Deploy Down Jacket
GearJunkie: Best Down Jacket for Big Days Above Treeline

Distance Wind Shell
GearJunkie: Best Ultralight Windbreaker Jacket
OutdoorGearLab: Top 5 Windbreakers for Women

Pursuit 15 Pack
GearJunkie: Best Technical Daypack

Creek 50L Pack
Climbing Magazine: Best for Cragging

Vision Helmet, Vapor Helmet
Climbing Magazine: Best All-Around Climbing Helmet, Best Ultralight Climbing Helmet

Sequence Pants, Alpine Pants
GearJunkie: Best Climbing Pants for Bouldering and Training, Best Alpine Climbing Pants

Distance 1500 Headlamp
Best Headlamp for Ultramarathons

Helio Carbon 88 Skis
GearJunkie: Best Backcountry Skis for Uphill Performance
Switchback Travel: Top 10 Backcountry Skis

Moji R+ Lantern
Travel + Leisure: Best Lightweight Camping Lantern
Treeline Review: Best Rechargeable Lantern

Astro 300 Headlamp
Rolling Stone: Best Road Trip Headlamp
SFGate: Best Budget Headlamp

Beta Light 45 Pack
Men's Journal: Best Ultralight Hiking Backpack

Pursuit Trekking Poles
GearJunkie: Best Overall Trekking Poles
Wirecutter: Best Hiking Poles

Alpine Carbon Cork Trekking Poles
Wirecutter: Upgrade Pick: Poles Without Compromise

Pursuit FLZ Poles
Yahoo Life: Best for hiking and trails

Expedition 3 Poles
GearJunkie: Best 4-Season Trekking Poles

Approach Down
Backpacker: Most Comfortable Packable Puffy Jacket

Beta Light 45 Pack
OutdoorGearLab: Honorable Mention for Versatility and Adaptability

Mojo Chalk Bag
Treeline Review: Best Affordable Chalk Bag

Deploy Down 0.5 Pullover Hoody
GearJunkie: Best Down Jacket for Big Days Above Treeline
GearJunkie: 2025 Editors' Choice
Switchback Travel: Lightest Pullover Down Jacket"

9.9 Climbing Rope
Treeline Review: Best Workhorse Climbing Rope

Stone 42 Duffel
Treeline Review: Best Overall Climbing Rope Bag

HotWire Quickdraw
Switchback Travel: Best Value Quickdraw

MiniWire
Switchback Travel: Best Ultralight Draw for Multi-Pitch Climbing

Capitan Helmet
Treeline Review: Best Beginner Helmet

Solution Harness
OutdoorGearLab: Best Women's Climbing Harness for Sport Climbing
Treeline Review: Best Sport Climbing Harness

Access Down
Matador Network: Best Backcountry Layering

Solution Hoody
Matador Network: Best Backcountry Layering

Distance LT 1100 Headlamp
Treeline Review: Best Headlamp For Trail Running

Momentum Harness
Treeline Review: Best Affordable Climbing Harness

Dogma Pant
Climbing Magazine: Best Gym Pants

Coefficient Fleece Hoody
GearJunkie: Best Lightweight Fleece
Switchback Travel: Best Midlayers

Helio Carbon 102 Skis
Backcountry Magazine: 2026 Editors' Choice Skis

Sprint 225 Headlamp
Runner's World: Best Running Headlamp

Dawn Patrol 32 Pack
Switchback Travel: Best Overall Ski Pack


Austin Schmitz