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

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended: **June 30, 2026**

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission File Number: **001-34767**

CLARUS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

2084 East 3900 South

Salt Lake City, Utah

(Address of principal executive offices)

58-1972600

(I.R.S. Employer
Identification Number)

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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 30, 2026, there were 38,288,155 shares of common stock, par value \$0.0001, outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2026	December 31, 2025
Assets		
Current assets		
Cash	\$ 28,925	\$ 36,691
Accounts receivable, less allowance for credit losses of \$1,269 and \$1,121	43,119	44,839
Inventories	92,008	83,028
Prepaid and other current assets	8,076	5,457
Income tax receivable	1,427	1,407
Total current assets	173,555	171,422
Property and equipment, net	18,867	18,255
Other intangible assets, net	21,565	23,761
Indefinite-lived intangible assets	19,600	19,600
Deferred income taxes	55	55
Other long-term assets	21,188	15,935
Total assets	\$ 254,830	\$ 249,028
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 17,861	\$ 15,907
Accrued liabilities	20,843	24,403
Income tax payable	320	179
Total current liabilities	39,024	40,489
Deferred income taxes	1,301	1,418
Other long-term liabilities	16,433	10,728
Total liabilities	56,758	52,635
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; 43,104 and 43,054 issued and 38,288 and 38,402 outstanding, respectively	4	4
Additional paid in capital	704,909	703,487
Accumulated deficit	(457,756)	(457,253)
Treasury stock, at cost	(33,635)	(33,156)
Accumulated other comprehensive loss	(15,450)	(16,689)
Total stockholders' equity	198,072	196,393
Total liabilities and stockholders' equity	\$ 254,830	\$ 249,028

See accompanying notes to condensed consolidated financial statements

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

	Three Months Ended	
	June 30, 2026	June 30, 2025
Sales		
Domestic sales	\$ 24,522	\$ 24,724
International sales	31,634	30,523
Total sales	56,156	55,247
Cost of goods sold	28,684	35,567
Gross profit	27,472	19,680
Operating expenses		
Selling, general and administrative	24,303	26,910
Restructuring charges	140	161
Transaction costs	22	108
Contingent consideration benefit	(254)	-
Legal and regulatory matter (benefit) costs	(1,299)	1,837
Impairment of indefinite-lived intangible assets	-	1,565
Total operating expenses	22,912	30,581
Operating income (loss)	4,560	(10,901)
Other income		
Interest income, net	84	153
Other, net	92	1,483
Total other income, net	176	1,636
Income (loss) before income tax	4,736	(9,265)
Income tax expense (benefit)	22	(831)
Net income (loss)	4,714	(8,434)
Other comprehensive income, net of tax:		
Foreign currency translation adjustment	841	4,677
Unrealized loss on hedging activities	-	(1,007)
Other comprehensive income	841	3,670
Comprehensive income (loss)	\$ 5,555	\$ (4,764)
Net income (loss) per share:		
Basic	\$ 0.12	\$ (0.22)
Diluted	0.12	(0.22)
Weighted average shares outstanding:		
Basic	38,369	38,402
Diluted	38,369	38,402

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	June 30, 2026	June 30, 2025
Sales		
Domestic sales	\$ 49,402	\$ 49,533
International sales	68,692	66,147
Total sales	118,094	115,680
Cost of goods sold	67,859	75,206
Gross profit	50,235	40,474
Operating expenses		
Selling, general and administrative	50,880	53,526
Restructuring charges	993	334
Transaction costs	44	250
Contingent consideration benefit	(254)	-
Legal and regulatory matter costs	80	2,462
Impairment of indefinite-lived intangible assets	-	1,565
Total operating expenses	51,743	58,137
Operating loss	(1,508)	(17,663)
Other income		
Interest income, net	172	410
Other, net	3,000	1,942
Total other income, net	3,172	2,352
Income (loss) before income tax	1,664	(15,311)
Income tax expense (benefit)	245	(1,633)
Net income (loss)	1,419	(13,678)
Other comprehensive income, net of tax:		
Foreign currency translation adjustment	1,239	6,394
Unrealized loss on hedging activities	-	(1,751)
Other comprehensive income	1,239	4,643
Comprehensive income (loss)	\$ 2,658	\$ (9,035)
Net income (loss) per share:		
Basic	\$ 0.04	\$ (0.36)
Diluted	0.04	(0.36)
Weighted average shares outstanding:		
Basic	38,389	38,384
Diluted	38,390	38,384

See accompanying notes to condensed consolidated financial statements.

CLARUS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended	
	June 30, 2026	June 30, 2025
Cash Flows From Operating Activities:		
Net income (loss)	\$ 1,419	\$ (13,678)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property and equipment	1,987	1,760
Amortization of other intangible assets	3,843	4,437
Impairment of indefinite-lived intangible assets	-	1,565
Accretion of notes payable	-	61
Loss on disposition of property and equipment	196	428
Noncash lease expense	1,943	1,750
Contingent consideration benefit	(254)	-
Stock-based compensation	1,422	3,024
Deferred income taxes	(243)	(1,858)
Changes in operating assets and liabilities, net of dispositions:		
Accounts receivable	1,666	5,657
Inventories	(8,997)	(10,178)
Prepaid and other assets	(2,387)	(3,145)
Accounts payable	1,809	(2,717)
Accrued liabilities	(4,971)	2,288
Income taxes	174	(891)
Net cash used in operating activities	(2,393)	(11,497)
Cash Flows From Investing Activities:		
Purchase of business, net of cash acquired	(375)	-
Proceeds from disposition of property and equipment	28	54
	(2,662)	(3,044)
Purchases of property and equipment		
Net cash used in investing activities	(3,009)	(2,990)
Cash Flows From Financing Activities:		
Purchase of treasury stock	(479)	(42)
Cash dividends paid	(1,922)	(1,920)
Net cash used in financing activities	(2,401)	(1,962)
Effect of foreign exchange rates on cash and restricted cash	465	520
Change in cash and restricted cash	(7,338)	(15,929)
Cash and restricted cash, beginning of year	38,195	45,359
Cash and restricted cash, end of period	<u>\$ 30,857</u>	<u>\$ 29,430</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for income taxes	\$ 72	\$ 861
Cash paid for interest	\$ -	\$ 14
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Contingent consideration for business acquisitions	\$ 499	\$ -
Purchases of property and equipment incurred but not paid	\$ 105	\$ 79
Lease liabilities arising from obtaining right-of-use assets	\$ 6,433	\$ 485

See accompanying notes to condensed consolidated financial statements

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

	Common Stock		Additional	Accumulated	Treasury Stock		Accumulated	Total
	Shares	Amount	Paid-In Capital	Deficit	Shares	Amount	Other Comprehensive Loss	Stockholders' Equity
Balance, December 31, 2024	43,004	\$ 4	\$ 697,592	\$ (406,857)	(4,642)	\$ (33,114)	\$ (24,532)	\$ 233,093
Net loss	-	-	-	(5,244)	-	-	-	(5,244)
Other comprehensive income	-	-	-	-	-	-	973	973
Cash dividends (\$0.025 per share)	-	-	-	(959)	-	-	-	(959)
Purchase of treasury stock	-	-	-	-	(10)	(42)	-	(42)
Stock-based compensation expense	-	-	1,469	-	-	-	-	1,469
Proceeds from exercise of options	50	-	-	-	-	-	-	-
Balance, March 31, 2025	43,054	\$ 4	\$ 699,061	\$ (413,060)	(4,652)	\$ (33,156)	\$ (23,559)	\$ 229,290
Net loss	-	-	-	(8,434)	-	-	-	(8,434)
Other comprehensive income	-	-	-	-	-	-	3,670	3,670
Cash dividends (\$0.025 per share)	-	-	-	(961)	-	-	-	(961)
Stock-based compensation expense	-	-	1,555	-	-	-	-	1,555
Balance, June 30, 2025	43,054	\$ 4	\$ 700,616	\$ (422,455)	(4,652)	\$ (33,156)	\$ (19,889)	\$ 225,120

