United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 8-K/A
(Amendment No.1)
Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 21, 2017

Clarus Corporation

(Exact name of registrant as specified in its charter)

Delaware	001-34767	58-1972600
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

2084 East 3900 South, Salt Lake City, Utah	84124
(Address of principal executive offices)	(Zip Code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ 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. ☐

Forward-Looking Statements

Please note that in this Current Report on Form 8-K (the "Report") we may use words such as "appears," "anticipates," "believes," "plans," "expects," "intends," "future," and similar expressions which constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this release include, but are not limited to, the overall level of consumer spending on our products; general economic conditions and other factors affecting consumer confidence; disruption and volatility in the global capital and credit markets; the financial strength of the Company's customers; the Company's ability to implement its reformation and growth strategy, including its ability to organically grow each of its historical product lines, the ability of the Company to identify potential acquisition or investment opportunities as part of its redeployment and diversification strategy; the Company's ability to successfully redeploy its capital into diversifying assets or that any such redeployment will result in the Company's future profitability; the Company's ability to successfully integrate Sierra Bullets L.L.C.; the Company's exposure to product liability or product warranty claims and other loss contingencies; stability of the Company's manufacturing facilities and foreign suppliers; the Company's ability to protect patents, trademarks and other intellectual property rights; fluctuations in the price, availability and quality of raw materials and contracted products as well as foreign currency fluctuations; our ability to utilize our net operating loss carryforwards; and legal, regulatory, political and economic risks in international markets. 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 Report are based upon information available to the Company as of the date of the Report, and speak only as the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this Report.

This Amendment No. 1 on Form 8-K/A is being filed to amend the Current Report on Form 8-K (the "Initial 8-K") filed with the Securities and Exchange Commission on August 25, 2017, by Clarus Corporation (the "Company" or "Clarus") to include the financial information referred to in Item 9.01(a) and (b) below relating to the Company's acquisition on August 21, 2017 of Sierra Bullets, L.L.C. Pursuant to the instructions to Item 9.01 of Form 8-K, Clarus hereby amends Item 9.01 of the Initial 8-K to include previously omitted financial information.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of the Business Acquired. The financial statements required by this item are hereby included in Exhibits 99.2 and 99.3 attached hereto.

(b) Pro Forma Financial Information. The pro forma financial information required by this item is hereby included in Exhibit 99.4 attached hereto.

(d) Exhibits. The following Exhibits are filed herewith as a part of this Report:

Exhibit No.	Description
10.1	Purchase and Sale Agreement dated as of August 21, 2017, by and among Everest/Sapphire Acquisition, LLC, Sierra Bullets, L.L.C., BHH Management, Inc., and Lumber Management, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 25, 2017 and incorporated herein by reference).*
10.2	Third Amended and Restated Loan Agreement, effective as of August 21, 2017, by and among ZB, N.A. dba Zions First National Bank, a national banking association, as Lender, and Clarus Corporation; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; BD North American Holdings, LLC; PIEPS Service, LLC; BD European Holdings, LLC, and Sierra Bullets, L.L.C. as Borrowers (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 25, 2017 and incorporated herein by reference). *
10.3	Fourth Amended and Restated Promissory Note (Revolving Loan) dated effective as of August 21, 2017, by and among Clarus Corporation; Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; BD North American Holdings, LLC; PIEPS Service, LLC; BD European Holdings, LLC, and Sierra Bullets, L.L.C. (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 25, 2017 and incorporated herein by reference).*
23.1	Consent of Singer Lewak, LLP, Independent Auditors.
99.1	Press Release dated August 22, 2017 (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 25, 2017 and incorporated herein by reference).
99.2	Audited consolidated financial statements of Sierra Bullets, L.L.C., as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, together with the related Independent Auditor's Report.
99.3	Unaudited consolidated financial statements of Sierra Bullets, L.L.C., as of June 30, 2017 and December 31, 2016 and for the six months ended June 30, 2017 and 2016, and the related notes thereto.
99.4	Unaudited pro forma condensed combined financial information of Clarus Corporation as of June 30, 2017 and for the fiscal year ended December 31, 2016 and the six months ended June 30, 2017 and notes thereto.

*Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Clarus Corporation will furnish the omitted schedules to the Securities and Exchange Commission upon request by the Securities and Exchange Commission.

SIGNATURES

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

CLARUS CORPORATION

Dated: October 20, 2017

By: */s/ Aaron J. Kuehne*

Name: Aaron J. Kuehne

Title: Chief Financial Officer and Chief Administrative Officer

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Singer Lewak, LLP, Independent Auditors.
99.2	Audited consolidated financial statements of Sierra Bullets, L.L.C., as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, together with the related Independent Auditor's Report.
99.3	Unaudited consolidated financial statements of Sierra Bullets, L.L.C., as of June 30, 2017 and December 31, 2016 and for the six months ended June 30, 2017 and 2016, and the related notes thereto.
99.4	Unaudited pro forma condensed combined financial information of Clarus Corporation as of June 30, 2017 and for the fiscal year ended December 31, 2016 and the six months ended June 30, 2017 and notes thereto.

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITOR

We consent to the incorporation by reference in the registration statement No. 333-218754 on Form S-8 of our report dated March 9, 2017, with respect to the consolidated balance sheets of Sierra Bullets, L.L.C. as of December 31, 2016 and 2015, and the related consolidated statements of income, changes in members' equity and cash flows for the years then ended, which report appears in the Amendment No. 1 to the Current Report on Form 8-K of Clarus Corporation filed with the Securities and Exchange Commission on October 20, 2017.

/s/ Singer Lewak LLP

Irvine, California

October 20, 2017

Exhibit 99.2

SIERRA BULLETS, LLC AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 and 2015

INDEPENDENT AUDITOR'S REPORT

To the Members
Sierra Bullets, LLC and Affiliate
Los Angeles, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sierra Bullets, LLC and Affiliate (collectively the "Company"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, changes in members' equity and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, "the financial statements").

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

2050 Main St. 7th Floor Irvine, CA 92614 T: 949.261.8600 F: 949.261.8610
877.754.4557

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sierra Bullets, LLC and Affiliate as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Singer Lewak LLP

March 9, 2017

SIERRA BULLETS, LLC AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
December 31,

	2016	2015
ASSETS		
Current assets		
Cash	$ 54,951	$ 31,053
Accounts receivable, net	2,134,498	2,569,366
Due from member	3,252,153	3,019,939
Inventory	8,556,549	7,438,291
Prepaid expenses and other current assets	250,973	246,102
Total current assets	14,249,124	13,304,751
Property and equipment		
Machinery and equipment	8,741,453	7,724,814
Buildings and improvements	2,259,405	2,783,700
Furniture and fixtures	581,714	581,714
Tools and dies	479,735	195,572
Land	197,655	197,655
Construction in progress	153,992	20,691
Vehicles	106,102	106,102
	12,520,056	11,610,248
Less accumulated depreciation	(8,547,400)	(7,786,429)
Total property and equipment	3,972,656	3,823,819
Other assets		
Goodwill	1,586,694	1,586,694
Other assets	17,996	21,241
Total other assets	1,604,690	1,607,935
Total assets	**$ 19,826,470**	**$ 18,736,505**

The accompanying notes are an integral part of these financial statements.

	2016	2015
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 888,643	$ 598,246
Accrued expenses	599,844	704,682
Current portion of note payable	585,714	585,714
Total current liabilities	2,074,201	1,888,642
Contingent liabilities	1,300,000	800,000
Note payable, net of current portion	1,220,239	1,805,953
Total liabilities	4,594,440	4,494,595
Commitments and contingencies		
Members' equity		
BHH Management, Inc.	8,267,521	8,768,715
Lumber Management, Inc.	1,291,409	1,369,695
Non-controlling interest in variable interest entity	5,673,100	4,103,500
Total members' equity	15,232,030	14,241,910
Total liabilities and members' equity	**$ 19,826,470**	**$ 18,736,505**

The accompanying notes are an integral part of these financial statements.

SIERRA BULLETS, LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended December 31,

	2016		2015	
	Amount	**% of Revenues**	**Amount**	**% of Revenues**
Sales, net	$ 33,985,447	100.0	$ 36,583,956	100.0
Cost of sales	17,498,321	51.5	20,141,345	55.1
Gross profit	16,487,126	48.5	16,442,611	44.9
Selling, general and administrative expenses	3,438,971	10.1	3,409,230	9.3
Managing member fees	1,933,359	5.7	1,920,876	5.3
Operating income	11,114,796	32.7	11,112,505	30.3
Other expense				
Interest expense	75,572	0.2	97,497	0.3
Income before provision for income taxes	11,039,224	32.5	11,015,008	30.0
Provision for income taxes	800	0.0	3,300	0.0
Income before non-controlling interest in variable interest entity	11,038,424	32.5	11,011,708	30.0
Income related to non-controlling interest in variable interest entity	(1,814,800)	(5.4)	(1,644,032)	(4.5)
Net income	**$ 9,223,624**	**27.1**	**$ 9,367,676**	**25.5**

The accompanying notes are an integral part of these financial statements.

