

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

**FORM 10-Q**

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

For the quarterly period ended: **September 30, 2025**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-34767**

**CLARUS CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**2084 East 3900 South**

**Salt Lake City, Utah**

(Address of principal executive offices)

**58-1972600**

(I.R.S. Employer  
Identification Number)

**84124**

(Zip code)

**(801) 278-5552**

(Registrant's telephone number, including area code)

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

| <b>Title of each class</b>                | <b>Trading Symbol</b> | <b>Name of each exchange on which registered</b> |
|-------------------------------------------|-----------------------|--------------------------------------------------|
| Common Stock, par value \$.0001 per share | CLAR                  | NASDAQ Global Select Market                      |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Non-accelerated filer     | <input type="checkbox"/> |
| Accelerated filer       | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

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

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

As of October 30, 2025, there were 38,401,824 shares of common stock, par value \$0.0001, outstanding.

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

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

|                                                                                                                                                 | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------|
| <b>Assets</b>                                                                                                                                   |                           |                          |
| Current assets                                                                                                                                  |                           |                          |
| Cash                                                                                                                                            | \$ 29,508                 | \$ 45,359                |
| Accounts receivable, less allowance for credit losses of \$1,254 and \$1,271                                                                    | 51,755                    | 43,678                   |
| Inventories                                                                                                                                     | 86,546                    | 82,278                   |
| Prepaid and other current assets                                                                                                                | 5,330                     | 5,555                    |
| Income tax receivable                                                                                                                           | 1,700                     | 910                      |
| Total current assets                                                                                                                            | 174,839                   | 177,780                  |
| Property and equipment, net                                                                                                                     | 18,582                    | 17,606                   |
| Other intangible assets, net                                                                                                                    | 25,577                    | 31,516                   |
| Indefinite-lived intangible assets                                                                                                              | 45,212                    | 46,750                   |
| Goodwill                                                                                                                                        | 3,804                     | 3,804                    |
| Deferred income taxes                                                                                                                           | 36                        | 36                       |
| Other long-term assets                                                                                                                          | 15,020                    | 16,602                   |
| <b>Total assets</b>                                                                                                                             | <b>\$ 283,070</b>         | <b>\$ 294,094</b>        |
| <b>Liabilities and Stockholders' Equity</b>                                                                                                     |                           |                          |
| Current liabilities                                                                                                                             |                           |                          |
| Accounts payable                                                                                                                                | \$ 10,610                 | \$ 11,873                |
| Accrued liabilities                                                                                                                             | 24,883                    | 22,276                   |
| Income tax payable                                                                                                                              | 47                        | -                        |
| Current portion of long-term debt                                                                                                               | 1,980                     | 1,888                    |
| Total current liabilities                                                                                                                       | 37,520                    | 36,037                   |
| Deferred income taxes                                                                                                                           | 8,485                     | 12,210                   |
| Other long-term liabilities                                                                                                                     | 11,260                    | 12,754                   |
| <b>Total liabilities</b>                                                                                                                        | <b>57,265</b>             | <b>61,001</b>            |
| <b>Stockholders' Equity</b>                                                                                                                     |                           |                          |
| Preferred stock, \$0.0001 par value per share; 5,000 shares authorized; none issued                                                             | -                         | -                        |
| Common stock, \$0.0001 par value per share; 100,000 shares authorized; 43,054 and 43,004 issued and 38,402 and 38,362 outstanding, respectively | 4                         | 4                        |
| Additional paid in capital                                                                                                                      | 702,160                   | 697,592                  |
| Accumulated deficit                                                                                                                             | (425,032)                 | (406,857)                |
| Treasury stock, at cost                                                                                                                         | (33,156)                  | (33,114)                 |
| Accumulated other comprehensive loss                                                                                                            | (18,171)                  | (24,532)                 |
| <b>Total stockholders' equity</b>                                                                                                               | <b>225,805</b>            | <b>233,093</b>           |
| <b>Total liabilities and stockholders' equity</b>                                                                                               | <b>\$ 283,070</b>         | <b>\$ 294,094</b>        |

See accompanying notes to condensed consolidated financial statements

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

|                                              | <b>Three Months Ended</b> |                           |
|----------------------------------------------|---------------------------|---------------------------|
|                                              | <b>September 30, 2025</b> | <b>September 30, 2024</b> |
| Sales                                        |                           |                           |
| Domestic sales                               | \$ 28,261                 | \$ 24,365                 |
| International sales                          | 41,086                    | 42,750                    |
| Total sales                                  | 69,347                    | 67,115                    |
| Cost of goods sold                           | 44,981                    | 43,618                    |
| Gross profit                                 | 24,366                    | 23,497                    |
| Operating expenses                           |                           |                           |
| Selling, general and administrative          | 26,155                    | 27,880                    |
| Restructuring charges                        | 155                       | 478                       |
| Transaction costs                            | 436                       | 103                       |
| Contingent consideration benefit             | (355)                     | -                         |
| Legal costs and regulatory matter expenses   | 1,001                     | 394                       |
| Total operating expenses                     | 27,392                    | 28,855                    |
| Operating loss                               | (3,026)                   | (5,358)                   |
| Other (expense) income                       |                           |                           |
| Interest income, net                         | 108                       | 373                       |
| Other, net                                   | (943)                     | 1,164                     |
| Total other (expense) income, net            | (835)                     | 1,537                     |
| Loss before income tax                       | (3,861)                   | (3,821)                   |
| Income tax benefit                           | (2,244)                   | (664)                     |
| Net loss                                     | (1,617)                   | (3,157)                   |
| Other comprehensive income, net of tax:      |                           |                           |
| Foreign currency translation adjustment      | 850                       | 3,665                     |
| Unrealized gain (loss) on hedging activities | 868                       | (185)                     |
| Other comprehensive income                   | 1,718                     | 3,480                     |
| Comprehensive income                         | \$ 101                    | \$ 323                    |
| Net loss per share:                          |                           |                           |
| Basic                                        | \$ (0.04)                 | \$ (0.08)                 |
| Diluted                                      | (0.04)                    | (0.08)                    |
| Weighted average shares outstanding:         |                           |                           |
| Basic                                        | 38,402                    | 38,352                    |
| Diluted                                      | 38,402                    | 38,352                    |

See accompanying notes to condensed consolidated financial statements.