	Common Stock		Additional	Accumulated	Treasury Stock		Accumulated	Total
	Shares	Amount	Paid-In Capital	Deficit	Shares	Amount	Other Comprehensive Loss	Stockholders' Equity
Balance, December 31, 2025	43,054	\$ 4	\$ 703,487	\$ (457,253)	(4,652)	\$ (33,156)	\$ (16,689)	\$ 196,393
Net loss	-	-	-	(3,295)	-	-	-	(3,295)
Other comprehensive income	-	-	-	-	-	-	398	398
Cash dividends (\$0.025 per share)	-	-	-	(961)	-	-	-	(961)
Purchase of treasury stock	-	-	-	-	(11)	(32)	-	(32)
Stock-based compensation expense	-	-	1,154	-	-	-	-	1,154
Shares issued from restricted stock units	50	-	-	-	-	-	-	-
Balance, March 31, 2026	43,104	\$ 4	\$ 704,641	\$ (461,509)	(4,663)	\$ (33,188)	\$ (16,291)	\$ 193,657
Net income	-	-	-	4,714	-	-	-	4,714
Other comprehensive income	-	-	-	-	-	-	841	841
Cash dividends (\$0.025 per share)	-	-	-	(961)	-	-	-	(961)
Purchase of treasury stock	-	-	-	-	(153)	(447)	-	(447)
Stock-based compensation expense	-	-	268	-	-	-	-	268
Balance, June 30, 2026	43,104	\$ 4	\$ 704,909	\$ (457,756)	(4,816)	\$ (33,635)	\$ (15,450)	\$ 198,072

See accompanying notes to condensed consolidated financial statements.

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(in thousands, except per share amounts)

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

The accompanying unaudited condensed consolidated financial statements of Clarus Corporation and its subsidiaries (which may be collectively referred to as the “Company,” “Clarus,” “we,” “us” or “our”) as of June 30, 2026 and December 31, 2025 and for the three and six months ended June 30, 2026 and 2025, have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”), instructions to the Quarterly Report on Form 10-Q, and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments, except as otherwise disclosed) necessary for a fair presentation of the unaudited condensed consolidated financial statements have been included. The results for the three and six months ended June 30, 2026 are not necessarily indicative of the results to be obtained for the year ending December 31, 2026. These interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the Securities and Exchange Commission (the “SEC”) on March 5, 2026.

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.

Sale of PIEPS

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.

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 condensed consolidated statements of comprehensive income (loss), and therefore results were not classified as discontinued operations.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management 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 revenue and expenses during the reporting period. We continually evaluate our estimates and assumptions including those related to revenue recognition, 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.

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
(in thousands, except per share amounts)

Restricted Cash

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 condensed consolidated balance sheets. The following table provides a reconciliation of cash and restricted cash reported within the condensed consolidated balance sheets to the condensed consolidated statements of cash flows as of June 30, 2026 and December 31, 2025.

	June 30, 2026	December 31, 2025
Cash	\$ 28,925	\$ 36,691
Restricted cash included in Other long-term assets	1,932	1,504
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 30,857</u>	<u>\$ 38,195</u>

Changes in Laws and Regulations

In February 2026, the U.S. Supreme Court ruled that the International Emergency Economic Powers Act (“IEEPA”) does not authorize the President to impose tariffs thereunder. In April 2026, U.S. Customs and Border Protection announced a new administrative process for importers to obtain refunds of certain tariffs imposed under IEEPA.

The Company has submitted eligible refund claims through the established refund process. In the three months ended June 30, 2026, we recognized pre-tax benefits from tariff refunds received of \$6,142 related to tariffs incurred in 2025 and 2026 at the Outdoor segment, all of which are recorded within Cost of goods sold in the condensed consolidated statements of comprehensive income (loss).

Recent Accounting Pronouncements*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*ONWRD*

On June 18, 2026, Clarus and its wholly-owned subsidiary, Rhino-Rack USA LLC, entered into an Asset Purchase Agreement (the “ONWRD Purchase Agreement”) with ONWRD LLC (“ONWRD”) and Jared Peterson, Skyler Pinnick, and Ryan Price, pursuant to which the Company acquired certain assets of ONWRD (the “ONWRD Acquisition”), including inventory, intellectual property, software, domain names and social media accounts. The Company assumed

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
(in thousands, except per share amounts)

specified liabilities relating to the acquired assets, including obligations arising under certain assigned contracts from and after the closing of the ONWRD Acquisition on June 18, 2026.

Pursuant to the ONWRD Purchase Agreement, the purchase price paid and payable in connection with the ONWRD Acquisition includes (i) \$375 paid in cash at closing, subject to adjustment as set forth in the ONWRD Purchase Agreement and (ii) additional contingent payments based on the achievement of specified net sales thresholds and royalty payments based on net sales of certain products (the “ONWRD Contingent Consideration”). The Company estimated the initial fair value of the ONWRD Contingent Consideration to be \$499 and recorded the related liabilities within accrued liabilities and other long-term liabilities. See Note 9 for discussion regarding the valuation of the ONWRD Contingent Consideration as of June 30, 2026. The ONWRD Acquisition was accounted for as a business combination.

The following table summarizes the preliminary acquisition-date fair value of the consideration transferred in the ONWRD Acquisition and its allocation to the assets acquired and liabilities assumed, each of which has been estimated at fair value. The fair value estimates for the purchase price allocation for ONWRD are based on the Company’s best estimates and assumptions as of the reporting date and are considered preliminary. The fair value measurements of identifiable assets and liabilities related to the ONWRD Acquisition are subject to change and the final purchase price allocation could be different from the amounts presented below. We expect to finalize the valuations as soon as practicable, but not later than one year from the date of the ONWRD Acquisition. There was no excess of consideration transferred over the assets acquired and liabilities assumed and no goodwill was recorded as a result of the ONWRD Acquisition.

	ONWRD	
	June 18, 2026	
	Estimated Fair Value	
Cash paid	\$	375
Contingent consideration		499
Total purchase consideration	\$	874
Assets acquired and liabilities assumed		
Assets		
Accounts receivable	\$	13
Inventories		214
Prepaid and other current assets		6
Other intangible assets		646
Total assets		879
Liabilities		
Accounts payable and accrued liabilities	\$	5
Total liabilities		5
Net Book Value Acquired	\$	874

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

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
(in thousands, except per share amounts)

In connection with the ONWRD Acquisition, the Company acquired exclusive rights to all of ONWRD's intangible assets. \$646 was assigned to the product technologies class of intangible assets, all of which were assigned an average useful life of three years.

No pre-existing relationships existed between the Company and ONWRD or the other parties to the ONWRD Purchase Agreement prior to the ONWRD Acquisition. ONWRD revenue and operating income are included in the Adventure segment. Total revenue and net income of ONWRD from the date of the ONWRD Acquisition to June 30, 2026 were not material to the Company's consolidated financial statements.