	BHH Management, Inc.	Lumber Management, Inc.	Non-Controlling Interest in Variable Interest Entity	Total
Balance at January 1, 2015	$ 10,875,118	$ 1,698,721	$ 2,555,875	$ 15,129,714
Stock based compensation	170,294	26,601	-	196,895
Distributions	(10,378,800)	(1,621,200)	(96,407)	(12,096,407)
Net income	8,102,103	1,265,573	1,644,032	11,011,708
Balance at December 31, 2015	**$ 8,768,715**	**$ 1,369,695**	**$ 4,103,500**	**$ 14,241,910**
Stock based compensation	170,294	26,602	-	196,896
Distributions	(8,649,000)	(1,351,000)	(245,200)	(10,245,200)
Net income	7,977,512	1,246,112	1,814,800	11,038,424
Balance at December 31, 2016	**$ 8,267,521**	**$ 1,291,409**	**$ 5,673,100**	**$ 15,232,030**

The accompanying notes are an integral part of these financial statements.

SIERRA BULLETS, LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2016	2015
Cash flows from operating activities		
Net income	$ 9,223,624	$ 9,367,676
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for sales discounts and allowance for doubtful accounts	(114,312)	32,057
Income related to variable interest entity	1,814,800	1,644,032
Reserve on inventory	(5,017)	(275,958)
Depreciation and amortization	768,199	929,316
Stock based compensation	196,896	196,895
(Increase) decrease in Accounts receivable	549,180	(325,198)
Due from member	(232,214)	61,200
Inventory	(1,113,241)	429,698
Prepaid expenses and other assets	(1,626)	(327)
Increase (decrease) in Accounts payable	290,397	(21,011)
Accrued expenses	(104,838)	198,969
Contingent liabilities	500,000	600,000
Net cash flows from operating activities	11,771,848	12,837,349
Cash flows from investing activities		
Purchase of property and equipment	(917,036)	(263,794)
Net cash used in investing activities	(917,036)	(263,794)
Cash flows from financing activities		
Principal payments on note payable	(585,714)	(585,714)
Distributions to members	(10,000,000)	(12,000,000)
Distributions to members from non-controlling interest in variable interest entity	(245,200)	(96,407)
Net cash flows used in financing activities	(10,830,914)	(12,682,121)
Net increase (decrease) in cash	23,898	(108,566)
Cash, beginning of year	31,053	139,619
Cash, end of year	**$ 54,951**	**$ 31,053**
Supplemental disclosure for cash flows information		
Interest paid	**$ 75,572**	**$ 97,497**
Income taxes paid	**$ 800**	**$ 3,300**

NOTE 1 - BUSINESS ACTIVITY

Sierra Bullets, LLC ("Sierra"), a Delaware limited liability company, manufactures and sells copper jacketed bullets and produces and distributes related accessory items to sporting goods distributors and ammunition manufacturers throughout the world. Revenues from sales of copper jacketed bullets represent approximately ninety-nine percent of total revenues. Sierra grants credit to all of its commercial customers within the United States.

Sierra was formed on May 6, 1988 as a limited partnership. Upon formation, BHH Management, Inc. ("BHH") and Lumber Management, Inc. ("LMI") contributed cash and The Leisure Group, Inc. ("TLG") contributed assets and liabilities of its Sierra Bullets division. Because ownership interests of the newly formed partnership remained the same as that of the Sierra Bullets division of TLG, the assets and liabilities contributed were recorded at their net book values, including goodwill. TLG was subsequently dissolved in 1988. At December 31, 1995, the Company merged into a newly formed Delaware limited liability company. Sierra is currently owned by BHH (86.49%) and LMI (13.51%).

Sierra IC - DISC, Inc. ("DISC"), an entity under common ownership, was incorporated in April 2013 in the State of Delaware to sell the Company's products in foreign countries, and has been consolidated as a variable interest entity (see Note 2). Sierra is the primary beneficiary of the variable interest entity and began consolidating DISC as of April 1, 2013.

The accompanying consolidated balance sheet and consolidated statements of income, changes in members' equity and cash flows include the accounts of Sierra Bullets, LLC and Affiliate listed below (collectively, the "Company"). The Company consists of the following entities:

Entity	Type of Entity	Fiscal Year End	Tax Year End
Parent			
Sierra Bullets, LLC	Delaware Limited Liability Company	December 31	December 31
Affiliate			
Sierra IC-DISC, Inc.	Delaware Corporation	December 31	December 31

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated entities of Sierra and DISC are under common ownership and management and are economically interdependent. All significant intercompany balances and transactions have been eliminated in consolidation. Sierra is the primary beneficiary of DISC, which is considered a variable interest entity ("VIE").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Sales of products and related costs of products sold are recognized when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the price is fixed or determinable and (iv) collectability is reasonably assured. The Company recognizes revenue upon shipment of its products when title and risk of loss passes to its customers. For the years ended December 31, 2016 and 2015, discounts of $2,399,058 and $3,536,869 were included in net sales, respectively.

Fair Value of Financial Instruments

The estimated fair values of the Company's short-term financial instruments, including receivables, payables and interest rate swaps arising in the ordinary course of business approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The carrying amounts reported for debt obligations approximate fair value due to the effective interest rate of these obligations reflecting the Company's current borrowing rate.

Accounts Receivable

Accounts receivable are reported as the customers' outstanding balances net of allowances for doubtful accounts and sales discounts. Interest is not accrued on overdue accounts receivable.

The allowances for doubtful accounts and sales discounts are maintained at a level that, in the judgment of the Company's management, is adequate to absorb credit losses inherent in the trade receivables. The amounts of the allowances are based on management's evaluation of the collectability of the receivables including the nature of the receivables, credit concentrations, trends in historical loss experience, specific impaired trade receivables, applicable discounts and economic conditions. The delinquency status of the trade receivables is based on how recently payments have been received or on contractual terms. Trade receivables are charged off in the period in which they are deemed uncollectible. As of December 31, 2016 and 2015, $55,000 and $64,800 of allowances for doubtful accounts and $79,471 and $183,983 of provisions for sales discounts were included in net accounts receivable, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Inventory</u>
Inventory is valued at the lower of cost (first-in-first-out) or market. Costs include an allocable portion of labor and overhead costs. Market is determined by comparison with recent sales or realizable value.

The Company provides an allowance to reduce the inventory carrying value to the lower of cost or net realizable value. In determining net realizable value, the Company assumes the inventory will be offered for sale in the normal course of business and not on a liquidation basis.

<u>Property and Equipment</u>
Property and equipment are stated at cost. The Company depreciates assets using the straight-line method over the estimated useful lives of various classes of assets, as follows:

Machinery and equipment	3 to 10 years
Buildings and improvements	15 to 40 years
Furniture and fixtures	3 to 7 years
Tool and dies	3 to 7 years
Land	n/a
Vehicles	3 to 7 years
Construction in progress	n/a

Depreciation and amortization expense recognized for the years ended December 31, 2016 and 2015 amounted to $768,199 and $929,316, respectively.

Construction in progress is stated at cost and is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred. At the time of retirement or disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the results of operations.

<u>Accounting for Long-Lived Assets</u>
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets in question may not be recovered. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of the asset. For the years ended December 31, 2016 and 2015, the Company recorded no impairment of long-lived assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill is not being amortized, rather it is reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The guidance allows an entity to make an initial qualitative evaluation, based on the entity's events and circumstances, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this qualitative assessment determine whether it is necessary to perform the currently required two-step impairment test.

The Company determined that it is more likely than not that the fair value of the reporting unit that the goodwill is derived from is greater than its carrying value; therefore, management has determined that no impairment existed as of December 31, 2016 and 2015.

Interest Rate Swap

The Company has elected to use the simplified approach for valuing qualified swaps, therefore the interest rate swap is measured at settlement value. As of December 31, 2016 and 2015, the settlement value was $966 and $2,160, respectively.

Income Taxes

The Company is a limited liability company that has elected to be treated as a partnership for Federal income tax purposes. Under the LLC Status, the members are taxed on their proportionate share of the entity's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements other than the minimum franchise fee and LLC fee imposed by the state of California.

Sierra IC-DISC, Inc. has elected to be treated as an Interest Charge Domestic International Sales Corporation ("IC-DISC") under Sections 991 through 997 of the Internal Revenue Code. Under "IC-DISC" status, the shareholders of an IC-DISC are taxed when the income is actually or deemed distributed. Therefore, these statements do not include a provision for federal and state income taxes.

The Company will recognize the impact of tax provisions in the financial statements if the position is more likely than not of being sustained on audit, based on the technical merits of the position. To date, the Company has not recorded any uncertain tax positions.

The Company recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the periods ended December 31, 2016 and 2015, the Company did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

The following table summarizes the open tax years for each jurisdiction:

Jurisdiction	Open Tax Year
Federal	2013 – 2016
State	2012 – 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Company expenses advertising costs as incurred. For the years ended December 31, 2016 and 2015, advertising costs amounted to $117,048 and $139,889, respectively.

Shipping and Handling Costs

The Company incurs shipping expenses for domestic sales. The expense is recorded in selling, general and administrative expenses in the accompanying consolidated statements of income. For the years ended December 31, 2016 and 2015, the Company recorded $460,070 and $495,942 for freight-out, respectively.

Stock-Based Compensation

The Company accounts for stock-based compensation as defined in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification No. 718, *Compensation—Stock Compensation* ("ASC 718"), previously known as SFAS 123(R), which requires the measurement and recognition of compensation expense for all share-based payment awards based on estimated fair values. ASC 718 further requires that share-based payments awarded to an employee be recorded as compensation expense. As such, the Company recognizes compensation expense for the Company's stock option awards to the Company's employees.

Recently Adopted and Issued Accounting Pronouncements

The Company reviews new accounting standards as issued. Although some of these issued accounting standards are effective after the end of the Company's previous fiscal year and may be applicable to the Company this year, the Company has not identified any that it believes merit further discussion. Management is in the process of evaluating the impact of a recently issued but not yet adopted accounting pronouncement and does not believe it will have a material impact on the Company's consolidated financial statements.