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

|                                                  | <b>Nine Months Ended</b>  |                           |
|--------------------------------------------------|---------------------------|---------------------------|
|                                                  | <b>September 30, 2025</b> | <b>September 30, 2024</b> |
| Sales                                            |                           |                           |
| Domestic sales                                   | \$ 77,794                 | \$ 75,583                 |
| International sales                              | 107,233                   | 117,327                   |
| Total sales                                      | 185,027                   | 192,910                   |
| Cost of goods sold                               | 120,187                   | 124,156                   |
| Gross profit                                     | 64,840                    | 68,754                    |
| Operating expenses                               |                           |                           |
| Selling, general and administrative              | 79,681                    | 84,176                    |
| Restructuring charges                            | 489                       | 1,009                     |
| Transaction costs                                | 686                       | 168                       |
| Contingent consideration benefit                 | (355)                     | (125)                     |
| Legal costs and regulatory matter expenses       | 3,463                     | 3,795                     |
| Impairment of indefinite-lived intangible assets | 1,565                     | -                         |
| Total operating expenses                         | 85,529                    | 89,023                    |
| Operating loss                                   | (20,689)                  | (20,269)                  |
| Other income                                     |                           |                           |
| Interest income, net                             | 518                       | 1,198                     |
| Other, net                                       | 999                       | 669                       |
| Total other income, net                          | 1,517                     | 1,867                     |
| Loss before income tax                           | (19,172)                  | (18,402)                  |
| Income tax benefit                               | (3,877)                   | (3,290)                   |
| Loss from continuing operations                  | (15,295)                  | (15,112)                  |
| Discontinued operations, net of tax              | -                         | 28,346                    |
| Net (loss) income                                | (15,295)                  | 13,234                    |
| Other comprehensive income, net of tax:          |                           |                           |
| Foreign currency translation adjustment          | 7,244                     | 1,167                     |
| Unrealized (loss) gain on hedging activities     | (883)                     | 187                       |
| Other comprehensive income                       | 6,361                     | 1,354                     |
| Comprehensive (loss) income                      | \$ (8,934)                | \$ 14,588                 |
| Loss from continuing operations per share:       |                           |                           |
| Basic                                            | \$ (0.40)                 | \$ (0.39)                 |
| Diluted                                          | (0.40)                    | (0.39)                    |
| Net (loss) income per share:                     |                           |                           |
| Basic                                            | \$ (0.40)                 | \$ 0.35                   |
| Diluted                                          | (0.40)                    | 0.35                      |
| Weighted average shares outstanding:             |                           |                           |
| Basic                                            | 38,390                    | 38,286                    |
| Diluted                                          | 38,390                    | 38,286                    |

See accompanying notes to condensed consolidated financial statements .

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

|                                                                                      | Nine Months Ended  |                    |
|--------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                      | September 30, 2025 | September 30, 2024 |
| <b>Cash Flows From Operating Activities:</b>                                         |                    |                    |
| Net (loss) income                                                                    | \$ (15,295)        | \$ 13,234          |
| Adjustments to reconcile net (loss) income to net cash used in operating activities: |                    |                    |
| Depreciation of property and equipment                                               | 2,654              | 3,051              |
| Amortization of other intangible assets                                              | 6,586              | 7,316              |
| Impairment of indefinite-lived intangible assets                                     | 1,565              | -                  |
| Loss (gain) on sale of businesses                                                    | 410                | (40,585)           |
| Accretion of notes payable                                                           | 92                 | -                  |
| Amortization of debt issuance costs                                                  | -                  | 1,209              |
| Loss (gain) on disposition of property and equipment                                 | 424                | (138)              |
| Noncash lease expense                                                                | 2,673              | 2,284              |
| Contingent consideration benefit                                                     | (355)              | (125)              |
| Stock-based compensation                                                             | 4,568              | 4,258              |
| Deferred income taxes                                                                | (4,428)            | 3,441              |
| Changes in operating assets and liabilities, net of disposition:                     |                    |                    |
| Accounts receivable                                                                  | (7,951)            | 778                |
| Inventories                                                                          | (5,359)            | (4,703)            |
| Prepaid and other assets                                                             | (763)              | (543)              |
| Accounts payable                                                                     | (1,493)            | (7,940)            |
| Accrued liabilities                                                                  | 147                | (4,549)            |
| Income taxes                                                                         | (709)              | (858)              |
| Net cash used in operating activities                                                | (17,234)           | (23,870)           |
| <b>Cash Flows From Investing Activities:</b>                                         |                    |                    |
| Proceeds from sale of businesses, net of cash                                        | 7,813              | 175,674            |
| Proceeds from disposition of property and equipment                                  | 70                 | 245                |
| Purchase of intangible assets                                                        | -                  | (250)              |
| Purchases of property and equipment                                                  | (4,259)            | (4,525)            |
| Net cash provided by investing activities                                            | 3,624              | 171,144            |
| <b>Cash Flows From Financing Activities:</b>                                         |                    |                    |
| Proceeds from revolving credit facilities                                            | -                  | 31,205             |
| Repayments on revolving credit facilities                                            | -                  | (41,580)           |
| Repayments on term loans and other debt                                              | -                  | (109,463)          |
| Proceeds from issuance of term loans and other debt                                  | -                  | 49                 |
| Purchase of treasury stock                                                           | (42)               | (185)              |
| Proceeds from exercise of options                                                    | -                  | 565                |
| Cash dividends paid                                                                  | (2,880)            | (2,872)            |
| Net cash used in financing activities                                                | (2,922)            | (122,281)          |
| <b>Effect of foreign exchange rates on cash</b>                                      | 681                | 82                 |
| <b>Change in cash</b>                                                                | (15,851)           | 25,075             |
| <b>Cash, beginning of year</b>                                                       | 45,359             | 11,324             |
| <b>Cash, end of period</b>                                                           | <u>\$ 29,508</u>   | <u>\$ 36,399</u>   |
| <b>Supplemental Disclosure of Cash Flow Information:</b>                             |                    |                    |
| Cash paid for income taxes                                                           | \$ 871             | \$ 2,284           |
| Cash paid for interest                                                               | \$ 16              | \$ 1,947           |
| <b>Supplemental Disclosures of Non-Cash Investing and Financing Activities:</b>      |                    |                    |
| Purchases of property and equipment incurred but not paid                            | \$ 77              | \$ 131             |
| Lease liabilities arising from obtaining right-of-use assets                         | \$ 485             | \$ 991             |

See accompanying notes to condensed consolidated financial statements.