NOTE 3. INVENTORIES

Inventories, as of June 30, 2026 and December 31, 2025, were as follows:

	June 30, 2026	December 31, 2025
Finished goods	\$ 88,433	\$ 79,584
Work-in-process	60	338
Raw materials and supplies	3,515	3,106
	<u>\$ 92,008</u>	<u>\$ 83,028</u>

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment, net, as of June 30, 2026 and December 31, 2025, were as follows:

	June 30, 2026	December 31, 2025
Land	\$ 2,850	\$ 2,850
Building and improvements	7,999	8,356
Furniture and fixtures	4,925	5,194
Computer hardware and software	9,619	8,278
Machinery and equipment	16,662	16,246
Construction in progress	2,517	968
	<u>44,572</u>	<u>41,892</u>
Less accumulated depreciation	(25,705)	(23,637)
	<u>\$ 18,867</u>	<u>\$ 18,255</u>

Depreciation expense for the three months ended June 30, 2026 and 2025 was \$1,000 and \$877, respectively, and for the six months ended June 30, 2026 and 2025 was \$1,987 and \$1,760, respectively.

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
(in thousands, except per share amounts)

NOTE 5. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill by segment as of June 30, 2026 and December 31, 2025 was as follows:

	<u>Outdoor</u>	<u>Adventure</u>	<u>Total</u>
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)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Indefinite-Lived Intangible Assets

Trademarks classified as indefinite-lived intangible assets of \$19,600 as of June 30, 2026 and December 31, 2025 were all related to the Black Diamond brand.

Other Intangible Assets, net

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

Gross balance at December 31, 2025	\$ 77,740
Increase due to ONWRD Acquisition	646
Impact of foreign currency exchange rates	2,946
Gross balance at June 30, 2026	<u>\$ 81,332</u>

Other intangible assets, net of amortization as of June 30, 2026 and December 31, 2025, were as follows:

	<u>June 30, 2026</u>			
	<u>Gross</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Weighted Average Useful Life</u>
Intangibles subject to amortization				
Customer relationships	\$ 61,273	\$ (45,481)	\$ 15,792	13.7 years
Product technologies	17,369	(13,350)	4,019	9.1 years
Tradenames	2,458	(863)	1,595	9.7 years
Non-compete agreements	232	(73)	159	5.0 years
	<u>\$ 81,332</u>	<u>\$ (59,767)</u>	<u>\$ 21,565</u>	<u>12.5 years</u>

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
(in thousands, except per share amounts)

	December 31, 2025			
	Gross	Accumulated Amortization	Net	Weighted Average Useful Life
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
Core technologies	232	(50)	182	5.0 years
	<u>\$ 77,740</u>	<u>\$ (53,979)</u>	<u>\$ 23,761</u>	<u>12.6 years</u>

Amortization expense for the three months ended June 30, 2026 and 2025, was \$1,906 and \$2,213, respectively, and for the six months ended June 30, 2026 and 2025 was \$3,843 and \$4,437, respectively. Future amortization expense for other intangible assets as of June 30, 2026 is as follows:

Years Ending December 31,	Amortization Expense
2026 (excluding the six months ended June 30, 2026)	\$ 3,446
2027	5,397
2028	3,866
2029	2,854
2030	1,986
2031	1,426
Thereafter	2,590
	<u>\$ 21,565</u>

NOTE 6. ACCRUED LIABILITIES AND OTHER LONG-TERM LIABILITIES

Accrued liabilities as of June 30, 2026 and December 31, 2025, were as follows:

	June 30, 2026	December 31, 2025
Accrued payroll and related items	\$ 3,603	\$ 2,837
Accrued bonus	2,072	2,005
Designated forward exchange contracts	-	358
Accrued warranty	1,251	1,480
Current lease liabilities	2,552	3,021
Accrued commissions	508	576
Sales returns and rebates	2,596	3,300
Contingent consideration liabilities	160	254
Accrued CPSC regulatory matter	-	2,500
Accrued legal expenses	948	1,183
Restructuring liabilities	-	407
Other	7,153	6,482
	<u>\$ 20,843</u>	<u>\$ 24,403</u>

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Other long-term liabilities as of June 30, 2026 and December 31, 2025, were as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Long-term lease liabilities	\$ 14,602	\$ 9,266
Contingent consideration liabilities	339	-
Other	1,492	1,462
	<u>\$ 16,433</u>	<u>\$ 10,728</u>

The Company entered into a lease agreement for a warehouse and distribution facility located in Utah, which commenced on June 1, 2026 with an initial term of 7.6 years. The Company classified this lease as an operating lease. Upon commencement, the Company recognized an ROU asset of \$6,263 and corresponding lease liability of \$6,419, measured using a discount rate of 6.65%.

NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's primary exchange rate risk management objective was to attempt to mitigate the uncertainty of anticipated cash flows attributable to changes in foreign currency exchange rates. The Company primarily focused on mitigating changes in cash flows resulting from sales denominated in currencies other than the U.S. dollar. The Company managed this risk primarily by using currency forward and option contracts. If the anticipated transactions were deemed probable, the resulting relationships were formally designated as cash flow hedges. The Company accounted for these contracts as cash flow hedges and tested 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. The Company maintained no derivative contracts as of June 30, 2026.

The Company held the following contracts designated as hedging instruments as of December 31, 2025:

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

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. Gains (losses) of \$0 and (\$503) were reclassified to sales during the three months ended June 30, 2026 and 2025, respectively, and \$0 and (\$427) were reclassified to sales during the six months ended June 30, 2026 and 2025, respectively.

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

	<u>Classification</u>	<u>December 31, 2025</u>
Derivative instruments in liability positions:		
Designated forward exchange contracts	Accrued liabilities	\$ 358

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NOTE 8. 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 following table sets forth the changes in AOCI, net of tax, for the three months ended June 30, 2026:

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance as of March 31, 2026	\$ (16,288)	\$ (3)	\$ (16,291)
Current period other comprehensive income	841	-	841
Balance as of June 30, 2026	\$ (15,447)	\$ (3)	\$ (15,450)

The following table sets forth the changes in AOCI, net of tax, for the three months ended June 30, 2025:

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance as of March 31, 2025	\$ (23,141)	\$ (418)	\$ (23,559)
Other comprehensive income (loss) before reclassifications	4,677	(1,386)	3,291
Amounts reclassified from other comprehensive income (loss)	-	379	379
Net current period other comprehensive income (loss)	4,677	(1,007)	3,670
Balance as of June 30, 2025	\$ (18,464)	\$ (1,425)	\$ (19,889)

The following table sets forth the changes in AOCI, net of tax, for the six months ended June 30, 2026:

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance as of December 31, 2025	\$ (16,686)	\$ (3)	\$ (16,689)
Current period other comprehensive income	1,239	-	1,239
Balance as of June 30, 2026	\$ (15,447)	\$ (3)	\$ (15,450)

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The following table sets forth the changes in AOCI, net of tax, for the six months ended June 30, 2025:

	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	6,394	(2,073)	4,321
Amounts reclassified from other comprehensive income (loss)	-	322	322
Net current period other comprehensive income (loss)	6,394	(1,751)	4,643
Balance as of June 30, 2025	\$ (18,464)	\$ (1,425)	\$ (19,889)

There were no unrealized gains on cash flow hedges for foreign exchange contracts for the three and six months ended June 30, 2026. The effects on net income of amounts reclassified from unrealized gains on cash flow hedges for foreign exchange contracts for the three and six months ended June 30, 2025, were as follows:

Affected line item in the Consolidated Statements of Comprehensive Income (Loss)	Gains (losses) reclassified from AOCI to the Consolidated Statements of Comprehensive Income (Loss)	
	Three Months Ended	Six Months Ended
	June 30, 2025	June 30, 2025
Foreign exchange contracts:		
Sales	\$ (503)	\$ (427)
Less: Income tax benefit	(124)	(105)
Amount reclassified, net of tax	\$ (379)	\$ (322)
Total reclassifications from AOCI	\$ (379)	\$ (322)

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NOTE 9. 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 that 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 June 30, 2026 and December 31, 2025 were as follows:

June 30, 2026				
	Level 1	Level 2	Level 3	Total
Liabilities				
Contingent consideration liabilities	\$ -	\$ -	\$ 499	\$ 499
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499</u>	<u>\$ 499</u>
December 31, 2025				
	Level 1	Level 2	Level 3	Total
Liabilities				
Designated forward exchange contracts	\$ -	\$ 358	\$ -	\$ 358
Contingent consideration liabilities	-	-	254	254
	<u>\$ -</u>	<u>\$ 358</u>	<u>\$ 254</u>	<u>\$ 612</u>

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

Pursuant to the purchase of ONWRD during the six months ended June 30, 2026, the purchase price paid and payable in connection with the ONWRD Acquisition includes the payment of additional contingent consideration based on the achievement of specified net sales thresholds and royalty payments based on net sales of certain products of up to \$499. The Company estimated the initial fair value of the contingent consideration liabilities using an income approach method. Significant unobservable inputs used in the valuation of contingent consideration liabilities related to the ONWRD Acquisition included a discount rate of 15.0%.

Pursuant to the purchase of RockyMounts during the year ended December 31, 2024, the purchase price paid for the RockyMounts assets included the payment of additional contingent consideration of up to \$2,000 in cash if certain net sales thresholds are met for the years ending December 31, 2025 and December 31, 2026, respectively. 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 valuation of contingent consideration liabilities related to the acquisition of RockyMounts included a discount rate of 13.0%. Contingent consideration liabilities are subsequently remeasured at the

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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 in the accompanying consolidated statements of comprehensive income (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.

The following table summarizes the changes in contingent consideration liabilities:

	<u>RockyMounts</u>	<u>ONWRD</u>	<u>Total</u>
Balance at December 31, 2025	\$ 254	\$ -	\$ 254
Increase due to ONWRD Acquisition	-	499	499
Fair value adjustments	(254)	-	(254)
Balance at June 30, 2026	\$ -	\$ 499	\$ 499

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. As of June 30, 2026, the net sales threshold required for the payment of the 2026 portion of the RockyMounts contingent consideration is not expected to be met during the measurement period ending December 31, 2026.

NOTE 10. 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. On August 5, 2026, the Company announced that its Board of Directors approved the payment on August 26, 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 August 17, 2026.

NOTE 11. 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 net loss.

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

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Weighted average shares outstanding - basic	38,369	38,402	38,389	38,384
Effect of dilutive stock awards	-	-	1	-
Weighted average shares outstanding - diluted	<u>38,369</u>	<u>38,402</u>	<u>38,390</u>	<u>38,384</u>
Net income (loss) per share:				
Basic	\$ 0.12	\$ (0.22)	\$ 0.04	\$ (0.36)
Diluted	0.12	(0.22)	0.04	(0.36)

For the three months ended June 30, 2026 and 2025, equity awards of 4,550 and 4,644, respectively, and for the six months ended June 30, 2026 and 2025, equity awards of 4,502 and 4,455, respectively, were excluded from the calculation of earnings (loss) per share for these periods as they were anti-dilutive.

NOTE 12. 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, 4,232 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 six months ended June 30, 2026, the Company issued stock option awards for an aggregate of 80 shares of Common Stock under the Amended and Restated 2015 Plan to directors of the Company. The 80 stock options shall vest and become exercisable within one year from the date of the grant. All of the issued stock options expire ten years from the date of the grant.

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:

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Options Granted During the Six Months Ended June 30, 2026

Number of options	80
Option vesting period	1 Year
Grant price (per share)	\$3.11
Dividend yield	3.22%
Expected volatility (a)	52.1% - 52.2%
Risk-free interest rate	4.21% - 4.27%
Expected life (years) (b)	5.81 - 6.69
Weighted average fair value (per share)	\$1.25 - \$1.30

(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.

The grant date fair value of the stock options granted during the six months ended June 30, 2026 was \$01, which will be recognized over the vesting period of the options.

During the six months ended June 30, 2026, the Company did not issue any restricted stock unit awards under the Amended and Restated 2015 Plan to directors and employees of the Company.

The total non-cash stock compensation expense related to grants of incentive stock options, nonqualified stock options, restricted stock awards, stock appreciation rights, and restricted stock unit awards recorded by the Company for the three months ended June 30, 2026 and 2025 was \$268 and \$1,555, respectively, and for the six months ended June 30, 2026 and 2025 was \$1,422 and \$3,024, respectively. For the three and six months ended June 30, 2026 and 2025, the majority of stock-based compensation costs were classified as selling, general and administrative expenses.

As of June 30, 2026, there were 110 unvested stock options and unrecognized compensation cost of \$139 related to unvested stock options, as well as 1,000 unvested restricted stock unit awards and unrecognized compensation costs of \$0 related to unvested restricted stock unit awards.

NOTE 13. 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 three months ended June 30, 2026 and 2025, the Company incurred \$140 and \$161, respectively, and during the six months ended June 30, 2026 and 2025, the Company incurred \$993 and \$334, respectively, of restructuring charges related to these actions. The Company has incurred \$7,131 of cumulative restructuring charges since the commencement of our 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 condensed consolidated statements of comprehensive income (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

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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 June 30, 2026, which are included within accrued liabilities in the condensed consolidated balance sheets:

	Outdoor	Adventure	Corporate	Total
Balance at December 31, 2025	\$ 407	\$ -	\$ -	\$ 407
Charges to expense:				
Employee termination benefits	565	108	-	673
Exit costs	320	-	-	320
Total restructuring charges	<u>\$ 885</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ 993</u>
Cash payments and non-cash charges:				
Cash payments	<u>(1,292)</u>	<u>(108)</u>	<u>-</u>	<u>(1,400)</u>
Balance at June 30, 2026	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 14. COMMITMENTS, CONTINGENCIES AND LEGAL MATTERS

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. There is a 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 Part II, Item 1. "Legal Proceedings."

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

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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

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transmitters distributed by BDEL. The Company and BDEL cooperated with the investigation and produced all relevant documents. The DOJ had 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 also had served two subpoenas upon a current and former employee of BDEL for grand jury testimony, as well as grand jury subpoenas for documents to an advisory entity and to the Company's former public relations firm and asked to speak with the successor to Mr. Vance's position. 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 June 4, 2026, the Company received a letter from the DOJ advising that based on information presently known to the government and the principles of federal prosecution, the DOJ has closed this investigation as to the Company and BDEL. On the same date, Messrs. Walbrecht and Vance received similar letters from the DOJ advising each of them that the DOJ had closed the investigation as to them. The Company has not received any further correspondence from the CPSC relating to the above matters.

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 into this specific matter without taking further action.

During the three months ended June 30, 2026 and 2025, the Company incurred legal expenses of \$1,104 and \$1,150, respectively, and during the six months ended June 30, 2026 and 2025, the Company incurred legal expenses of \$1,906 and \$1,728, respectively, in connection with the above investigation. These legal expenses are included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive income (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.