NOTE 3 - CONCENTRATIONS OF RISK

Cash

The Company maintains its cash balances with three financial institutions located in the United States of America that from time to time exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total insured up to $250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. As of December 31, 2016 and 2015, the Company had no deposits that exceeded insured amounts.

NOTE 3 - CONCENTRATIONS OF RISK (Continued)

Customers

During the year ended December 31, 2016, one customer represented approximately 13% of the Company's sales. For the year ended December 31, 2015, two customers represented approximately 25% of the Company's sales. As of December 31, 2016, three customers represented 42% of accounts receivable. As of December 31, 2015, one customer represented 24% of accounts receivable.

NOTE 4 - INVENTORY

As of December 31, 2016 and 2015, inventory consisted of the following:

	2016	2015
Finished goods	$ 6,574,462	$ 6,527,517
Raw material	783,760	809,289
Work in process	714,646	788,521
Inventory pricing reserve	529,900	(635,800)
Inventory obsolescence reserve	(46,219)	(51,236)
Total	**$ 8,556,549**	**$ 7,438,291**

NOTE 5 - ACCRUED EXPENSES

As of December 31, 2016 and 2015, accrued expenses consisted of the following:

	2016	2015
Accrued bonus	$ 280,331	$ 299,750
Accrued vacation	167,769	263,741
Accrued payroll and related expenses	115,169	113,489
Accrued sales and use tax	25,674	14,289
Accrued payroll taxes	9,713	10,004
Accrued expenses, other	1,188	3,409
Total	**$ 599,844**	**$ 704,682**

NOTE 6 - LINE OF CREDIT

The Company maintains a revolving line of credit with a bank that allows the Company to borrow up to a maximum of $1,500,000, which will mature on July 31, 2017. Interest on the revolving line of credit is at a per annum rate of 0.5% in excess of the Bank's Reference Rate (3.75% as of December 31, 2016 and 3.5% as of December 31, 2015). This note is subject to the revolving loan clean-up period that requires the borrowings be zero for at least 30 consecutive days during each twelve month period and will be renewed annually. The note is secured by real and personal property of the Company. No borrowings have been made against this note as of December 31, 2016 and 2015.

The agreement contains certain financial covenants with which the Company was in compliance as of December 31, 2016 and 2015.

NOTE 7 - NOTE PAYABLE

As of December 31, 2016 and 2015, note payable consisted of the following:

	2016	2015
Note payable, secured by all assets of the Company, payable in monthly installments of $48,810 including principle and interest at 3.6% per annum. Debt matures on January 1, 2020.	$ 1,805,953	$ 2,391,667
Less current portion	585,714	585,714
Long-term portion of note payable	**$ 1,220,239**	**$ 1,805,953**

The following is a schedule of the future payments required under the long-term debt obligations after December 31, 2016:

Year Ending December 31,	
2017	$ 585,714
2018	585,714
2019	585,714
2020	48,811
Total	**$ 1,805,953**

NOTE 7 - NOTE PAYABLE (Continued)

On December 18, 2012, the Company entered into an interest rate swap contract effectively changing the variable interest rate for $4,100,000 of the total outstanding loan balance to a fixed rate of 3.6% with an effective date of January 1, 2013. Under the swap, the Company pays the lender interest at a fixed rate of 3.6% for $4,100,000 of the total outstanding loan balance and receives a variable payment computed at US Dollar LIBOR as provided by the British Banking Association ("USD-LIBOR-BBA") (average USD-LIBOR-BBA was 0.48% and 0.19% for the years ended December 31, 2016 and 2015, respectively). The swap agreement commenced January 1, 2013 and terminates on January 1, 2020. Interest paid on the swap agreement amounted to $75,572 and $97,497 for the years ended December 31, 2016 and 2015, respectively.

The note payable contains certain financial covenants that the company is required to maintain at all times. As of December 31, 2016 and 2015, the Company was in compliance with the covenants.

NOTE 8 - RELATED PARTY TRANSACTIONS

Due from Member
The Company makes cash advances to and from BHH, the managing member. The cash advances have material fluctuations throughout the year. As of December 31, 2016 and 2015 the Company had net cash advances receivable from BHH of $3,252,153 and $3,019,939, respectively. No interest is charged on these advances. Amounts are held with a financial institution and are subject to FDIC insurance limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. As of December 31, 2016 and 2015, the Company had $3,002,153 and $2,769,939, respectively, in deposits that exceeded insured amounts.

Managing Member's Fees
The Company was charged $1,933,359 and $1,920,876 by BHH for the years ended December 31, 2016 and 2015, respectively. These fees are discretionary and based on management services provided by BHH.

Retirement Plan
BHH has established a 401(k) Profit Sharing Plan which covers substantially all full-time employees of the Company. The plan contains a 401(k) provision which allows employees to make contributions to the plan on a pretax basis. The plan is a safe harbor 401(k) plan, which requires the employer to make a 3% non-elective contribution. For the years ended December 31, 2016 and 2015, contributions amounted to $214,749 and $193,314, respectively.

NOTE 8 - RELATED PARTY TRANSACTIONS (Continued)

Related Party Payable
On April 3, 2014, Sierra entered into a related party producer's loan with DISC for the amount of $1,000,000 with interest that will accrue at the rate of 3.25% per annum. Interest only payments are required on the last date of each year. The remaining principal and accrued interest are due on a maturity date of April 1, 2019.

On March 13, 2015, Sierra executed a second producer's loan agreement with DISC for the amount of $1,500,000 with interest that will accrue at the rate of 3.25% per annum. Interest only payments are required on the last date of each year. The remaining principal and accrued interest are due on a maturity date of April 1, 2020.

On June 5, 2015, Sierra executed a third producer's loan agreement with DISC for the amount of $29,000 with interest that will accrue at the rate of 2.40% per annum. Interest only payments are required on the last date of each year. The remaining principal and accrued interest are due on a maturity date of July 1, 2020.

On March 1, 2016, Sierra executed a fourth producer's loan agreement with DISC for the amount of $1,572,000 with interest that will accrue at the rate of 3.25% per annum. Interest only payments are required on the last date of each year. The remaining principal and accrued interest are due on a maturity date of March 1, 2021.

Interest paid on related party loans for the years ended December 31, 2016 and 2015 amounted to $124,800 and $72,032, respectively. The intercompany loans and related interest expense are eliminated upon consolidation.

Management Incentive Program
The Company entered into a bonus agreement with two of its key employees as of July 1, 2014. Under the terms of the arrangement, certain key employees are eligible to receive a cash bonus equal to 2.5% of aggregate cash distributions during the performance period as set forth in the agreement. Key employees have to remain employed throughout the performance period and all cash settlements are due no later than 45 days after the vesting period. A bonus vests five (5) years after the issuance date or upon a change in control event. Bonuses are forfeited under certain key terms of the contract. As of December 31, 2016 and 2015, the Company has accrued $1,300,000 and 800,000, respectively, under the terms of the bonus agreement.

NOTE 9 - EQUITY

Common Stock
The members of Sierra IC-DISC contributed $2,500 of equity in common stock which is shown as equity in non-controlling interest of variable interest entity. Sierra IC-DISC has authorized 10,000 shares of common stock at $0.25 par value per share. As of December 31, 2016 and 2015, 10,000 shares were issued and outstanding.

Stock Option Plan
Effective July 1, 2014, Sierra Bullets LLC 2014 Stock Incentive Plan was adopted and authorized the sale of up to 5% interest in the Company to key employees of the Company. Options vest 5 years from the date of commencement and shall expire 3 months after becoming fully vested.

On October 7, 2014, options were granted to key employees to purchase up to 5% of interest in the Company at an exercise price of $43.24 per share. The fair market value of a share on the date of the option grant was $43.24 and the option expires on September 1, 2019. On the grant date, the Company has used the Black Scholes method to value the options and recorded compensation expense of $49,224 which was classified as general and administrative expenses. As of December 31, 2016, the Company recognized total compensation costs of $443,014 related to stock options granted, and the unrecognized compensation cost related to non-vested share-based compensation arrangements granted under share-based compensation plans using the fair value method amounted to $541,461.

The following weighted average assumptions were used to value the options granted:

Risk-free interest rate	1.64%
Expected life (in years)	5 years
Dividend yield	0%
Volatility	42.82%

Volatility has been calculated based on the volatility of equivalent public companies in the defense product and services industry sector.

There is no current income tax benefit from the grant of this option.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Company, from time to time, is involved in certain legal matters which arise in the normal course of business. Management believes, based in part on the advice of legal counsel, that the resolution of such matters will not have a material adverse effect on the financial position of the Company.

NOTE 11 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 9, 2017 (the issue date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Exhibit 99.3

SIERRA BULLETS, LLC AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017 AND DECEMBER 31, 2016
AND FOR THE SIX MONTHS ENDED
JUNE 30, 2017 AND 2016

SingerLewak
Accountants & Consultants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Members
Sierra Bullets, LLC and Affiliate
Los Angeles, California

We have reviewed the accompanying consolidated financial statements of Sierra Bullets, LLC and Affiliate (collectively the "Company"), which comprise the consolidated balance sheet as of June 30, 2017, and December 31, 2016, and the related consolidated statements of income, changes in members' equity, and cash flows for the six months ended June 30, 2017, and 2016, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

2050 Main St. 7th Floor Irvine, CA 92614 T: 949.261.8600 F: 949.261.8610

877.754.4557

PrimeGlobal
An Association of Independent Accounting Firms

Report on 2016 Financial Statements

The December 31, 2016, balance sheet, included herein, was included in the 2016 financial statements of Sierra Bullets, LLC and Affiliate that were audited by us, and we expressed an unmodified opinion on them in our report, dated March 9, 2017. We have not performed any auditing procedures since that date.