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

|                                    | Common Stock  |             | Additional        | Accumulated         | Treasury Stock |                    | Accumulated              | Total                |
|------------------------------------|---------------|-------------|-------------------|---------------------|----------------|--------------------|--------------------------|----------------------|
|                                    | Shares        | Amount      | Paid-In Capital   | Deficit             | Shares         | Amount             | Other Comprehensive Loss | Stockholders' Equity |
| Balance, December 31, 2023         | 42,761        | \$ 4        | \$ 691,198        | \$ (350,739)        | (4,612)        | \$ (32,929)        | \$ (15,414)              | \$ 292,120           |
| Net income                         | -             | -           | -                 | 21,884              | -              | -                  | -                        | 21,884               |
| Other comprehensive loss           | -             | -           | -                 | -                   | -              | -                  | (3,671)                  | (3,671)              |
| Cash dividends (\$0.025 per share) | -             | -           | -                 | (956)               | -              | -                  | -                        | (956)                |
| Purchase of treasury stock         | -             | -           | -                 | -                   | (30)           | (185)              | -                        | (185)                |
| Stock-based compensation expense   | -             | -           | 1,183             | -                   | -              | -                  | -                        | 1,183                |
| Proceeds from exercise of options  | 117           | -           | -                 | -                   | -              | -                  | -                        | -                    |
| Balance, March 31, 2024            | <u>42,878</u> | <u>\$ 4</u> | <u>\$ 692,381</u> | <u>\$ (329,811)</u> | <u>(4,642)</u> | <u>\$ (33,114)</u> | <u>\$ (19,085)</u>       | <u>\$ 310,375</u>    |
| Net loss                           | -             | -           | -                 | (5,493)             | -              | -                  | -                        | (5,493)              |
| Other comprehensive income         | -             | -           | -                 | -                   | -              | -                  | 1,545                    | 1,545                |
| Cash dividends (\$0.025 per share) | -             | -           | -                 | (957)               | -              | -                  | -                        | (957)                |
| Stock-based compensation expense   | -             | -           | 1,528             | -                   | -              | -                  | -                        | 1,528                |
| Proceeds from exercise of options  | 62            | -           | 285               | -                   | -              | -                  | -                        | 285                  |
| Balance, June 30, 2024             | <u>42,940</u> | <u>\$ 4</u> | <u>\$ 694,194</u> | <u>\$ (336,261)</u> | <u>(4,642)</u> | <u>\$ (33,114)</u> | <u>\$ (17,540)</u>       | <u>\$ 307,283</u>    |
| Net loss                           | -             | -           | -                 | (3,157)             | -              | -                  | -                        | (3,157)              |
| Other comprehensive income         | -             | -           | -                 | -                   | -              | -                  | 3,480                    | 3,480                |
| Cash dividends (\$0.025 per share) | -             | -           | -                 | (959)               | -              | -                  | -                        | (959)                |
| Stock-based compensation expense   | -             | -           | 1,547             | -                   | -              | -                  | -                        | 1,547                |
| Proceeds from exercise of options  | 64            | -           | 280               | -                   | -              | -                  | -                        | 280                  |
| Balance, September 30, 2024        | <u>43,004</u> | <u>\$ 4</u> | <u>\$ 696,021</u> | <u>\$ (340,377)</u> | <u>(4,642)</u> | <u>\$ (33,114)</u> | <u>\$ (14,060)</u>       | <u>\$ 308,474</u>    |

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

|                                    | Common Stock  |             | Additional        | Accumulated         | Treasury Stock |                    | Accumulated        | Total             |
|------------------------------------|---------------|-------------|-------------------|---------------------|----------------|--------------------|--------------------|-------------------|
|                                    | Shares        | Amount      | Paid-In           | Deficit             | Shares         | Amount             | Other              | Stockholders'     |
|                                    |               |             | Capital           |                     |                |                    | Comprehensive      | Equity            |
|                                    |               |             |                   |                     |                |                    | Loss               |                   |
| Balance, December 31, 2024         | 43,004        | \$ 4        | \$ 697,592        | \$ (406,857)        | (4,642)        | \$ (33,114)        | \$ (24,532)        | \$ 233,093        |
| Net loss                           | -             | -           | -                 | (5,244)             | -              | -                  | -                  | (5,244)           |
| Other comprehensive income         | -             | -           | -                 | -                   | -              | -                  | 973                | 973               |
| Cash dividends (\$0.025 per share) | -             | -           | -                 | (959)               | -              | -                  | -                  | (959)             |
| Purchase of treasury stock         | -             | -           | -                 | -                   | (10)           | (42)               | -                  | (42)              |
| Stock-based compensation expense   | -             | -           | 1,469             | -                   | -              | -                  | -                  | 1,469             |
| Proceeds from exercise of options  | 50            | -           | -                 | -                   | -              | -                  | -                  | -                 |
| Balance, March 31, 2025            | <u>43,054</u> | <u>\$ 4</u> | <u>\$ 699,061</u> | <u>\$ (413,060)</u> | <u>(4,652)</u> | <u>\$ (33,156)</u> | <u>\$ (23,559)</u> | <u>\$ 229,290</u> |
| Net loss                           | -             | -           | -                 | (8,434)             | -              | -                  | -                  | (8,434)           |
| Other comprehensive income         | -             | -           | -                 | -                   | -              | -                  | 3,670              | 3,670             |
| Cash dividends (\$0.025 per share) | -             | -           | -                 | (961)               | -              | -                  | -                  | (961)             |
| Stock-based compensation expense   | -             | -           | 1,555             | -                   | -              | -                  | -                  | 1,555             |
| Balance, June 30, 2025             | <u>43,054</u> | <u>\$ 4</u> | <u>\$ 700,616</u> | <u>\$ (422,455)</u> | <u>(4,652)</u> | <u>\$ (33,156)</u> | <u>\$ (19,889)</u> | <u>\$ 225,120</u> |
| Net loss                           | -             | -           | -                 | (1,617)             | -              | -                  | -                  | (1,617)           |
| Other comprehensive income         | -             | -           | -                 | -                   | -              | -                  | 1,718              | 1,718             |
| Cash dividends (\$0.025 per share) | -             | -           | -                 | (960)               | -              | -                  | -                  | (960)             |
| Stock-based compensation expense   | -             | -           | 1,544             | -                   | -              | -                  | -                  | 1,544             |
| Balance, September 30, 2025        | <u>43,054</u> | <u>\$ 4</u> | <u>\$ 702,160</u> | <u>\$ (425,032)</u> | <u>(4,652)</u> | <u>\$ (33,156)</u> | <u>\$ (18,171)</u> | <u>\$ 225,805</u> |

See accompanying notes to condensed consolidated financial statements .

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

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

The accompanying unaudited condensed consolidated financial statements of Clarus Corporation and its subsidiaries (which may be collectively referred to as the “Company,” “Clarus,” “we,” “us” or “our”) as of September 30, 2025 and December 31, 2024 and for the three and nine months ended September 30, 2025 and 2024, have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”), instructions to the Quarterly Report on Form 10-Q, and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments, except otherwise disclosed) necessary for a fair presentation of the unaudited condensed consolidated financial statements have been included. The results for the three and nine months ended September 30, 2025 are not necessarily indicative of the results to be obtained for the year ending December 31, 2025. These interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the Securities and Exchange Commission (the “SEC”) on March 6, 2025.

**Nature of Business**

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

**Sale of PIEPS**

On May 8, 2025, BD European Holdings, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company, entered into a Share Purchase and Transfer Agreement (the “Share Purchase Agreement”) to sell all of the issued and outstanding shares of Black Diamond Austria GmbH, together with its operating subsidiary, PIEPS GmbH (collectively, “PIEPS”). On July 11, 2025, the Company completed the sale of PIEPS, which was included in the Company’s Outdoor segment, to a private investment firm for a total purchase price of €7,825 (approximately \$9,124), including cash held at PIEPS of \$1,311, pursuant to the Share Purchase Agreement. The Company recognized a pre-tax loss on sale of \$410, which is included in other, net in the condensed consolidated statements of comprehensive (loss) income.