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. The Court of Appeals has invited the Securities and Exchange Commission ("SEC") to submit an amicus curiae brief, but the SEC declined to do so. We are currently waiting for the Court of Appeals to issue its decision.

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.

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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.

On April 11, 2026, the stockholder's attorney whose case was dismissed filed a lawsuit against the Company in the New York State Supreme Court seeking legal fees for his role in bringing an action against Caption. The Company intends to defend that action and argue that any fees he may recover are limited to services performed prior to the Company's direct action against Caption.

During the three months ended June 30, 2026 and 2025, the Company incurred legal expenses of \$97 and \$687, respectively, and during the six months ended June 30, 2026 and 2025, the Company incurred legal expenses of \$674 and \$734, respectively, in connection with the above cases. These legal expenses are included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive income (loss).

NOTE 15. INCOME TAXES

The Company's U.S. federal statutory tax rate is 21% and its foreign operations have statutory tax rates of approximately 23% in Austria, 28% in New Zealand, and 30% in Australia.

The difference between the Company's estimated effective tax rate of 0.5% for the three months ended June 30, 2026, and the U.S. federal statutory tax rate of 21% was primarily due to the impact of jurisdictional losses in the U.S. and Australia that presently do not provide future tax benefit.

The difference between the Company's estimated effective tax rate of 14.7% for the six months ended June 30, 2026, and the U.S. federal statutory tax rate of 21% was primarily due to the impact of jurisdictional losses in the U.S. and Australia that presently do not provide future tax benefit.

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. As of June 30, 2026 and December 31, 2025, the Company has provided a full valuation allowance against all of the U.S. deferred tax assets because the ultimate realization of those assets did not meet the more-likely-than-not criteria. Part of the Company's deferred tax assets consist of net operating loss carryforwards ("NOLs") for federal tax purposes. If a change in control were to occur, these could be limited under Section 382 of the Internal Revenue Code of 1986 ("Code"), as amended.

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 interim reporting period.

As of December 31, 2025, the Company had 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

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
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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 be subject to limitations based on prior or future ownership changes.

NOTE 16. 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.

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
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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:

	Three Months Ended June 30, 2026		
	Outdoor	Adventure	Total
Sales			
Domestic sales	\$ 19,522	\$ 5,000	\$ 24,522
International sales	20,254	11,380	31,634
Total sales	39,776	16,380	56,156
Cost of goods sold	19,098	9,586	
Selling, general and administrative	13,805	8,333	
Restructuring charges	92	48	
Contingent consideration benefit	-	(254)	
Legal and regulatory matter benefit	(1,396)	-	
Segment operating income (loss)	\$ 8,177	\$ (1,333)	\$ 6,844
Corporate costs			(2,284)
Interest income, net			84
Other, net			92
Income before income tax			\$ 4,736

	Three Months Ended June 30, 2025		
	Outdoor	Adventure	Total
Sales			
Domestic sales	\$ 18,621	\$ 6,103	\$ 24,724
International sales	18,040	12,483	30,523
Total sales	36,661	18,586	55,247
Cost of goods sold	23,429	11,648	
Other inventory reserves	490	-	
Selling, general and administrative	14,225	8,938	
Restructuring charges	(42)	203	
Transaction costs	86	-	
Legal and regulatory matter costs	1,150	-	
Impairment of indefinite-lived intangible assets	1,565	-	
Segment operating loss	\$ (4,242)	\$ (2,203)	\$ (6,445)
Corporate costs			(4,456)
Interest income, net			153
Other, net			1,483
Loss before income tax			\$ (9,265)

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
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	Six Months Ended June 30, 2026		
	Outdoor	Adventure	Total
Sales			
Domestic sales	\$ 41,095	\$ 8,307	\$ 49,402
International sales	43,553	25,139	68,692
Total sales	84,648	33,446	118,094
Cost of goods sold	47,824	20,035	
Selling, general and administrative	28,574	16,727	
Restructuring charges	885	108	
Contingent consideration benefit	-	(254)	
Legal and regulatory matter benefit	(594)	-	
Segment operating income (loss)	\$ 7,959	\$ (3,170)	\$ 4,789
Corporate costs			(6,297)
Interest income, net			172
Other, net			3,000
Income before income tax			\$ 1,664

	Six Months Ended June 30, 2025		
	Outdoor	Adventure	Total
Sales			
Domestic sales	\$ 39,315	\$ 10,218	\$ 49,533
International sales	41,669	24,478	66,147
Total sales	80,984	34,696	115,680
Cost of goods sold	52,783	21,813	
Inventory fair value of purchase accounting	-	120	
Other inventory reserves	490	-	
Selling, general and administrative	28,251	17,777	
Restructuring charges	131	203	
Transaction costs	156	40	
Legal and regulatory matter costs	1,728	-	
Impairment of indefinite-lived intangible assets	1,565	-	
Segment operating loss	\$ (4,120)	\$ (5,257)	\$ (9,377)
Corporate costs			(8,286)
Interest income, net			410
Other, net			1,942
Loss before income tax			\$ (15,311)

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

CLARUS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
(in thousands, except per share amounts)

Total assets by segment, as of June 30, 2026 and December 31, 2025, were as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Outdoor	\$ 153,456	\$ 145,902
Adventure	78,535	84,086
Corporate	22,839	19,040
	<u>\$ 254,830</u>	<u>\$ 249,028</u>

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2026</u>	<u>June 30, 2025</u>	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Capital expenditures:				
Outdoor	\$ 1,042	\$ 1,644	\$ 2,532	\$ 2,787
Adventure	62	219	130	257
Total capital expenditures	<u>\$ 1,104</u>	<u>\$ 1,863</u>	<u>\$ 2,662</u>	<u>\$ 3,044</u>
Depreciation:				
Outdoor	\$ 616	\$ 534	\$ 1,251	\$ 1,040
Adventure	322	343	611	720
Corporate	62	-	125	-
Total depreciation	<u>\$ 1,000</u>	<u>\$ 877</u>	<u>\$ 1,987</u>	<u>\$ 1,760</u>
Amortization:				
Outdoor	\$ 162	\$ 245	\$ 384	\$ 528
Adventure	1,744	1,968	3,459	3,909
Total amortization	<u>\$ 1,906</u>	<u>\$ 2,213</u>	<u>\$ 3,843</u>	<u>\$ 4,437</u>

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Please note that in this Quarterly Report on Form 10-Q Clarus Corporation (which may be referred to 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 Quarterly Report on Form 10-Q 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 Product 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

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

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; the Company's review of strategic alternatives, including the timing and outcome of the review, whether the review results in any transaction or other strategic outcome, whether and when the Company provides further updates, and the potential impact of the review on the Company's business and operations; and other risks and uncertainties set forth in the section entitled "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2025, which are incorporated herein by reference. More information on potential factors that could affect the Company's financial results is included from time to time in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. All forward-looking statements included in this Quarterly Report on Form 10-Q are based upon information available to the Company as of the date of this Quarterly Report on Form 10-Q, and speak only as of the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

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 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

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

(“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 June 18, 2026, the Company completed the acquisition of certain assets and liabilities constituting the ONWRD business (“ONWRD”).

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.

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. On August 5, 2026, the Company announced that its Board of Directors approved the payment on August 26, 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 August 17, 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 three months ended June 30, 2026 and 2025, the Company incurred \$140 and \$161, respectively, and during the six months ended June 30, 2026 and 2025, the Company incurred \$993 and \$334, respectively, of restructuring charges related to these actions. The Company has incurred \$7,131 of cumulative restructuring charges since the commencement of our 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 condensed consolidated statements of comprehensive income (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. Our critical accounting policies that require the use of estimates and assumptions were discussed in detail in our Annual Report on Form 10-K for the year ended December 31, 2025. 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.