/s/ Singer Lewak LLP

October 6, 2017

SIERRA BULLETS, LLC AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
June 30, 2017 and December 31, 2016

	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	$ 11,706	$ 54,951
Accounts receivable, net	3,450,492	2,134,498
Due from member	6,816,729	3,252,153
Inventory	9,027,381	8,556,549
Prepaid expenses and other current assets	154,929	250,973
Total current assets	19,461,237	14,249,124
Property and equipment		
Machinery and equipment	8,740,251	8,741,453
Buildings and improvements	2,259,405	2,259,405
Furniture and fixtures	581,714	581,714
Tools and dies	479,735	479,735
Vehicles	106,102	106,102
	12,167,207	12,168,409
Less accumulated depreciation	(8,890,799)	(8,547,400)
	3,276,408	3,621,009
Land	197,655	197,655
Construction in progress	275,629	153,992
Total property and equipment	3,749,692	3,972,656
Other assets		
Goodwill	1,586,694	1,586,694
Other assets	16,373	17,996
Total other assets	1,603,067	1,604,690
Total assets	**$ 24,813,996**	**$ 19,826,470**

The accompanying notes are an integral part of these financial statements.

	June 30, 2017	December 31, 2016
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 1,026,517	$ 888,643
Accrued expenses	440,036	599,844
Current portion of note payable	585,714	585,714
Total current liabilities	2,052,267	2,074,201
Contingent liabilities	1,325,000	1,300,000
Note payable, net of current portion	927,381	1,220,239
Total liabilities	4,304,648	4,594,440
Commitments and contingencies		
Members' equity		
BHH Management, Inc.	12,590,497	8,267,521
Lumber Management, Inc.	1,966,672	1,291,409
Noncontrolling interest in variable interest entity	5,952,179	5,673,100
Total members' equity	20,509,348	15,232,030
Total liabilities and members' equity	**$ 24,813,996**	**$ 19,826,470**

The accompanying notes are an integral part of these financial statements.

SIERRA BULLETS, LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF INCOME
For the Six Months Ended June 30,

	2017	2016
Sales, net	$ 17,778,010	$ 19,014,504
Cost of sales	9,775,489	9,527,643
Gross profit	8,002,521	9,486,861
Selling, general, and administrative expenses	1,467,448	1,704,091
Managing member fees	825,880	822,140
Operating income	5,709,193	6,960,630
Other expense		
Interest expense	29,523	33,425
Income before provision for income taxes	5,679,670	6,927,205
Provision for income taxes	800	800
Income before noncontrolling interest in variable interest entity	5,678,870	6,926,405
Income related to noncontrolling interest in variable interest entity	(279,079)	(903,003)
Net income	**$ 5,399,791**	**$ 6,023,402**

The accompanying notes are an integral part of these financial statements.

SIERRA BULLETS, LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the Six Months Ended June 30, 2017 and December 31, 2016

	BHH Management, Inc.	Lumber Management, Inc.	Noncontrolling Interest in Variable Interest Entity	Total
Balance at January 1, 2016	$ 8,768,715	$ 1,369,695	$ 4,103,500	$ 14,241,910
Stock-based compensation	85,148	13,300	-	98,448
Distributions	(5,189,400)	(810,600)	-	(6,000,000)
Net income	5,209,640	813,762	903,003	6,926,405
Balance at June 30, 2016	**$ 8,874,103**	**$ 1,386,157**	**$ 5,006,503**	**$ 15,266,763**
Balance at January 1, 2017	$ 8,267,521	$ 1,291,409	$ 5,673,100	$ 15,232,030
Stock-based compensation	85,147	13,301	-	98,448
Distributions	(432,450)	(67,550)	-	(500,000)
Net income	4,670,279	729,512	279,079	5,678,870
Balance at June 30, 2017	**$ 12,590,497**	**$ 1,966,672**	**$ 5,952,179**	**$ 20,509,348**

The accompanying notes are an integral part of these financial statements.

SIERRA BULLETS, LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the Six Months Ended June 30, 2017 and December 31, 2016

	2017	2016
Cash flows from operating activities		
Net income	$ 5,399,791	$ 6,023,402
Adjustments to reconcile net income to net cash from operating activities		
Provision for sales discounts and allowance for doubtful accounts	74,472	(35,177)
Income related to variable interest entity	279,079	903,003
Reserve on inventory	26,981	(23,250)
Depreciation and amortization	343,399	760,971
Stock-based compensation	98,448	98,448
(Increase) decrease in Accounts receivable	(1,390,466)	470,045
Due from member	(3,564,576)	(232,214)
Inventory	(497,813)	(1,095,008)
Prepaid expenses and other assets	97,667	(1,626)
Increase (decrease) in		
Accounts payable	137,874	290,397
Accrued expenses	(159,808)	(104,838)
Contingent liabilities	25,000	500,000
Net cash flows from operating activities	870,048	7,554,153
Cash flows from investing activities		
Purchase of property and equipment	(120,435)	(909,808)
Net cash flows from investing activities	(120,435)	(909,808)
Cash flows from financing activities		
Principal payments on note payable	(292,858)	(585,714)
Distributions to members	(500,000)	(6,701,330)
Net cash flows from financing activities	(792,858)	(7,287,044)
Net (decrease) increase in cash	(43,245)	(642,699)
Cash, beginning of the period	54,951	31,053
Cash, end of the period	**$ 11,706**	**$ (611,646)**
Supplemental disclosure for cash flows information		
Interest paid	**$ 29,523**	**$ 33,425**
Income taxes paid	**$ 800**	**$ 800**

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF OPERATIONS

Sierra Bullets, LLC ("Sierra" or the "Company"), a Delaware limited liability company, manufactures and sells copper jacketed bullets and produces and distributes related accessory items to sporting goods distributors and ammunition manufacturers throughout the world. Revenues from sales of copper jacketed bullets represent approximately ninety-nine percent of total revenues. Sierra grants credit to all of its commercial customers within the United States.

Sierra was formed on May 6, 1988, as a limited partnership. Upon formation, BHH Management, Inc. (BHH) and Lumber Management, Inc. (LMI) contributed cash, and The Leisure Group, Inc. (TLG) contributed assets and liabilities of its Sierra Bullets division. Because ownership interests of the newly formed partnership remained the same as that of the Sierra Bullets division of TLG, the assets and liabilities contributed were recorded at their net book values, including goodwill. TLG was subsequently dissolved in 1988. At December 31, 1995, the Company merged into a newly formed Delaware limited liability company. Sierra is currently owned by BHH (86.49%) and LMI (13.51%).

Sierra IC-DISC, Inc. (DISC), an entity under common ownership, was incorporated in April 2013 in the State of Delaware to sell the Company's products in foreign countries, and has been consolidated as a variable interest entity (see Note 2). Sierra is the primary beneficiary of the variable interest entity and began consolidating DISC as of April 1, 2013.

The accompanying consolidated balance sheet and consolidated statements of income, changes in members' equity, and cash flows include the accounts of Sierra Bullets, LLC and Affiliate listed below (collectively, the "Company"). The Company consists of the following entities:

Entity	Type of Entity	Fiscal Year End	Tax Year End
Parent			
Sierra Bullets, LLC	Delaware Limited Liability Company	December 31	December 31
Affiliate			
Sierra IC-DISC, Inc.	Delaware Corporation	December 31	December 31

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated entities of Sierra and DISC are under common ownership and management and are economically interdependent. All significant intercompany balances and transactions have been eliminated in consolidation. Sierra is the primary beneficiary of DISC, which is considered a variable interest entity (VIE).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Sales of products and related costs of products sold are recognized when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the price is fixed or determinable, and (iv) collectability is reasonably assured. The Company recognizes revenue upon shipment of its products when title and risk of loss passes to its customers. For the six months ended June 30, 2017, and 2016, discounts of $1,278,691 and $1,372,096 were included in net sales, respectively.

Fair Value of Financial Instruments

The estimated fair values of the Company's short-term financial instruments, including receivables, payables, and interest rate swaps arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The carrying amounts reported for debt obligations approximate fair value due to the effective interest rate of these obligations reflecting the Company's current borrowing rate.

Accounts Receivable

Accounts receivable are reported as the customers' outstanding balances net of allowances for doubtful accounts and sales discounts. Interest is not accrued on overdue accounts receivable.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)
The allowances for doubtful accounts and sales discounts are maintained at a level that, in the judgment of the Company's management, is adequate to absorb credit losses inherent in the trade receivables. The amounts of the allowances are based on management's evaluation of the collectability of the receivables including the nature of the receivables, credit concentrations, trends in historical loss experience, specific impaired trade receivables, applicable discounts, and economic conditions. The delinquency status of the trade receivables is based on how recently payments have been received or on contractual terms. Trade receivables are charged off in the period in which they are deemed uncollectible. As of June 30, 2017, and December 31, 2016, $70,000 and $55,000 of allowances for doubtful accounts and $138,943 and $79,471 of provisions for sales discounts were included in net accounts receivable, respectively.

Inventory
Inventory is valued at the lower of cost (first-in, first-out) or market. Costs include an allocable portion of labor and overhead costs. Market is determined by comparison with recent sales or realizable value.