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

**Use of Estimates**

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. We continually evaluate our estimates and assumptions including those related to revenue recognition, income taxes and valuation of long-lived assets, goodwill and indefinite-lived intangible assets, and other intangible assets. We base our estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

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

**Restricted Cash**

Included within cash in the condensed consolidated balance sheets as of September 30, 2025 and December 31, 2024, is restricted cash of \$1,497 and \$1,397, respectively, primarily related to a long-term lease agreement. Cash is restricted when withdrawal or general use is contractually or legally restricted.

**Recent Accounting Pronouncements***Accounting Pronouncements issued and not yet adopted*

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires a public entity to disclose in its rate reconciliation table additional categories of information about federal, state and foreign income taxes and provide more details about the reconciling items in some categories if items meet a quantitative threshold. The guidance will require all entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The guidance makes several other changes to the disclosure requirements. All entities are required to apply the guidance prospectively, with the option to apply it retrospectively. The guidance is effective for public business entities for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the enhanced disclosure requirements, however it does not anticipate a material change to the consolidated financial statements.

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

**NOTE 2. ACQUISITIONS***RockyMounts*

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

Pursuant to the RockyMounts Purchase Agreement, the purchase price paid for the RockyMounts assets was up to \$8,000, which includes (i) \$4,000 paid in cash at closing, subject to adjustment as set forth in the RockyMounts Purchase

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Agreement, (ii) the issuance of a promissory note by Rhino-Rack USA LLC in favor of the Seller in the original principal amount of \$2,000, payable on the one-year anniversary of the closing of the RockyMounts Purchase Agreement, and (iii) the payment of additional contingent consideration of up to \$2,000 in cash if certain future net sales thresholds are met for the years endings December 31, 2025 and December 31, 2026, respectively (the "RockyMounts Contingent Consideration"). The Company has estimated the initial fair value of the RockyMounts Contingent Consideration to be \$609 and has recorded this liability within accrued liabilities and other long-term liabilities. See Note 11 for discussion regarding the valuation of the RockyMounts Contingent Consideration as of September 30, 2025. The acquisition was accounted for as a business combination.

The Company believes the acquisition of RockyMounts provides the Company with a greater combined global revenue base, profitability and free cash flows, and access to increased liquidity to further acquire and grow businesses.

The following table is a reconciliation to the fair value of the purchase consideration and how the purchase consideration is allocated to assets acquired and liabilities assumed which have been estimated at their fair values. The fair value estimates for the purchase price allocation for RockyMounts are based on the Company's best estimates and assumptions as of the reporting date and are considered preliminary. The fair value measurements of identifiable assets and liabilities, and the resulting goodwill related to the RockyMounts acquisition are subject to change and the final purchase price allocations could be different from the amounts presented below. We expect to finalize the valuations as soon as practicable, but not later than one year from the date of the acquisition. The excess of purchase consideration over the assets acquired and liabilities assumed is recorded as goodwill. Goodwill for RockyMounts is included in the Adventure segment. The goodwill consists largely of the growth and profitability expected from this acquisition.

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

|                                                |    | <b>RockyMounts</b>          |
|------------------------------------------------|----|-----------------------------|
|                                                |    | <b>December 5, 2024</b>     |
|                                                |    | <b>Estimated Fair Value</b> |
| <b>Cash paid</b>                               | \$ | 3,840                       |
| <b>Seller Note</b>                             |    | 1,878                       |
| <b>Contingent consideration</b>                |    | 609                         |
| <b>Total purchase consideration</b>            | \$ | <u>6,327</u>                |
| <b>Assets acquired and liabilities assumed</b> |    |                             |
| <b>Assets</b>                                  |    |                             |
| Accounts receivable                            | \$ | 160                         |
| Inventories                                    |    | 928                         |
| Prepaid and other current assets               |    | 85                          |
| Property and equipment                         |    | 97                          |
| Other intangible assets                        |    | 2,366                       |
| Goodwill                                       |    | 2,741                       |
| <b>Total assets</b>                            |    | <u>6,377</u>                |
| <b>Liabilities</b>                             |    |                             |
| Accounts payable and accrued liabilities       | \$ | 50                          |
| <b>Total liabilities</b>                       |    | <u>50</u>                   |
| <b>Net Book Value Acquired</b>                 | \$ | <u>6,327</u>                |

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

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

|                                            |    | <b>RockyMounts</b> |                            |
|--------------------------------------------|----|--------------------|----------------------------|
|                                            |    | <b>Gross</b>       | <b>Average Useful Life</b> |
| <b>Intangibles subject to amortization</b> |    |                    |                            |
| Customer relationships                     | \$ | 1,138              | 3.0 years                  |
| Product technologies                       |    | 374                | 3.0 years                  |
| Tradenames                                 |    | 622                | 3.0 years                  |
| Non-compete agreements                     |    | 232                | 5.0 years                  |
|                                            | \$ | <u>2,366</u>       | <u>3.2 years</u>           |

The full amount of goodwill of \$2,741 at RockyMounts is expected to be deductible for tax purposes. No pre-existing relationships existed between the Company and RockyMounts or their sellers prior to the acquisition. RockyMounts

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revenue and operating income are included in the Adventure segment. Total revenue and net income of RockyMounts from the date of acquisition to December 31, 2024 were not material to the Company's consolidated financial statements.

**NOTE 3. DISCONTINUED OPERATIONS**

On February 29, 2024, the Company and Everest/Sapphire Acquisition, LLC, its wholly-owned subsidiary, completed the sale to Bullseye Acquisitions, LLC, an affiliate of JDH Capital Company, of all of the equity associated with the Company's Precision Sport segment, which is comprised of the Company's subsidiaries Sierra and Barnes, pursuant to a Purchase and Sale Agreement dated as of December 29, 2023, by and among, Bullseye Acquisitions, LLC, Everest/Sapphire Acquisition, LLC and the Company (the "Precision Sport Purchase Agreement"). The Precision Sport segment engaged in the business of designing, developing, manufacturing, and marketing bullets and ammunition to the military, law enforcement, and commercial/consumer markets. Under the terms of the Precision Sport Purchase Agreement, the Buyer agreed to pay \$175,000 in cash, which is subject to a customary working capital adjustment. The Company received \$175,674 in cash under the terms of the Precision Sport Purchase Agreement, which included a preliminary working capital adjustment. As of December 31, 2024, the working capital adjustment had been finalized, with no changes from the preliminary working capital adjustment. The Company recognized a pre-tax gain on such sale of \$40,585. The activities of the Precision Sport segment have been segregated and reported as discontinued operations for the nine months ended September 30, 2024. There was no activity in discontinued operations during the three months ended September 30, 2024.