There have been no significant changes to our critical accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2025.

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(in thousands, except per share amounts)

Recent Accounting Pronouncements

See “Recent Accounting Pronouncements” in Note 1 to our condensed consolidated financial statements.

Results of Operations

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

The following presents a discussion of operations for the three months ended June 30, 2026, compared with the three months ended June 30, 2025.

	Three Months Ended	
	June 30, 2026	June 30, 2025
Sales		
Domestic sales	\$ 24,522	\$ 24,724
International sales	31,634	30,523
Total sales	56,156	55,247
Cost of goods sold	28,684	35,567
Gross profit	27,472	19,680
Operating expenses		
Selling, general and administrative	24,303	26,910
Restructuring charges	140	161
Transaction costs	22	108
Contingent consideration benefit	(254)	-
Legal and regulatory matter (benefit) costs	(1,299)	1,837
Impairment of indefinite-lived intangible assets	-	1,565
Total operating expenses	22,912	30,581
Operating income (loss)	4,560	(10,901)
Other income		
Interest income, net	84	153
Other, net	92	1,483
Total other income, net	176	1,636
Income (loss) before income tax	4,736	(9,265)
Income tax expense (benefit)	22	(831)
Net income (loss)	\$ 4,714	\$ (8,434)

Sales

Total sales increased \$909, or 1.6%, to \$56,156 during the three months ended June 30, 2026, compared to total sales of \$55,247 during the three months ended June 30, 2025. The increase in sales was attributable to an increase in sales at the Outdoor segment of \$3,115, partially offset by a decrease in sales at the Adventure segment of \$2,206.

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(in thousands, except per share amounts)

Sales in the Outdoor segment increased by \$867 due to foreign exchange impact from the weakening of the U.S. dollar primarily against the euro during the three months ended June 30, 2026, compared to the prior period. Sales in the Adventure segment increased by \$1,022 due to foreign exchange impact from the weakening of the U.S. dollar against the Australian dollar during the three months ended June 30, 2026, compared to the prior period.

Sales in the Outdoor segment increased due to increases in global wholesale revenue of \$2,709, independent global distributor revenue of \$372, and global direct-to-consumer revenue of \$228, partially offset by lower PIEPS revenue of \$195 due to the sale of PIEPS in July 2025, compared to the prior period. Sales in the Adventure segment decreased due to an unfavorable wholesale market in Australia and North America for Rhino-Rack and MAXTRAX.

Domestic sales decreased \$202, or 0.8%, to \$24,522 during the three months ended June 30, 2026, compared to domestic sales of \$24,724 during the three months ended June 30, 2025. The decrease in sales was attributable to a decrease in sales at the Adventure segment of \$1,102, partially offset by an increase in sales at the Outdoor segment of \$900.

International sales increased \$1,111, or 3.6%, to \$31,634 during the three months ended June 30, 2026, compared to international sales of \$30,523 during the three months ended June 30, 2025. The increase in sales was attributable to an increase in sales at the Outdoor segment of \$2,214, partially offset by a decrease in sales at the Adventure segment of \$1,103.

Cost of Goods Sold

Cost of goods sold decreased \$6,883, or 19.4%, to \$28,684 during the three months ended June 30, 2026, compared to cost of goods sold of \$35,567 during the three months ended June 30, 2025. During the three months ended June 30, 2026, the Outdoor segment received IEEPA tariff refunds of \$6,142 which were recognized as a benefit to cost of goods sold and drove the significant decrease from the prior year. The Company previously recognized amounts paid for such tariffs within cost of goods sold.

Gross Profit

Gross profit increased \$7,792, or 39.6%, to \$27,472 during the three months ended June 30, 2026, compared to gross profit of \$19,680 during the three months ended June 30, 2025. Gross margin was 48.9% during the three months ended June 30, 2026, compared to a gross margin of 35.6% during the three months ended June 30, 2025. Gross margin during the three months ended June 30, 2026, increased compared to the prior year as a result of receiving the IEEPA tariff refunds of \$6,142, higher volumes and a favorable product mix at the Outdoor segment, as well as a favorable product mix at the Adventure segment. These increases were partially offset by lower volume at the Adventure segment.

Selling, General and Administrative

Selling, general, and administrative expenses decreased \$2,607, or 9.7%, to \$24,303 during the three months ended June 30, 2026, compared to selling, general and administrative expenses of \$26,910 during the three months ended June 30, 2025. Selling, general and administrative expenses at the Adventure segment decreased by \$605 primarily as a result of lower marketing, depreciation, amortization, and employee-related costs. The Outdoor segment also experienced decreases of \$420 primarily as a result of lower costs from PIEPS due to the sale in July 2025, partially offset by higher marketing expenses. Additionally, Corporate costs decreased by \$1,582 due to lower outside service and employee-related costs.

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

Restructuring Charges

Restructuring charges were \$140 during the three months ended June 30, 2026, compared to restructuring charges of \$161 during the three months ended June 30, 2025. The restructuring charges incurred during the three months ended June 30, 2026, 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.

Transaction Costs

Transaction costs decreased to \$22 during the three months ended June 30, 2026, compared to transaction costs of \$108 during the three months ended June 30, 2025, which consisted of expenses related to the Company's various acquisition and disposal efforts.

Contingent Consideration Benefit

Contingent consideration benefit increased to \$254 during the three months ended June 30, 2026, compared to a contingent consideration benefit of \$0 during the three months ended June 30, 2025, which consisted of changes in the estimated fair value of contingent consideration liabilities associated with our acquisition of RockyMounts in 2024.

Legal and Regulatory Matter (Benefit) Costs

Legal and regulatory matter (benefit) costs changed by \$3,136, or 170.7%, to a benefit of \$1,299 during the three months ended June 30, 2026, compared to legal and regulatory matter costs of \$1,837 during the three months ended June 30, 2025. The benefit reflects the Company's reversal of an accrued liability for the regulatory matter with the United States Consumer Product Safety Commission partially offset by expenses related to the Company's specific legal matters. See Note 14 to our condensed consolidated financial statements for financial information regarding specific legal matters.

Impairment of Indefinite-Lived Intangible Assets

Impairment of indefinite-lived intangible assets decreased to \$0 during the three months ended June 30, 2026, compared to impairment of indefinite-lived intangible assets of \$1,565 during the three months ended June 30, 2025. 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, specifically the PIEPS trademark, were impaired and recognized charges of \$1,565 during the three months ended June 30, 2025.

Interest Income, net

Interest income, net decreased to \$84 during the three months ended June 30, 2026, compared to interest income, net of \$153 during the three months ended June 30, 2025. The decrease in interest income recognized during the three months ended June 30, 2026, was due to lower interest rates on lower cash balances, compared to the prior period.

Other, net

Other, net, changed by \$1,391, or 93.8%, to \$92 during the three months ended June 30, 2026, compared to other, net of \$1,483 during the three months ended June 30, 2025. The change in other, net, was primarily attributable to a decrease in remeasurement gains recognized on the Company's foreign denominated accounts receivable and accounts payable and a decrease in miscellaneous gains. The change was partially offset by a decrease in losses on mark-to-market adjustments on non-hedged foreign currency contracts during the three months ended June 30, 2026.