The Company provides an allowance to reduce the inventory carrying value to the lower of cost or net realizable value. In determining net realizable value, the Company assumes the inventory will be offered for sale in the normal course of business and not on a liquidation basis.

Property and Equipment
Property and equipment are stated at cost. The Company depreciates assets using the straight-line method over the estimated useful lives of various classes of assets, as follows:

Machinery and equipment	3 to 10 years
Buildings and improvements	15 to 40 years
Furniture and fixtures	3 to 7 years
Tool and dies	3 to 7 years
Vehicles	3 to 7 years

Depreciation and amortization expense recognized for the six months ended June 30, 2017, and 2016 amounted to $343,399 and $460,238, respectively.

Land is stated at historical cost. Construction in progress is stated at cost and is not depreciated until such time as the relevant assets are completed and ready for operational use.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)
Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred. At the time of retirement or disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected in the results of operations.

Accounting for Long-lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets in question may not be recovered. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of the asset. For the six months ended June 30, 2017, and December 31, 2016, the Company recorded no impairment of long-lived assets.

Goodwill
Goodwill is not being amortized; rather, it is reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The guidance allows an entity to make an initial qualitative evaluation, based on the entity’s events and circumstances, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this qualitative assessment determine whether it is necessary to perform the currently required two-step impairment test.

The Company determined that it is more likely than not that the fair value of the reporting unit the goodwill is derived from is greater than its carrying value; therefore, management has determined that no impairment existed as of June 30, 2017, and December 31, 2016.

Interest Rate Swap
The Company has elected to use the simplified approach for valuing qualified swaps; therefore, the interest rate swap is measured at settlement value. As of June 30, 2017, and 2016, the settlement value was $201 and $2,273, respectively.

Income Taxes
The Company is a limited liability company that has elected to be treated as a partnership for Federal income tax purposes. Under the LLC Status, the members are taxed on their proportionate share of the entity’s taxable income. Therefore, no provision or liability for federal income taxes has been included in these consolidated financial statements other than the minimum franchise fee and LLC fee imposed by the state of California.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
Sierra IC-DISC, Inc. has elected to be treated as an Interest Charge Domestic International Sales Corporation (IC-DISC) under Sections 991 through 997 of the Internal Revenue Code. Under IC-DISC status, the shareholders of an IC-DISC are taxed when the income is actually or deemed distributed. Therefore, these statements do not include a provision for federal and state income taxes.

The Company will recognize the impact of tax provisions in the consolidated financial statements if the position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Company has not recorded any uncertain tax positions.

The Company recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the six months ended June 30, 2017, and 2016, the Company did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

Advertising
The Company expenses advertising costs as incurred. For the six months ended June 30, 2017, and 2016, advertising costs amounted to $144,090 and $112,131, respectively.

Shipping and Handling Costs
The Company incurs shipping expenses for domestic sales. The expenses are recorded in selling, general, and administrative expenses in the accompanying Consolidated Statements of Income. For the six months ended June 30, 2017, and 2016, the Company recorded $225,177 and $209,438 for freight out, respectively.

Stock-based Compensation
The Company accounts for stock-based compensation as defined in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 718, *Compensation—Stock Compensation* (ASC 718), which requires the measurement and recognition of compensation expense for all share-based payment awards based on estimated fair values. ASC 718 further requires that share-based payments awarded to an employee be recorded as compensation expense. As such, the Company recognizes compensation expense for the Company's stock option awards to the Company's employees.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted and Issued Accounting Pronouncements

The Company reviews new accounting standards as issued. Although some of these issued accounting standards are effective after the end of the Company's previous fiscal year and may be applicable to the Company this year, the Company has not identified any that it believes merit further discussion. Management is in the process of evaluating the impact of a recently issued but not yet adopted accounting pronouncement and does not believe it will have a material impact on the Company's consolidated financial statements.

NOTE 3 — CONCENTRATIONS OF RISK

Cash

The Company maintains its cash balances with three financial institutions located in the United States of America that, from time to time, exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category, with the combined total insured up to $250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. As of June 30, 2017, and December 31, 2016, the Company had no deposits that exceeded insured amounts.

Customers

During the six months ended June 30, 2017, and 2016, two customers represented approximately 14% and 10%, and one customer represented approximately 16% of the Company's sales, respectively. As of June 30, 2017, and December 31, 2016, two customers represented approximately 24% and 15%, and three customers represented 17%, 14%, and 12% of accounts receivable, respectively.

NOTE 4 — INVENTORY

As of June 30, 2017, and December 31, 2016, inventory consisted of the following:

	June 30, 2017	December 31, 2016
Finished goods	$ 6,861,826	$ 6,574,462
Raw material	1,051,209	783,760
Work in process	657,646	714,646
Inventory pricing reserve	529,900	529,900
Inventory obsolescence reserve	(73,200)	(46,219)
Total	**$ 9,027,381**	**$ 8,556,549**

NOTE 5 — ACCRUED EXPENSES

As of June 30, 2017, and December 31, 2016, accrued expenses consisted of the following:

	June 30, 2017	December 31, 2016
Accrued vacation	$ 206,557	$ 167,769
Accrued payroll and related expenses	124,069	115,169
Accrued bonus	78,097	280,331
Accrued payroll taxes	14,900	9,713
Accrued sales and use tax	14,485	25,674
Accrued expenses, other	1,928	1,188
Total	**$ 440,036**	**$ 599,844**

NOTE 6 — LINE OF CREDIT

The Company maintained a revolving line of credit with a bank that allowed the Company to borrow up to a maximum of $1,500,000, which matured on July 31, 2017, and was not renewed. Interest on the revolving line of credit is at a per annum rate of 0.5% in excess of the Bank's Reference Rate (4.25% and 3.75% as of June 30, 2017, and December 31, 2016, respectively). This note is subject to the revolving loan cleanup period that requires the borrowings be zero for at least 30 consecutive days during each twelve-month period and will be renewed annually. The note is secured by real and personal property of the Company. No borrowings have been made against this note as of June 30, 2017, and 2016.

NOTE 6 — LINE OF CREDIT (Continued)

The agreement contains certain annual financial covenants with which the Company was in compliance as of December 31, 2016.

NOTE 7 — NOTE PAYABLE

As of June 30, 2017, and December 31, 2016, note payable consisted of the following:

	June 30, 2017	December 31, 2016
Note payable, secured by all assets of the Company, payable in monthly installments of $48,810, including principle and interest at 3.6% per annum. Debt matures on January 1, 2020	$ 1,513,095	$ 1,805,953
Less current portion	585,714	585,714
Long-term portion of note payable	**$ 927,381**	**$ 1,220,239**

The following is a schedule of the future payments required under the long-term debt obligations after June 30, 2017:

Year Ending June 30,	
2018	$ 585,714
2019	585,714
2020	341,667
Total	**$ 1,513,095**

NOTE 7 — NOTE PAYABLE (Continued)

On December 18, 2012, the Company entered into an interest rate swap contract effectively changing the variable interest rate for $4,100,000 of the total outstanding loan balance to a fixed rate of 3.6% with an effective date of January 1, 2013. Under the swap, the Company pays the lender interest at a fixed rate of 3.6% for $4,100,000 of the total outstanding loan balance and receives a variable payment computed at US Dollar LIBOR as provided by the British Banking Association (USD-LIBOR-BBA). (Average USD-LIBOR-BBA was 0.90% and 0.44% for the six months ended June 30, 2017, and 2016, respectively.) The swap agreement commenced January 1, 2013, and terminates on January 1, 2020. Interest paid on the swap agreement amounted to $29,549 and $33,425 for the six months ended June 30, 2017, and 2016, respectively.

The note payable contains certain annual financial covenants that the Company was in compliance with as of December 31, 2016.

NOTE 8 — RELATED PARTY TRANSACTIONS

Due from Member

The Company makes cash advances to and from BHH, the managing member. The cash advances have material fluctuations throughout the year. As of June 30, 2017, and 2016 the Company had net cash advances receivable from BHH of $6,816,729 and $2,484,956, respectively. No interest is charged on these advances. Amounts are held with a financial institution and are subject to FDIC insurance limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. As of June 30, 2017, and December 31, 2016, the Company had $6,566,729 and $3,002,153, respectively, in deposits that exceeded insured amounts.

Managing Member’s Fees

The Company was charged $825,880 and $822,140 by BHH for the six months ended June 30, 2017, and 2016, respectively. These fees are discretionary and based on management services provided by BHH.

Retirement Plan

BHH has established a 401(k) Profit Sharing Plan which covers substantially all full-time employees of the Company. The plan contains a 401(k) provision which allows employees to make contributions to the plan on a pretax basis. The plan is a safe harbor 401(k) plan, which requires the employer to make a 3% nonelective contribution. For the six months ended June 30, 2017, and 2016, contributions amounted to $101,873 and $112,110, respectively.

NOTE 8 — RELATED PARTY TRANSACTIONS (Continued)

Related Party Payable

On April 3, 2014, Sierra entered into a related party producer's loan with DISC for the amount of $1,000,000 with interest that will accrue at the rate of 3.25% per annum. Interest-only payments are required on the last date of each year. The remaining principal and accrued interest are due on a maturity date of April 1, 2019.

On March 13, 2015, Sierra executed a second producer's loan agreement with DISC for the amount of $1,500,000 with interest that will accrue at the rate of 3.25% per annum. Interest-only payments are required on the last date of each year. The remaining principal and accrued interest are due on a maturity date of April 1, 2020.