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

|                                                  | <b>Nine Months Ended</b>  |
|--------------------------------------------------|---------------------------|
|                                                  | <b>September 30, 2024</b> |
| Sales                                            | \$ 10,585                 |
| Cost of goods sold                               | (6,543)                   |
| Selling, general and administrative              | (2,062)                   |
| Restructuring charges                            | (3)                       |
| Transaction costs                                | (3,440)                   |
| Interest expense, net                            | (2,455)                   |
| Other, net                                       | (38)                      |
| Loss from operations of discontinued operations  | (3,956)                   |
| Gain on sale of discontinued operations          | 40,585                    |
| Income from discontinued operations before taxes | 36,629                    |
| Income tax expense                               | 8,283                     |
| Income from discontinued operations, net of tax  | \$ 28,346                 |

In connection with the sale of the Precision Sport segment, all interest expense related to outstanding debt that was required to be repaid with the proceeds received from the sale pursuant to the terms of the Company's credit facility is allocated to discontinued operations in our condensed consolidated financial statements for the nine months ended September 30, 2024.

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**(Unaudited)**  
**(in thousands, except per share amounts)**

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

|                                    | <b>Nine Months Ended</b>  |     |
|------------------------------------|---------------------------|-----|
|                                    | <b>September 30, 2024</b> |     |
| Stock-based compensation           | \$                        | 5   |
| Purchase of property and equipment | \$                        | 886 |

**NOTE 4. INVENTORIES**

Inventories, as of September 30, 2025 and December 31, 2024, were as follows:

|                            | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|----------------------------|---------------------------|--------------------------|
| Finished goods             | \$ 80,994                 | \$ 72,329                |
| Work-in-process            | 282                       | 234                      |
| Raw materials and supplies | 5,270                     | 9,715                    |
|                            | <u>\$ 86,546</u>          | <u>\$ 82,278</u>         |

**NOTE 5. PROPERTY AND EQUIPMENT**

Property and equipment, net, as of September 30, 2025 and December 31, 2024, were as follows:

|                                | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|--------------------------------|---------------------------|--------------------------|
| Land                           | \$ 2,850                  | \$ 2,850                 |
| Building and improvements      | 7,840                     | 5,891                    |
| Furniture and fixtures         | 5,313                     | 4,958                    |
| Computer hardware and software | 8,712                     | 8,380                    |
| Machinery and equipment        | 17,135                    | 16,795                   |
| Construction in progress       | 3,282                     | 3,412                    |
|                                | <u>45,132</u>             | <u>42,286</u>            |
| Less accumulated depreciation  | <u>(26,550)</u>           | <u>(24,680)</u>          |
|                                | <u>\$ 18,582</u>          | <u>\$ 17,606</u>         |

Depreciation expense for continuing operations for the three months ended September 30, 2025 and 2024 was \$894 and \$980, respectively, and for the nine months ended September 30, 2025 and 2024 was \$2,654 and \$3,051, respectively.

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**(Unaudited)**  
**(in thousands, except per share amounts)**

**NOTE 6. GOODWILL AND INTANGIBLE ASSETS**

**Goodwill**

The following table summarizes the balances in goodwill by segment:

|                                  | <b>Outdoor</b> | <b>Adventure</b> | <b>Total</b> |
|----------------------------------|----------------|------------------|--------------|
| Goodwill                         | \$ 29,507      | \$ 96,966        | \$ 126,473   |
| Accumulated goodwill impairments | (29,507)       | (88,335)         | (117,842)    |
| Balance at December 31, 2024     | \$ -           | \$ 3,804         | \$ 3,804     |
| Balance at September 30, 2025    | \$ -           | \$ 3,804         | \$ 3,804     |

**Indefinite-Lived Intangible Assets**

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

|                                           |           |
|-------------------------------------------|-----------|
| Balance at December 31, 2024              | \$ 46,750 |
| Decrease due to impairment                | (1,565)   |
| Decrease due to sale of PIEPS             | (1,704)   |
| Impact of foreign currency exchange rates | 1,731     |
| Balance at September 30, 2025             | \$ 45,212 |

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

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

As described above, we determined that a triggering event had occurred during the quarter ended June 30, 2025, with respect to certain indefinite-lived intangible assets within our Outdoor reporting unit, which required that we perform a quantitative assessment. We assessed the fair value of the specific indefinite-lived intangible assets using the relief-from-royalty method described above. As a result of this assessment, the carrying value of the PIEPS trademark recorded within

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our Outdoor reporting unit exceeded its estimated related fair value, thus an impairment of the PIEPS trademark of \$,565 was recorded.

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

Trademarks classified as indefinite-lived intangible assets by brand as of September 30, 2025 and December 31, 2024, were as follows:

|               | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|---------------|---------------------------|--------------------------|
| Black Diamond | \$ 19,600                 | \$ 19,600                |
| PIEPS         | -                         | 2,899                    |
| Rhino-Rack    | 21,221                    | 20,093                   |
| MAXTRAX       | 4,391                     | 4,158                    |
|               | <u>\$ 45,212</u>          | <u>\$ 46,750</u>         |

**Other Intangible Assets, net**

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

|                                           |                  |
|-------------------------------------------|------------------|
| Gross balance at December 31, 2024        | \$ 77,960        |
| Decrease due to sale of PIEPS             | (4,712)          |
| Impact of foreign currency exchange rates | 3,496            |
| Gross balance at September 30, 2025       | <u>\$ 76,744</u> |

Other intangible assets, net of amortization as of September 30, 2025 and December 31, 2024, were as follows:

|                                            | <b>September 30, 2025</b> |                                     |                  |                                             |
|--------------------------------------------|---------------------------|-------------------------------------|------------------|---------------------------------------------|
|                                            | <b>Gross</b>              | <b>Accumulated<br/>Amortization</b> | <b>Net</b>       | <b>Weighted<br/>Average Useful<br/>Life</b> |
| <b>Intangibles subject to amortization</b> |                           |                                     |                  |                                             |
| Customer relationships                     | \$ 58,496                 | \$ (39,477)                         | \$ 19,019        | 13.7 years                                  |
| Product technologies                       | 15,679                    | (11,134)                            | 4,545            | 9.3 years                                   |
| Tradenames                                 | 2,337                     | (517)                               | 1,820            | 9.6 years                                   |
| Non-compete agreements                     | 232                       | (39)                                | 193              | 5.0 years                                   |
|                                            | <u>\$ 76,744</u>          | <u>\$ (51,167)</u>                  | <u>\$ 25,577</u> | <u>12.6 years</u>                           |

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**(Unaudited)**  
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| <b>December 31, 2024</b> |                  |                                     |                  |                                             |
|--------------------------|------------------|-------------------------------------|------------------|---------------------------------------------|
|                          | <b>Gross</b>     | <b>Accumulated<br/>Amortization</b> | <b>Net</b>       | <b>Weighted<br/>Average Useful<br/>Life</b> |
| Customer relationships   | \$ 58,737        | \$ (35,715)                         | \$ 23,022        | 13.6 years                                  |
| Product technologies     | 16,745           | (10,528)                            | 6,217            | 9.9 years                                   |
| Tradenames               | 2,246            | (197)                               | 2,049            | 9.5 years                                   |
| Core technologies        | 232              | (4)                                 | 228              | 5.0 years                                   |
|                          | <u>\$ 77,960</u> | <u>\$ (46,444)</u>                  | <u>\$ 31,516</u> | <u>12.7 years</u>                           |