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

Income Taxes

Income tax expense (benefit) changed by \$853, or 102.6%, to an expense of \$22 during the three months ended June 30, 2026, compared to a benefit of \$831 during the same period in 2025. Our effective income tax rate was 0.5% for the three months ended June 30, 2026, and differed compared to the statutory tax rates primarily due to the impact of jurisdictional losses in the U.S. and Australia that presently do not provide future tax benefit. For the three months ended June 30, 2025, our effective income tax rate was a benefit of 9.0% and differed compared to the statutory tax rates primarily due to the impact of valuation allowance, stock compensation, and research and experimentation expenditures and credits.

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

The following presents a discussion of operations for the six months ended June 30, 2026, compared with the six months ended June 30, 2025.

	Six Months Ended	
	June 30, 2026	June 30, 2025
Sales		
Domestic sales	\$ 49,402	\$ 49,533
International sales	68,692	66,147
Total sales	118,094	115,680
Cost of goods sold	67,859	75,206
Gross profit	50,235	40,474
Operating expenses		
Selling, general and administrative	50,880	53,526
Restructuring charges	993	334
Transaction costs	44	250
Contingent consideration benefit	(254)	-
Legal and regulatory matter costs	80	2,462
Impairment of indefinite-lived intangible assets	-	1,565
Total operating expenses	51,743	58,137
Operating loss	(1,508)	(17,663)
Other income		
Interest income, net	172	410
Other, net	3,000	1,942
Total other income, net	3,172	2,352
Income (loss) before income tax	1,664	(15,311)
Income tax expense (benefit)	245	(1,633)
Net income (loss)	\$ 1,419	\$ (13,678)

Sales

Total sales increased \$2,414, or 2.1%, to \$118,094 during the six months ended June 30, 2026, compared to total sales of \$115,680 during the six months ended June 30, 2025. The increase in sales was attributable to an increase in sales at the Outdoor segment of \$3,664, partially offset by a decrease in sales at the Adventure segment of \$1,250.

Sales in the Outdoor segment increased by \$2,514 due to foreign exchange impact from the weakening of the U.S. dollar primarily against the euro during the six months ended June 30, 2026, compared to the prior period. Sales in the Adventure segment increased by \$2,270 due to foreign exchange impact from the weakening of the U.S. dollar against the Australian dollar during the six months ended June 30, 2026, compared to the prior period.

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MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

Sales in the Outdoor segment increased due to increases in global wholesale revenue of \$5,645 and independent global distributor revenue of \$658, partially offset by lower PIEPS revenue of \$1,962 due to the sale of PIEPS in July 2025 and lower global direct-to-consumer revenue of \$677, compared to the prior period. Sales in the Adventure segment decreased due to an unfavorable wholesale market in North America, partially offset by strength in the wholesale Australian market for Rhino-Rack and MAXTRAX during the first quarter of 2026.

Domestic sales decreased \$131, or 0.3%, to \$49,402 during the six months ended June 30, 2026, compared to domestic sales of \$49,533 during the six months ended June 30, 2025. The decrease in sales was attributable to a decrease in sales at the Adventure segment of \$1,911, partially offset by an increase in sales at the Outdoor segment of \$1,780.

International sales increased \$2,545, or 3.8%, to \$68,692 during the six months ended June 30, 2026, compared to international sales of \$66,147 during the six months ended June 30, 2025. The increase in sales was attributable to an increase in sales at the Outdoor and Adventure segments of \$1,884 and \$661, respectively.

Cost of Goods Sold

Cost of goods sold decreased \$7,347, or 9.8%, to \$67,859 during the six months ended June 30, 2026, compared to cost of goods sold of \$75,206 during the six months ended June 30, 2025. During the six months ended June 30, 2026, the Outdoor segment received IEEPA tariff refunds of \$6,142 which were recognized as a benefit to cost of goods sold and drove the significant decrease from the prior year. The Company previously recognized amounts paid for such tariffs within cost of goods sold.

Gross Profit

Gross profit increased \$9,761, or 24.1%, to \$50,235 during the six months ended June 30, 2026, compared to gross profit of \$40,474 during the six months ended June 30, 2025. Gross margin was 42.5% during the six months ended June 30, 2026, compared to a gross margin of 35.0% during the six months ended June 30, 2025. Gross margin during the six months ended June 30, 2026, increased compared to the prior year as a result of receiving the IEEPA tariff refunds of \$6,142, higher volumes and a favorable product mix at the Outdoor segment, as well as a favorable product mix at the Adventure segment. The volume increases at the Outdoor segment were partially offset by lower volumes due to the sale of PIEPS in July 2025. Additionally, the overall increases were partially offset by lower volume at the Adventure segment.

Selling, General and Administrative

Selling, general, and administrative expenses decreased \$2,646, or 4.9%, to \$50,880 during the six months ended June 30, 2026, compared to selling, general and administrative expenses of \$53,526 during the six months ended June 30, 2025. Selling, general and administrative expenses at the Adventure segment decreased by \$1,050 primarily as a result of lower marketing, depreciation, amortization, and employee-related costs. Additionally, Corporate costs decreased by \$1,919 due to lower outside service and employee-related costs. These decreases were partially offset by increases at the Outdoor segment of \$323 primarily as a result of higher outside service, depreciation, and employee-related costs, partially offset by lower costs from PIEPS due to the sale in July 2025, and lower amortization expense.

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

Restructuring Charges

Restructuring charges were \$993 during the six months ended June 30, 2026, compared to restructuring charges of \$334 during the six months ended June 30, 2025. The restructuring charges incurred during the six months ended June 30, 2026, 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 \$673 and athlete sponsorship contract termination costs of \$320.

Transaction Costs

Transaction costs decreased to \$44 during the six months ended June 30, 2026, compared to transaction costs of \$250 during the six months ended June 30, 2025, which consisted of expenses related to the Company's various acquisition and disposal efforts.

Contingent Consideration Benefit

Contingent consideration benefit increased to \$254 during the six months ended June 30, 2026, compared to a contingent consideration benefit of \$0 during the six months ended June 30, 2025, which consisted of changes in the estimated fair value of contingent consideration liabilities associated with our acquisition of RockyMounts in 2024.

Legal and Regulatory Matter Costs

Legal and regulatory matter costs decreased to \$80 during the six months ended June 30, 2026, compared to legal and regulatory matter costs of \$2,462 during the six months ended June 30, 2025, which consisted of expenses related to the Company's specific legal matters. The expenses during the six months ended June 30, 2026 were offset by the Company's reversal of an accrued liability for the regulatory matter with the United States Consumer Product Safety Commission. See Note 14 to our condensed consolidated financial statements for financial information regarding specific legal matters.

Impairment of Indefinite-Lived Intangible Assets

Impairment of indefinite-lived intangible assets decreased to \$0 during the six months ended June 30, 2026, compared to impairment of indefinite-lived intangible assets of \$1,565 during the six months ended June 30, 2025. 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, specifically the PIEPS trademark, were impaired and recognized charges of \$1,565 during the six months ended June 30, 2025.

Interest Income, net

Interest income, net decreased to \$172 during the six months ended June 30, 2026, compared to interest income, net of \$410 during the six months ended June 30, 2025. The decrease in interest income recognized during the six months ended June 30, 2026, was due to lower interest rates on lower cash balances, compared to the prior period.

Other, net

Other, net, changed by \$1,058, or 54.5%, to \$3,000 during the six months ended June 30, 2026, compared to other, net of \$1,942 during the six months ended June 30, 2025. The change in other, net, was primarily attributable to miscellaneous gains related to the Company's various legal matters and gains in mark-to-market adjustments on non-hedged foreign currency contracts. The change was partially offset by a decrease in remeasurement gains recognized on the Company's foreign denominated accounts receivable and accounts payable during the six months ended June 30, 2026.