On June 5, 2015, Sierra executed a third producer's loan agreement with DISC for the amount of $29,000 with interest that will accrue at the rate of 2.40% per annum. Interest-only payments are required on the last date of each year. The remaining principal and accrued interest are due on a maturity date of July 1, 2020.

On March 1, 2016, Sierra executed a fourth producer's loan agreement with DISC for the amount of $1,572,000 with interest that will accrue at the rate of 3.25% per annum. Interest-only payments are required on the last date of each year. The remaining principal and accrued interest are due on a maturity date of March 1, 2021.

Interest accrued on related party loans for the six months ended June 30, 2017, and December 31, 2016, amounted to $81,870 and $124,800, respectively. The intercompany loans and related interest expense are eliminated upon consolidation.

Management Incentive Program

The Company entered into a bonus agreement with two of its key employees as of July 1, 2014. Under the terms of the arrangement, certain key employees are eligible to receive a cash bonus equal to 2.5% of aggregate cash distributions during the performance period as set forth in the agreement. Key employees have to remain employed throughout the performance period, and all cash settlements are due no later than 45 days after the vesting period. A bonus vests five (5) years after the issuance date or upon a change in control event. Bonuses are forfeited under certain key terms of the contract. As of June 30, 2017, and December 31, 2016, the Company has accrued $1,325,000 and $1,300,000, respectively, under the terms of the bonus agreement.

NOTE 9 — EQUITY

Common Stock

The members of Sierra IC-DISC contributed $2,500 of equity in common stock which is shown as equity in noncontrolling interest of variable interest entity. Sierra IC-DISC has authorized 10,000 shares of common stock at $0.25 par value per share. As of June 30, 2017, and December 31, 2016, 10,000 shares were issued and outstanding.

Stock Option Plan

Effective July 1, 2014, Sierra Bullets, LLC 2014 Stock Incentive Plan was adopted, and authorized the sale of up to 5% interest in the Company to key employees of the Company. Options vest 5 years from the date of commencement and shall expire 3 months after becoming fully vested.

On October 7, 2014, options were granted to key employees to purchase up to 5% of interest in the Company at an exercise price of $43.24 per share. The fair market value of a share on the date of the option grant was $43.24, and the option expires on September 1, 2019. On the grant date, the Company used the Black Scholes method to value the options, and recorded compensation expense of $49,224, which were classified as general and administrative expenses. As of June 30, 2017, and 2016, the Company recognized total compensation costs of $541,462 and $344,567, respectively, related to stock options granted, and the unrecognized compensation cost related to non-vested, share-based compensation arrangements granted under share-based compensation plans using the fair value method, which amounted to $443,014 and $639,909.

The following weighted average assumptions were used to value the options granted:

Risk-free interest rate	1.64%
Expected life (in years)	5 years
Dividend yield	0%
Volatility	42.82%

Volatility has been calculated based on the volatility of equivalent public companies in the defense product and services industry sector.

There is no current income tax benefit from the grant of this option.

NOTE 10 — COMMITMENTS AND CONTINGENCIES

The Company, from time to time, is involved in certain legal matters which arise in the normal course of business. Management believes, based in part on the advice of legal counsel, that the resolution of such matters will not have a material adverse effect on the financial position of the Company.

NOTE 11 — SUBSEQUENT EVENTS

In July 2017, the Company received a letter of intent from a third party to acquire all of the rights, title, and interests in the Company. In August 2017, the acquisition closed.

Except as noted above, the Company has evaluated subsequent events through October 6, 2017 (the issue date of the consolidated financial statements) and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the financial statement.

Exhibit 99.4

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The unaudited pro forma condensed combined financial information for the period indicated below shows the effect of Clarus Corporation's ("Clarus," the "Company," "we," or "our"), through Everest/Sapphire Acquisition, LLC ("Everest/Sapphire"), a Delaware limited liability company and wholly owned subsidiary of Clarus, acquisition (the "Acquisition") on August 21, 2017, of Sierra Bullets, L.L.C ("Sierra" or "Sierra Bullets") pursuant to the purchase and sale agreement dated August 21, 2017 (the "Purchase Agreement"). For a description of the Acquisition please see Note 1 of the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined balance sheet as of June 30, 2017, presents the financial position of Clarus giving effect to the Acquisition as if it had occurred on such date. The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2017 and for the year ended December 31, 2016, gives effect to the Acquisition as if it had occurred on January 1, 2016.

The unaudited pro forma condensed combined balance sheet as of June 30, 2017 has been prepared by combining the unaudited historical condensed consolidated balance sheet of Clarus as of June 30, 2017, with the unaudited historical consolidated balance sheet of Sierra as of June 30, 2017. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2016 has been prepared by combining Clarus' historical condensed consolidated statement of operations for the year ended December 31, 2016, with the historical condensed consolidated statement of income of Sierra for the year ended December 31, 2016. The interim unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2017, has been prepared by combining Clarus' unaudited historical condensed consolidated statement of operations for the six months ended June 30, 2017, with the unaudited historical condensed consolidated statements of income of Sierra for the six months ended June 30, 2017. Pro forma adjustments have been applied to the historical accounts.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and it is not necessarily indicative of the financial position and results of operations that would have been achieved had the Acquisition been completed as of the dates indicated and is not necessarily indicative of our future financial position or results of operations.

The unaudited pro forma condensed combined financial information should be read in conjunction with the historical consolidated financial statements of Clarus and consolidated financial statements of Sierra. The historical audited consolidated financial statements of Clarus are included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and its Quarterly Report on Form 10-Q for the six months ended June 30, 2017. The historical audited consolidated financial statements of Sierra as of and for the fiscal years ended December 31, 2016 and 2015, and the related notes to the financial statements, are included in this amended Form 8-K filing as Exhibit 99.2. The historical unaudited consolidated financial statements of Sierra as of June 30, 2017 and December 31, 2016 and for the six months ended June 30, 2017 and 2016, and the related notes thereto, are included in this amended Form 8-K filing as Exhibit 99.3.

The Acquisition has been accounted for using the acquisition method of accounting and, accordingly, the total estimated purchase consideration of the Acquisition was allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase consideration over the assets acquired and liabilities assumed was recorded as goodwill. The unaudited pro forma condensed combined financial information was prepared in accordance with United States generally accepted accounting principles, or GAAP standards, and the regulations of the Securities and Exchange Commission ("SEC"), and is not necessarily indicative of the financial position or results of operations that would have occurred if the Acquisition had been completed on the dates indicated, nor is it indicative of the future operating results of Clarus and Sierra. Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in connection with the unaudited pro forma condensed combined financial information. The accounting for the Acquisition is dependent upon the completion of certain valuations and other studies that have not yet been finalized. Accordingly, the purchase price allocation is preliminary. Due to the fact that the unaudited pro forma condensed combined financial information has been prepared based upon preliminary information, and account balances other than those on the actual Acquisition date, the final amounts recorded for the Acquisition may differ materially from the information presented. These estimates are subject to change pending the finalization of the valuation and other studies.

The unaudited pro forma condensed combined balance sheet and statement of operations does not give effect to certain one-time charges Clarus and Sierra incurred in connection with the Acquisition.

CLARUS CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Clarus	Sierra	Pro Forma Adjustments		Pro Forma Combined Clarus and Sierra
Sales					
Domestic sales	$ 76,079	$ 24,020	$ -		$ 100,099
International sales	72,110	9,965	-		82,075
Total sales	148,189	33,985	-		182,174
Cost of goods sold	104,505	17,498	460	D	123,567
			1,104	A	
Gross profit	43,684	16,487	(1,564)		58,607
Operating expenses					
Selling, general and administrative	49,936	5,372	3,419	A	55,891
			(2,376)	C	
			(460)	D	
Restructuring charge	1,395	-	-		1,395
Transaction costs	290	-	-		290
Arbitration award	(1,967)	-	-		(1,967)
Total operating expenses	49,654	5,372	583		55,609
Operating (loss) income	(5,970)	11,115	(2,147)		2,998
Other (expense) income					
Interest expense, net	(2,876)	(76)	76	A	(3,693)
			(817)	B	
Other, net	533	-	-		533
Total other expense, net	(2,343)	(76)	(741)		(3,160)
(Loss) income before income tax	(8,313)	11,039	(2,888)		(162)
Income tax expense	665	1	-		666
(Loss) income before non-controlling interest in variable interest entity	(8,978)	11,038	(2,888)		(828)
Income related to non-controlling interest in variable interest entity	-	(1,815)	1,815	E	-
Net (loss) income	$ (8,978)	$ 9,223	$ (1,073)		$ (828)
Loss per share:					
Basic	$ (0.30)				$ (0.03)
Diluted	(0.30)				(0.03)
Weighted average shares outstanding:					
Basic	30,397				30,397
Diluted	30,397				30,397