Amortization expense for continuing operations for the three months ended September 30, 2025 and 2024, was \$2,149 and \$2,416, respectively, and for the nine months ended September 30, 2025 and 2024 was \$6,586 and \$7,316, respectively. Future amortization expense for other intangible assets as of September 30, 2025 is as follows:

| <b>Years Ending December 31,</b>                                 | <b>Amortization Expense</b> |
|------------------------------------------------------------------|-----------------------------|
| <b>2025 (excluding the nine months ended September 30, 2025)</b> | <b>\$ 2,158</b>             |
| <b>2026</b>                                                      | <b>6,834</b>                |
| <b>2027</b>                                                      | <b>4,904</b>                |
| <b>2028</b>                                                      | <b>3,437</b>                |
| <b>2029</b>                                                      | <b>2,587</b>                |
| <b>2030</b>                                                      | <b>1,871</b>                |
| <b>Thereafter</b>                                                | <b>3,786</b>                |
|                                                                  | <u><u>\$ 25,577</u></u>     |

**NOTE 7. ACCRUED LIABILITIES AND OTHER LONG-TERM LIABILITIES**

Accrued liabilities as of September 30, 2025 and December 31, 2024, were as follows:

|                                       | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|---------------------------------------|---------------------------|--------------------------|
| Accrued payroll and related items     | \$ 3,368                  | \$ 4,054                 |
| Accrued bonus                         | 2,110                     | 1,866                    |
| Designated forward exchange contracts | 1,143                     | -                        |
| Accrued warranty                      | 1,515                     | 2,212                    |
| Current lease liabilities             | 3,298                     | 3,470                    |
| Accrued commissions                   | 1,071                     | 376                      |
| Sales returns and rebates             | 3,603                     | 2,145                    |
| Contingent consideration liabilities  | -                         | 355                      |
| Accrued CPSC regulatory matter        | 2,500                     | 2,500                    |
| Accrued legal expenses                | 1,403                     | 436                      |
| Restructuring liabilities             | 13                        | 541                      |
| Other                                 | 4,859                     | 4,321                    |
|                                       | <u><u>\$ 24,883</u></u>   | <u><u>\$ 22,276</u></u>  |

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
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Other long-term liabilities as of September 30, 2025 and December 31, 2024, were as follows:

|                                      | <u>September 30, 2025</u> | <u>December 31, 2024</u> |
|--------------------------------------|---------------------------|--------------------------|
| Long-term lease liabilities          | \$ 9,717                  | \$ 11,288                |
| Contingent consideration liabilities | 254                       | 254                      |
| Other                                | 1,289                     | 1,212                    |
|                                      | <u>\$ 11,260</u>          | <u>\$ 12,754</u>         |

**NOTE 8. LONG-TERM DEBT**

Long-term debt as of September 30, 2025 and December 31, 2024, was as follows:

|                               | <u>September 30, 2025</u> | <u>December 31, 2024</u> |
|-------------------------------|---------------------------|--------------------------|
| Revolving credit facility (a) | \$ -                      | \$ -                     |
| Other debt (b)                | 1,980                     | 1,888                    |
| Term loan (c)                 | -                         | -                        |
|                               | 1,980                     | 1,888                    |
| Less current portion          | (1,980)                   | (1,888)                  |
|                               | <u>\$ -</u>               | <u>\$ -</u>              |

- (a) On February 29, 2024, upon the closing of the disposition of the Precision Sport segment, the Company terminated and paid off amounts outstanding under the revolving credit facility, and pursuant to the Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (the "Restated Credit Agreement"), in full. The Company paid interest monthly on any borrowings on the Restated Credit Agreement.
- (b) On December 5, 2024, pursuant to the RockyMounts Purchase Agreement, Clarus and its wholly-owned subsidiary, Rhino-Rack USA LLC, issued a promissory note in favor of RockyMounts, Inc. in the principal amount of \$2,000, payable on December 5, 2025. Imputed interest is included within the principal amount and the fair value of the note was \$1,878 on the date of issuance. As of September 30, 2025 and December 31, 2024, the borrowing rate was 6.5%.
- (c) On February 29, 2024, upon the closing of the disposition of the Precision Sport segment, the Company terminated and paid off amounts outstanding under the term loan in full. The Company paid interest monthly on any borrowings on the Restated Credit Agreement.

**NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS**

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

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**(in thousands, except per share amounts)**

At September 30, 2025, the Company's derivative contracts had remaining maturities of less than one year. The counterparties to these transactions had both long-term and short-term investment grade credit ratings. The maximum net exposure of the Company's credit risk to the counterparties is generally limited to the aggregate unrealized loss of all contracts with that counterparty, which was \$1,143 as of September 30, 2025. The Company's exposure of counterparty credit risk is limited to the aggregate unrealized gain on all contracts. As of September 30, 2025, there was no such exposure to the counterparties. The Company's derivative counterparties have strong credit ratings and as a result, the Company does not require collateral to facilitate transactions.

The Company held the following contracts designated as hedging instruments as of September 30, 2025 and December 31, 2024:

|                                               | <b>September 30, 2025</b> |                 |
|-----------------------------------------------|---------------------------|-----------------|
|                                               | Notional Amount           | Latest Maturity |
| Foreign exchange contracts - Canadian Dollars | \$3,938                   | February 2026   |
| Foreign exchange contracts - Euros            | € 9,938                   | February 2026   |

  

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

For contracts that qualify as effective hedge instruments, the effective portion of gains and losses resulting from changes in fair value of the instruments are included in accumulated other comprehensive loss and reclassified to sales in the period the underlying hedged transaction is recognized in earnings. Gains (losses) of (\$641) and \$14 were reclassified to sales during the three months ended September 30, 2025 and 2024, respectively, and (\$1,068) and \$231 were reclassified to sales during the nine months ended September 30, 2025 and 2024, respectively.