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

Income Taxes

Income tax expense (benefit) changed by \$1,878, or 115.0%, to an expense of \$245 during the six months ended June 30, 2026, compared to a benefit of \$1,633 during the same period in 2025. Our effective income tax rate was 14.7% for the six months ended June 30, 2026, and differed compared to the statutory tax rates primarily due to the impact of jurisdictional losses in the U.S. and Australia that presently do not provide future tax benefit. For the six months ended June 30, 2025, our effective income tax rate was a benefit of 10.7% and differed compared to the statutory tax rates primarily due to the impact of valuation allowance, stock compensation, and research and experimentation expenditures and credits.

Liquidity and Capital Resources

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

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. 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.

At June 30, 2026, we had total cash and restricted cash of \$30,857, compared to total cash and restricted cash of \$38,195 at December 31, 2025. At June 30, 2026, the Company had \$7,901 of the \$30,857 in cash and restricted cash held by foreign entities, of which \$6,721 is considered permanently reinvested.

The following presents a discussion of cash flows for the condensed consolidated six months ended June 30, 2026 compared with the condensed consolidated six months ended June 30, 2025.

	Six Months Ended	
	June 30, 2026	June 30, 2025
Net cash used in operating activities	\$ (2,393)	\$ (11,497)
Net cash used in investing activities	(3,009)	(2,990)
Net cash used in financing activities	(2,401)	(1,962)
Effect of foreign exchange rates on cash and restricted cash	465	520
Change in cash and restricted cash	(7,338)	(15,929)
Cash and restricted cash, beginning of year	38,195	45,359
Cash and restricted cash, end of period	<u>\$ 30,857</u>	<u>\$ 29,430</u>

Net Cash From Operating Activities

Net cash used in operating activities was \$2,393 during the six months ended June 30, 2026, compared to net cash used in operating activities of \$11,497 during the six months ended June 30, 2025. The change in net cash used in operating activities during 2026 is primarily due to an increase in net income and an increase in deferred income taxes compared to the same period in 2025. These impacts were partially offset by a decrease in stock based compensation, a decrease in impairment of indefinite-lived intangible assets, and an increase in cash outflows related to working capital compared to the same period in 2025.

Free cash flow, defined as net cash used in operating activities less capital expenditures, of \$5,055 was used during the six months ended June 30, 2026 compared to \$14,541 used during the same period in 2025. The Company believes that the

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

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 flow to the most directly comparable GAAP financial measure is set forth below:

	Six Months Ended	
	June 30, 2026	June 30, 2025
Net cash used in operating activities	\$ (2,393)	\$ (11,497)
Purchase of property and equipment	(2,662)	(3,044)
Free cash flow	<u>\$ (5,055)</u>	<u>\$ (14,541)</u>

Net Cash From Investing Activities

Net cash used in investing activities was \$3,009 during the six months ended June 30, 2026, compared to net cash used in investing activities of \$2,990 during the six months ended June 30, 2025. The change in cash used in investing activities during the six months ended June 30, 2026 is primarily due to an increase in outflows related to the purchase of businesses and a decrease in proceeds from the disposition of property and equipment compared to the same period in 2025. These impacts were partially offset by a decrease in purchases of property and equipment compared to the same period in 2025.

Net Cash From Financing Activities

Net cash used in financing activities was \$2,401 during the six months ended June 30, 2026, compared to net cash used in financing activities of \$1,962 during the six months ended June 30, 2025. The change in net cash used in financing activities during the six months ended June 30, 2026 is primarily due to an increase in purchases of treasury stock compared to the same period in 2025.

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.

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 research and experimentation credits and capitalized costs for federal tax purposes. These deferred tax assets 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 Internal Revenue Code of 1986 (“Code”), as amended.

Credit Agreement

As of June 30, 2026, the Company maintained no credit facilities.

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.

CLARUS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except per share amounts)

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has not been any material change in the market risk disclosure contained in our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 4. 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 Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of June 30, 2026. 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 June 30, 2026, were effective.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, pursuant to Exchange Act Rule 13a-15(d).

CLARUS CORPORATION**PART II. OTHER INFORMATION****ITEM 1. 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 position, 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.

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 set forth 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 condensed 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. See also Part II, Item 1A. "Risk Factors."

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

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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 cooperated with the investigation and produced all relevant documents. The DOJ had 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 also had served two subpoenas upon a current and former employee of BDEL for grand jury testimony, as well as grand jury subpoenas for documents to an advisory entity and to the Company’s former public relations firm and asked to speak with the successor to Mr. Vance’s position. 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 June 4, 2026, the Company received a letter from the DOJ advising that based on information presently known to the government and the principles of federal prosecution, the DOJ has closed this investigation as to the Company and BDEL. On the same date, Messrs. Walbrecht and Vance received similar letters from the DOJ advising each of them that the DOJ

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had closed the investigation as to them. The Company has not received any further correspondence from the CPSC relating to the above matters.

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 into this specific matter without taking further action.

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.

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. The Court of Appeals has invited the Securities and Exchange Commission (“SEC”) to submit an amicus curiae brief, but the SEC declined to do so. We are currently waiting for the Court of Appeals to issue its decision.

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.

On April 11, 2026, the stockholder’s attorney whose case was dismissed filed a lawsuit against the Company in the New York State Supreme Court seeking legal fees for his role in bringing an action against Caption. The Company intends to defend that action and argue that any fees he may recover are limited to services performed prior to the Company’s direct action against Caption.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A. of the Company’s Annual Report on Form 10-K for the year ended December 31, 2025 and Part II, Item 1A. of the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2026.

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

Unregistered Sales of Equity Securities

The Company did not sell any securities during the quarter ended June 30, 2026 that were not registered under the Securities Act of 1933, as amended.

Issuer Repurchases of Equity Securities

On August 1, 2022, the Company announced that its Board of Directors implemented a stock repurchase program that allows the repurchase of up to \$50,000,000 of the Company's outstanding common stock. During the quarter ended June 30, 2026, the Company purchased 153,331 shares of the Company's common stock for \$447,047 under the Company's authorized stock repurchase program.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Period				
April 1 to 30, 2026	-	\$ -	-	\$ 42,829,217
May 1 to 31, 2026	153,331	\$ 2.92	153,331	\$ 42,382,170
June 1 to 30, 2026	-	\$ -	-	\$ 42,382,170
Total	<u>153,331</u>			

ITEM 5. OTHER INFORMATION

During the three month period ended June 30, 2026, 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 fiscal quarter adopt or terminate any "Rule 10b5-1 trading arrangement".

CLARUS CORPORATION

ITEM 6. EXHIBITS

Exhibit	Description
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) 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 906 of the Sarbanes-Oxley Act of 2002. **
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. **
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
*	Filed herewith
**	Furnished herewith

CLARUS CORPORATION

SIGNATURES

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

CLARUS CORPORATION

Date: August 6, 2026

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

Date: August 6, 2026

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

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Warren B. Kanders, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2026

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

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Michael J. Yates, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2026

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

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

In connection with the Quarterly Report of Clarus Corporation (the "Company") on Form 10-Q for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Warren B. Kanders, Executive Chairman, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: August 6, 2026

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

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

In connection with the Quarterly Report of Clarus Corporation (the "Company") on Form 10-Q for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Yates, Chief Financial Officer, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: August 6, 2026

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