See notes to unaudited pro forma condensed combined financial information

CLARUS CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Clarus	Sierra	Pro Forma Adjustments		Pro Forma Combined Clarus and Sierra
Sales					
Domestic sales	$ 38,333	$ 12,317	$ -		$ 50,650
International sales	33,903	5,461	-		39,364
Total sales	72,236	17,778	-		90,014
Cost of goods sold	50,898	9,775	225	D	61,489
			591	A	
Gross profit	21,338	8,003	(816)		28,525
Operating expenses					
Selling, general and administrative	25,395	2,293	1,365	A	28,019
			(809)	C	
			(225)	D	
Restructuring charge	83	-	-		83
Total operating expenses	25,478	2,293	331		28,102
Operating (loss) income	(4,140)	5,710	(1,147)		423
Other (expense) income					
Interest expense, net	(877)	(30)	30	A	(1,286)
			(409)	B	
Other, net	222	-	-		222
Total other expense, net	(655)	(30)	(379)		(1,064)
(Loss) income before income tax	(4,795)	5,680	(1,526)		(641)
Income tax expense	314	1	-		315
(Loss) income before non-controlling interest in variable interest entity	(5,109)	5,679	(1,526)		(956)
Income related to non-controlling interest in variable interest entity	-	(279)	279	E	-
Net (loss) income	$ (5,109)	$ 5,400	$ (1,247)		$ (956)
Loss per share:					
Basic	$ (0.17)				$ (0.03)
Diluted	(0.17)				(0.03)
Weighted average shares outstanding:					
Basic	30,014				30,014
Diluted	30,014				30,014

See notes to unaudited pro forma condensed combined financial information

CLARUS CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2017
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Clarus	Sierra	Pro Forma Adjustments		Pro Forma Combined Clarus and Sierra
Assets					
Current assets					
Cash and cash equivalents	$ 63,433	$ 12	$ (61,865)	A	$ 1,580
Accounts receivable	22,780	3,450	-		26,230
Due from member	-	6,817	(6,817)	A	-
Inventories	54,812	9,027	2,522	A	66,361
Prepaid and other current assets	2,021	155	-		2,176
Income tax receivable	34	-	-		34
Total current assets	143,080	19,461	(66,160)		96,381
Property and equipment, net	11,081	3,750	9,668	A	24,499
Other intangible assets, net	9,449	-	15,800	A	25,249
Indefinite lived intangible assets	22,788	-	18,900	A	41,688
Goodwill	-	1,587	15,819	A	17,406
Other long-term assets	32	16	334	B	382
Total assets	$ 186,430	$ 24,814	$ (5,639)		$ 205,605
Liabilities and Stockholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	$ 20,862	$ 1,467	$ 1,999	A	$ 24,328
Income tax payable	186	-	-		186
Current portion of long-term debt	-	586	(586)	A	-
Total current liabilities	21,048	2,053	1,413		24,514
Long-term debt	-	927	(927)	A	17,708
			17,708	B	
Deferred income taxes	8,978	-	-	A	8,978
Other long-term liabilities	137	1,325	(1,325)	A	137
Total liabilities	30,163	4,305	16,869		51,337
Stockholders' Equity					
Preferred stock, $.0001 par value; 5,000 shares authorized; none issued	-	-	-		-
Common stock, $.0001 par value; 100,000 shares authorized; 32,888 issued and 30,013 outstanding	3	-	-		3
Additional paid in capital	484,267	20,509	(20,509)	F	484,267
Accumulated deficit	(314,826)	-	(1,999)	A	(316,825)
Treasury stock, at cost	(12,415)	-	-		(12,415)
Accumulated other comprehensive loss	(762)	-	-		(762)
Total stockholders' equity	156,267	20,509	(22,508)		154,268
Total liabilities and stockholders' equity	$ 186,430	$ 24,814	$ (5,639)		$ 205,605

See notes to unaudited pro forma condensed combined financial information

Clarus Corporation
Notes to Unaudited Pro Forma Condensed Combined Financial Information
(In thousands, except per share amounts)

1 Description of Acquisition

On August 21, 2017, Clarus Corporation ("Clarus," the "Company," "we," or "our"), through Everest/Sapphire Acquisition, LLC ("Everest/Sapphire"), a Delaware limited liability company and wholly owned subsidiary of Clarus, acquired 100% of the outstanding membership interests of Sierra Bullets, L.L.C ("Sierra" or "Sierra Bullets"), a manufacturer of a wide range of bullets primarily for rifles but also pistols, pursuant to the terms of the purchase and sale agreement dated August 21, 2017 (the "Purchase Agreement"), by and among Everest/Sapphire, Sierra Bullets, BHH Management, Inc., a California corporation ("BHH"), Lumber Management, Inc., a Delaware corporation ("LMI" and, together with BHH, each a "Seller" and, collectively, the "Sellers"), and BHH, in its capacity as the representative of Sellers (the "Sellers' Representative"). Under the terms of the Purchase Agreement, Everest/Sapphire acquired Sierra for an aggregate purchase price of $79,000, plus or minus a preliminary working capital adjustment, in accordance with and subject to the terms and conditions set forth in the Purchase Agreement.

2 Basis of Presentation

The historical balance sheets of Clarus and Sierra were used to create the unaudited pro forma condensed combined balance sheet as of June 30, 2017 – the last day of Clarus's second fiscal quarter. Clarus and Sierra have the same fiscal year ends with both Clarus and Sierra following a calendar year-end ending on December 31. Accordingly, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2016 has been prepared by combining the Company's historical condensed consolidated statement of operations for the year ended December 31, 2016, with the historical consolidated statement of income of Sierra for the year ended December 31, 2016. The interim unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2017, has been prepared by combining Clarus's unaudited historical condensed consolidated statement of operations for the six months ended June 30, 2017, with the unaudited historical consolidated statement of income of Sierra for the six months ended June 30, 2017.

3 Estimated Purchase Price and Resulting Adjustment to Goodwill

The computation of the preliminary estimated purchase price was calculated using our best estimate of purchase consideration and a preliminary working capital adjustment. Below is a reconciliation to the estimated purchase consideration and how the estimated purchase consideration is allocated to the assets acquired and liabilities assumed which have been estimated at their fair values. The excess of the estimated purchase consideration above the assets acquired and liabilities assumed is recorded as goodwill.

Clarus Corporation
Notes to Unaudited Pro Forma Condensed Combined Financial Information
(In thousands, except per share amounts)

	Sierra Estimated Fair Value
Cash Paid (Total Purchase Consideration)	$ 79,239
Assets Acquired and Liabilities Assumed	
Assets	
Cash and cash equivalents	$ 12
Accounts receivable, net	3,450
Inventories	11,549
Prepaid and other current assets	155
Property and equipment	13,418
Amortizable definite lived intangible assets	15,800
Identifiable indefinite lived intangible assets	18,900
Goodwill	17,406
Other long-term assets	16
Total Assets	80,706
Liabilities	
Accounts payable and accrued liabilities	1,467
Total Liabilities	1,467
Net Assets Acquired	$ 79,239

For purposes of preparing the unaudited pro forma condensed combined financial information, the assets acquired and liabilities assumed in the Acquisition have been measured at their estimated fair values as of June 30, 2017. A final determination of the fair values of the assets acquired and liabilities assumed in the Acquisition will be made after the final valuation and other studies have been finalized. Accordingly, the fair value of the assets and liabilities included in the table above are preliminary and subject to change and the change may be material.

4 Third Amended and Restated Loan Agreement (Acquisition Financing)

In conjunction with the acquisition of Sierra, on August 21, 2017, the Company together with its following direct and indirect domestic subsidiaries Black Diamond Equipment, Ltd.; Black Diamond Retail, Inc.; Everest/Sapphire Acquisition, LLC; BD North American Holdings, LLC; PIEPS Service, LLC; BD European Holdings, LLC; and Sierra Bullets entered into a third amended and restated loan agreement (the “Third Amended and Restated Loan Agreement”) with ZB, N.A. dba Zions First National Bank, a national banking association, (the “Lender”), which matures on August 21, 2022. Under the Third Amended and Restated Loan Agreement, the Company has up to a $40,000,000 revolving line of credit (the “Revolving Line of Credit”) pursuant to a fourth amended and restated promissory note (revolving loan) (the “Revolving Line of Credit Promissory Note”). The maximum borrowing of $40,000,000 (the “Maximum Borrowing”) under the Revolving Line of Credit reduces by $1,250,000 per quarter until such time as the maximum borrowing amount is $20,000,000, provided, that the Company may request an increase of up to $20,000,000 as an accordion option (the “Accordion”) to increase the Revolving Line of Credit up to the Maximum Borrowing on a seasonal or permanent basis for funding general corporate needs including working capital, capital expenditures, permitted loans or investments in subsidiaries, and the issuance of letters of credit. Availability under the Revolving Line of Credit may not exceed $30,000,000 unless the Company has sufficient eligible receivable, inventory and equipment assets at such time pursuant to formulas set forth in the Third Amended and Restated Loan Agreement.

All debt associated with the Third Amended and Restated Loan Agreement bears interest at one-month London Interbank Offered Rate ("LIBOR") plus an applicable margin as determined by the ratio of Total Net Debt (subject to adjustments as set forth in the Third Amended and Restated Loan Agreement) to Trailing Twelve Month Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") as follows: (i) one month LIBOR plus 4.00% per annum at all times that Total Net Debt to Trailing Twelve Month EBITDA ratio is greater than or equal to 2.75; (ii) one month LIBOR plus 3.00% per annum at all times that Total Net Debt to Trailing Twelve Month EBITDA ratio is greater than or equal to 2.00 and less than 2.75; (iii) one month LIBOR plus 2.00% per annum at all times that Total Net Debt to Trailing Twelve Month EBITDA ratio is greater than or equal to 1.00 and less than 2.00; and (iv) one month LIBOR plus 1.5% per annum at all times that Total Net Debt to Trailing Twelve Month EBITDA ratio is less than 1.00.

Any amount outstanding under the Third Amended and Restated Loan Agreement will be secured by a general first priority Uniform Commercial Code ("UCC") security interest in all material domestic assets of the Company and its domestic subsidiaries, including, but not limited to: accounts, accounts receivable, inventories, equipment, real property, ownership in subsidiaries, and intangibles including patents, trademarks and copyrights. Proceeds of the foregoing will be secured via pledge and control agreements on domestic depository and investment accounts not held with the Lender.