The following table presents the balance sheet classification and fair value of derivative instruments as of September 30, 2025 and December 31, 2024:

|                                                | <b>Classification</b>            | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|------------------------------------------------|----------------------------------|---------------------------|--------------------------|
| Derivative instruments in asset positions:     |                                  |                           |                          |
| Designated forward exchange contracts          | Prepaid and other current assets | \$ -                      | \$ 600                   |
| Derivative instruments in liability positions: |                                  |                           |                          |
| Designated forward exchange contracts          | Accrued liabilities              | \$ 1,143                  | \$ -                     |

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**NOTE 10. ACCUMULATED OTHER COMPREHENSIVE LOSS**

Accumulated other comprehensive loss ("AOCI") primarily consists of foreign currency translation adjustments and changes in our forward foreign exchange contracts. The following table sets forth the changes in AOCI, net of tax, for the three months ended September 30, 2025:

|                                                      | <b>Foreign Currency<br/>Translation<br/>Adjustments</b> | <b>Unrealized Gains<br/>(Losses) on Cash<br/>Flow Hedges</b> | <b>Total</b> |
|------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------|--------------|
| Balance as of June 30, 2025                          | \$ (18,464)                                             | \$ (1,425)                                                   | \$ (19,889)  |
| Other comprehensive income before reclassifications  | 850                                                     | 384                                                          | 1,234        |
| Amounts reclassified from other comprehensive income | -                                                       | 484                                                          | 484          |
| Net current period other comprehensive income        | 850                                                     | 868                                                          | 1,718        |
| Balance as of September 30, 2025                     | \$ (17,614)                                             | \$ (557)                                                     | \$ (18,171)  |

The following table sets forth the changes in AOCI, net of tax, for the three months ended September 30, 2024:

|                                                             | <b>Foreign Currency<br/>Translation<br/>Adjustments</b> | <b>Unrealized Gains<br/>(Losses) on Cash<br/>Flow Hedges</b> | <b>Total</b> |
|-------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------|--------------|
| Balance as of June 30, 2024                                 | \$ (17,721)                                             | \$ 181                                                       | \$ (17,540)  |
| Other comprehensive income (loss) before reclassifications  | 3,665                                                   | (174)                                                        | 3,491        |
| Amounts reclassified from other comprehensive income (loss) | -                                                       | (11)                                                         | (11)         |
| Net current period other comprehensive income (loss)        | 3,665                                                   | (185)                                                        | 3,480        |
| Balance as of September 30, 2024                            | \$ (14,056)                                             | \$ (4)                                                       | \$ (14,060)  |

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

|                                                             | <b>Foreign Currency<br/>Translation<br/>Adjustments</b> | <b>Unrealized Gains<br/>(Losses) on Cash<br/>Flow Hedges</b> | <b>Total</b> |
|-------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------|--------------|
| Balance as of December 31, 2024                             | \$ (24,858)                                             | \$ 326                                                       | \$ (24,532)  |
| Other comprehensive income (loss) before reclassifications  | 7,244                                                   | (1,689)                                                      | 5,555        |
| Amounts reclassified from other comprehensive income (loss) | -                                                       | 806                                                          | 806          |
| Net current period other comprehensive income (loss)        | 7,244                                                   | (883)                                                        | 6,361        |
| Balance as of September 30, 2025                            | \$ (17,614)                                             | \$ (557)                                                     | \$ (18,171)  |

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The following table sets forth the changes in AOCI, net of tax, for the nine months ended September 30, 2024:

|                                                             | <b>Foreign Currency<br/>Translation<br/>Adjustments</b> | <b>Unrealized Gains<br/>(Losses) on Cash<br/>Flow Hedges</b> | <b>Total</b> |
|-------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------|--------------|
| Balance as of December 31, 2023                             | \$ (15,223)                                             | \$ (191)                                                     | \$ (15,414)  |
| Other comprehensive income before reclassifications         | 1,167                                                   | 365                                                          | 1,532        |
| Amounts reclassified from other comprehensive income (loss) | -                                                       | (178)                                                        | (178)        |
| Net current period other comprehensive income               | 1,167                                                   | 187                                                          | 1,354        |
| Balance as of September 30, 2024                            | \$ (14,056)                                             | \$ (4)                                                       | \$ (14,060)  |

The effects on net income of amounts reclassified from unrealized gains (losses) on cash flow hedges for foreign exchange contracts for the three and nine months ended September 30, 2025 and 2024, were as follows:

| <b>Affected line item in the Consolidated<br/>Statements of Comprehensive (Loss)<br/>Income</b> | <b>Gains (losses) reclassified from AOCI to the Consolidated Statements of Comprehensive (Loss)<br/>Income</b> |                           |                           |                           |
|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
|                                                                                                 | <b>Three Months Ended</b>                                                                                      |                           | <b>Nine Months Ended</b>  |                           |
|                                                                                                 | <b>September 30, 2025</b>                                                                                      | <b>September 30, 2024</b> | <b>September 30, 2025</b> | <b>September 30, 2024</b> |
| <b>Foreign exchange contracts:</b>                                                              |                                                                                                                |                           |                           |                           |
| Sales                                                                                           | \$ (641)                                                                                                       | \$ 14                     | \$ (1,068)                | \$ 231                    |
| Less: Income tax (benefit) expense                                                              | (157)                                                                                                          | 3                         | (262)                     | 53                        |
| Amount reclassified, net of tax                                                                 | \$ (484)                                                                                                       | \$ 11                     | \$ (806)                  | \$ 178                    |
| Total reclassifications from AOCI                                                               | \$ (484)                                                                                                       | \$ 11                     | \$ (806)                  | \$ 178                    |

**NOTE 11. FAIR VALUE MEASUREMENTS**

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

- Level 1 - inputs to the valuation methodology are quoted market prices for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are based on prices or valuation techniques that are unobservable.

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**Items Measured at Fair Value on a Recurring Basis**

Assets and liabilities measured at fair value on a recurring basis at September 30, 2025 and December 31, 2024 were as follows:

| <b>September 30, 2025</b>             |                |                 |                |                 |
|---------------------------------------|----------------|-----------------|----------------|-----------------|
|                                       | <b>Level 1</b> | <b>Level 2</b>  | <b>Level 3</b> | <b>Total</b>    |
| <b>Assets</b>                         |                |                 |                |                 |
| Designated forward exchange contracts | \$ -           | \$ -            | \$ -           | \$ -            |
|                                       | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ -</u>    | <u>\$ -</u>     |
| <b>Liabilities</b>                    |                |                 |                |                 |
| Designated forward exchange contracts | \$ -           | \$ 1,143        | \$ -           | \$ 1,143        |
| Contingent consideration liabilities  | \$ -           | \$ -            | \$ 254         | \$ 254          |
|                                       | <u>\$ -</u>    | <u>\$ 1,143</u> | <u>\$ 254</u>  | <u>\$ 1,397</u> |
| <b>December 31, 2024</b>              |                |                 |                |                 |
|                                       | <b>Level 1</b> | <b>Level 2</b>  | <b>Level 3</b> | <b>Total</b>    |
| <b>Assets</b>                         |                |                 |                |                 |
| Designated forward exchange contracts | \$ -           | \$ 600          | \$ -           | \$ 600          |
|                                       | <u>\$ -</u>    | <u>\$ 600</u>   | <u>\$ -</u>    | <u>\$ 600</u>   |
| <b>Liabilities</b>                    |                |                 |                |                 |
| Contingent consideration liabilities  | \$ -           | \$ -            | \$ 609         | \$ 609          |
|                                       | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ 609</u>  | <u>\$ 609</u>   |

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

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

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The following table summarizes the changes in contingent consideration liabilities:

|                               | <b>RockyMounts</b> |
|-------------------------------|--------------------|
| Balance at December 31, 2024  | \$ 609             |
| Fair value adjustments        | (355)              |
| Balance at September 30, 2025 | \$ 254             |

As the contingent consideration liabilities are remeasured to fair value each reporting period, significant increases or decreases in projected sales, discount rates or the time until payment is made could have resulted in a significantly lower or higher fair value measurement. Our determination of fair value of the contingent consideration liabilities could change in future periods based on our ongoing evaluation of these significant unobservable inputs. The net sales threshold required for the payment of the TRED contingent consideration was not met during the measurement period ended June 30, 2025. As of September 30, 2025, the net sales threshold required for the payment of the 2025 portion of the RockyMounts contingent consideration is not expected to be met during the measurement period ending December 31, 2025.