The Third Amended and Restated Loan Agreement contains certain financial covenants including restrictive debt covenants that require the Company and its subsidiaries to maintain a minimum fixed charge coverage ratio, a maximum total leverage ratio, a minimum net worth, a positive amount of asset coverage and limitations on capital expenditures, all as calculated in the Third Amended and Restated Loan Agreement.

In addition, the Third Amended and Restated Loan Agreement contains covenants restricting the Company and its subsidiaries from pledging or encumbering their assets, with certain exceptions, and from engaging in acquisitions other than acquisitions permitted by the Third Amended and Restated Loan Agreement. The Third Amended and Restated Loan Agreement contains customary events of default (with grace periods where customary) including, among other things, failure to pay any principal or interest when due; any materially false or misleading representation, warranty, or financial statement; failure to comply with or to perform any provision of the Third and Restated Loan Agreement; and default on any debt or agreement in excess of certain amounts.

5 Pro Forma Adjustments

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2016 and the six months ended June 30, 2017 are presented as if the Acquisition had occurred on January 1, 2016, the first day of that fiscal year. The unaudited pro forma condensed combined balance sheet as of June 30, 2017 is presented as if the Acquisition had occurred on June 30, 2017. The pro forma adjustments which impact the unaudited pro forma condensed combined balance sheet as of June 30, 2017 reflect events that are directly attributable to the transaction regardless of whether they have a continuing effect or are nonrecurring. The pro forma adjustments which impact the condensed combined statements of operations for the year ended December 31, 2016 and the six months ended June 30, 2017 give effect to the events that are directly attributable to the Acquisition and are expected to have a continuing impact. The pro forma adjustments are based on available information and certain assumptions the Company believes are factually supportable.

The pro forma adjustments included in the unaudited pro forma financial information are as follows:

A To record the estimated purchase price and related estimated purchase consideration allocation to the assets acquired and liabilities assumed which have been estimated at their fair values. The pro forma adjustments included in the unaudited pro forma financial information as a result of the estimated purchase consideration allocation are as follows:

Clarus Corporation
Notes to Unaudited Pro Forma Condensed Combined Financial Information
(In thousands, except per share amounts)

Cash and cash equivalents **–** As noted above in Note 1, under the terms of the Purchase Agreement, the Company acquired Sierra for an aggregate purchase price of $79,000, plus or minus a preliminary working capital adjustment. The Company funded the purchase price through the combination of existing cash on its balance sheet and the drawing down on its revolving line of credit. The adjustment reflects the Company's cash used to fund a portion of the purchase price as of June 30, 2017. Additionally, the Company utilized its revolving line of credit for $17,708 less debt issuance costs of $334 as of June 30, 2017.

Due from member – This amount represents a receivable due from Sierra's managing member, which was settled on the date of acquisition and excluded from the assets acquired pursuant to the terms of the Purchase Agreement. Therefore, this amount has been eliminated from the pro forma condensed combined balance sheet.

Inventories – Inventories, reflect an increase of $2,522 to record Sierra inventory at its estimated fair value. Inventory fair value is recorded at expected sales price less cost to sell plus a reasonable profit margin for selling efforts. As Clarus sells the acquired inventory, its cost of sales will reflect the increased valuation of Sierra inventory, which will temporarily reduce Clarus's gross margin through the end of fiscal year 2017 and the first fiscal quarter of 2018. This adjustment to gross margin is considered a non-recurring adjustment and as such is not included in the unaudited pro forma condensed combined statements of operations.

Property and equipment, net – Property and equipment, net, reflect an increase of $9,668 to record Sierra property and equipment at its estimated fair value. The impact of the depreciation related to the fair value of depreciable assets for the year ended December 31, 2016 and the six months ended June 30, 2017 of $1,104 and $591, respectively, is reflected as an adjustment to the unaudited pro forma condensed combined statements of operations.

	Estimated Useful Life in Years
Machinery and equipment	1-15
Buildings and improvements	5-36
Furniture and fixtures	1-6
Tools and dies	1-2
Vehicles	1-4
Land	Indefinite

Other intangible assets, net – The estimated allocated fair values for amortizable intangible assets acquired, consisting of customer relationships, developed technologies, and trademarks related to developed technologies for Sierra is approximately $15,800. The following table summarizes the estimated fair value of Sierra's amortizable intangible assets and their estimated useful lives. An accelerated method of amortization was used for customer relationships, developed technology and trademarks. The impact of the amortization related to the fair value of amortizable intangible assets for the year ended December 31, 2016 and the six months ended June 30, 2017 of $3,419 and $1,365, respectively, is reflected as an adjustment to the unaudited pro forma condensed combined statements of operations.

(In thousands, except per share amounts)

	Estimated Fair Value	Estimated Useful Life in Years	Annual 2016 Amortization Expense	Six months ended June 30, 2017 Amortization Expense
Customer relationships	$ 12,200	15	$ 2,650	$ 1,036
Developed technology	2,500	10	608	257
Trademarks	1,100	10	161	72
	$ 15,800		$ 3,419	$ 1,365

Future amortization expense for other intangible assets as of August 21, 2017 for the remainder of 2017 and five years thereafter is as follows:

2017	1,503
2018	2,874
2019	2,445
2020	1,986
2021	1,607
2022	1,290

Indefinite lived intangible assets – In connection with the Acquisition, the Company acquired certain tradenames and trademarks which provide Sierra with the exclusive and perpetual rights to manufacture and sell their respective products using the tradenames and trademarks. The estimated allocated fair value pertaining to tradenames and trademarks is $18,900. Tradenames and trademarks will not be amortized, but reviewed annually or more frequently if events or changes in circumstances exist that may indicate impairment.

Goodwill – The excess of the purchase consideration over the assets acquired and liabilities assumed is $17,406, which results in an adjustment to goodwill of $15,819. Goodwill is not amortized, but rather is tested at the reporting unit level at least annually for impairment or more frequently if triggering events or changes in circumstances indicate impairment.

Current portion of long-term debt and long-term debt – These amounts represent the current portion and long-term portion of a note payable of Sierra, which was settled on the date of acquisition and excluded from the liabilities acquired pursuant to the terms of the Purchase Agreement. Therefore, these amounts have been eliminated from the pro forma condensed combined balance sheet. The impact of the related interest expense of $76 and $30 for the year ended December 31, 2016 and the six months ended June 30, 2017, respectively, is reflected as an adjustment to the unaudited pro forma condensed combined statements of operations.

Accounts payable and accrued liabilities – Estimated transaction and other non-recurring costs in the amount of $1,999 consists primarily of investment bank fees, legal fees and other professional fees. These transaction and other non-recurring costs are being expensed as incurred. The reduction of accumulated deficit reflects estimated transaction and other non-recurring costs which are not reflected in the unaudited pro forma condensed combined statements of operations.

Deferred income taxes – According to Revenue Ruling 99-6, the acquisition of an LLC is treated as a purchase of assets for tax purposes. As such, the basis in the assets of Sierra is equal for both book and tax, which results in no initial recognition of deferred tax assets or liabilities.

Other long-term liabilities – This amount represents a management incentive program recorded by Sierra, which program was settled and terminated on the date of acquisition and excluded from the liabilities acquired pursuant to the terms of the Purchase Agreement. Therefore, this amount has been eliminated from the pro forma condensed combined balance sheet.

B As noted above in Notes 1 and 4, under the terms of the Purchase Agreement, the Company acquired Sierra for an aggregate purchase price of $79,000, plus or minus a preliminary working capital adjustment, which the Company funded through the combination of existing cash on its balance sheet and the drawing down on its revolving line of credit. The effect of the amounts drawn down on the revolving line of credit to pay for the acquisition and the associated origination fees incurred as part of obtaining the new credit facility presented in the unaudited pro forma condensed combined statement of operations is an increase to interest expense of $817 and $409 for the year ended December 31, 2016 and the six months ended June 30, 2017, respectively. The current interest rate used to determine the pro forma adjustment is 4.24%. The effect on net loss of a 1/8% variance in interest rates would be $22 and $11 for the year ended December 31, 2016 and the six months ended June 30, 2017, respectively. Total debt issuance costs were $334 and are included in the historical balance sheet of Clarus as of June 30, 2017. The amount drawn down on the revolving line of credit totaled $17,708 and are included in the historical balance sheet of Clarus as of June 30, 2017.

C Sierra selling, general and administrative costs for the year ended December 31, 2016 and the six months ended June 30, 2017, included management fees and deferred compensation totaling $2,376 and $809, respectively, which costs would not have been incurred if the transaction had occurred on January 1, 2016. These costs have been eliminated from the pro forma condensed combined statements of operations.

D Clarus has historically recorded shipping and handling costs in cost of goods sold while Sierra has historically recorded similar costs in selling, general and administrative. This represents the effect of recording Sierra's historical shipping and handling costs to conform to Clarus' presentation.

E As noted above in Note 1, the Company acquired 100% of the outstanding membership interests of Sierra pursuant to the Purchase Agreement. There are no remaining non-controlling interests in Sierra; therefore, income related to non-controlling interest in the variable interest entity has been eliminated from the pro forma condensed combined statement of operations for the year ended December 31, 2016 and the six months ended June 30, 2017.

F In connection with the consummation of the Acquisition, the historical shareholders' equity as of June 30, 2017 for Sierra is eliminated in the unaudited pro forma condensed combined balance sheet as of June 30, 2017.