**NOTE 12. STOCKHOLDERS' EQUITY**

On August 6, 2018, the Company announced that its Board of Directors approved the initiation of a quarterly cash dividend program of \$0.025 per share of the Company's common stock (the "Quarterly Cash Dividend") or \$0.10 per share on an annualized basis. The declaration and payment of future Quarterly Cash Dividends is subject to the discretion of and approval of the Company's Board of Directors. On November 5, 2025, the Company announced that its Board of Directors approved the payment on November 26, 2025 of the Quarterly Cash Dividend of \$0.025 to the record holders of shares of the Company's common stock as of the close of business on November 17, 2025.

**NOTE 13. EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share is computed by dividing earnings (loss) by the weighted average number of common shares outstanding during each period. Diluted earnings (loss) per share is computed by dividing earnings (loss) by the total of the weighted average number of shares of common stock outstanding during each period, plus the effect of dilutive outstanding stock options and unvested restricted stock grants. Potentially dilutive securities are excluded from the computation of diluted earnings (loss) per share if their effect is anti-dilutive to the loss from continuing operations.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
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The following table is a reconciliation of basic and diluted shares of common stock outstanding used in the calculation of earnings (loss) per share:

|                                                | Three Months Ended |                    | Nine Months Ended  |                    |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                | September 30, 2025 | September 30, 2024 | September 30, 2025 | September 30, 2024 |
| Weighted average shares outstanding - basic    | 38,402             | 38,352             | 38,390             | 38,286             |
| Effect of dilutive stock awards                | -                  | -                  | -                  | -                  |
| Weighted average shares outstanding - diluted  | 38,402             | 38,352             | 38,390             | 38,286             |
| Loss from continuing operations per share:     |                    |                    |                    |                    |
| Basic                                          | \$ (0.04)          | \$ (0.08)          | \$ (0.40)          | \$ (0.39)          |
| Diluted                                        | (0.04)             | (0.08)             | (0.40)             | (0.39)             |
| Income from discontinued operations per share: |                    |                    |                    |                    |
| Basic                                          | \$ -               | \$ -               | \$ -               | \$ 0.74            |
| Diluted                                        | -                  | -                  | -                  | 0.74               |
| Net (loss) income per share:                   |                    |                    |                    |                    |
| Basic                                          | \$ (0.04)          | \$ (0.08)          | \$ (0.40)          | \$ 0.35            |
| Diluted                                        | (0.04)             | (0.08)             | (0.40)             | 0.35               |

For the three months ended September 30, 2025 and 2024, equity awards of 4,685 and 5,762, respectively, and for the nine months ended September 30, 2025 and 2024, equity awards of 4,531 and 5,217, respectively, were excluded from the calculation of earnings (loss) per share for these periods as they were anti-dilutive.

**NOTE 14. STOCK-BASED COMPENSATION PLAN**

On May 29, 2025, at the Company's 2025 Annual Meeting, stockholders approved the Clarus Corporation Amended and Restated 2015 Stock Incentive Plan (the "Amended and Restated 2015 Plan"), which had previously been adopted by the Board of Directors on April 16, 2025, subject to such approval. The Amended and Restated 2015 Plan amends and restates the Clarus Corporation 2015 Stock Incentive Plan (the "2015 Plan"), originally approved by stockholders on December 11, 2015. Upon stockholder approval of the Amended and Restated 2015 Plan, the 2015 Plan was terminated, and no further awards will be granted under it. Any remaining shares available for grant under the 2015 Plan were canceled. However, 4,232 shares subject to outstanding awards previously granted under the 2015 Plan will remain available for issuance pursuant to their existing terms.

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

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**Options Granted:**

During the nine months ended September 30, 2025, the Company issued stock option awards for an aggregate of 630 shares of Common Stock under the Amended and Restated 2015 Plan and the 2015 Plan to directors and employees of the Company. Of the 630 stock options, 500 stock options shall vest and become exercisable one year from the date of the grant, 50 stock options shall vest and become exercisable over a period of three years from the date of the grant, and 80 stock options shall vest and become exercisable in four equal consecutive quarterly tranches from the date of grant. All of the issued stock options expire ten years from the date of the grant.

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

**Options Granted During the Nine Months Ended September 30, 2025**

|                                         |                 |
|-----------------------------------------|-----------------|
| Number of options                       | 630             |
| Option vesting period                   | 1 - 3 Years     |
| Grant price (per share)                 | \$3.21 - \$4.02 |
| Dividend yield                          | 2.49% - 3.12%   |
| Expected volatility (a)                 | 50.6% - 53.2%   |
| Risk-free interest rate                 | 4.01% - 4.17%   |
| Expected life (years) (b)               | 5.50 - 6.69     |
| Weighted average fair value (per share) | \$1.32 - \$1.74 |

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

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

The grant date fair value of the stock options granted during the nine months ended September 30, 2025 was \$1,046, which will be recognized over the vesting period of the options.

During the nine months ended September 30, 2025, the Company did not issue any restricted stock unit awards under the Amended and Restated 2015 Plan and the 2015 Plan to directors and employees of the Company.

The total non-cash stock compensation expense for continuing operations related to grants of incentive stock options, nonqualified stock options, restricted stock awards, stock appreciation rights, and restricted stock unit awards recorded by the Company for the three months ended September 30, 2025 and 2024 was \$1,544 and \$1,547, respectively, and for the nine months ended September 30, 2025 and 2024 was \$4,568 and \$4,253, respectively. For the three and nine months ended September 30, 2025 and 2024, the majority of stock-based compensation costs were classified as selling, general and administrative expenses.

As of September 30, 2025, there were 1,053 unvested stock options and unrecognized compensation cost of \$1,180 related to unvested stock options, as well as 1,050 unvested restricted stock unit awards and unrecognized compensation costs of \$1,639 related to unvested restricted stock unit awards.

**NOTE 15. RESTRUCTURING**

Starting in 2023, the Company began incurring expenses to facilitate long-term sustainable growth through cost reduction actions, consisting of employee reductions, facility rationalization and contract termination costs. During the three months

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ended September 30, 2025 and 2024, the Company incurred \$155 and \$478, respectively, and during the nine months ended September 30, 2025 and 2024, the Company incurred \$489 and \$1,009, respectively, of restructuring charges related to these actions. The Company has incurred \$5,660 of cumulative restructuring charges since the commencement of our restructuring actions in 2023. The Company accrues for restructuring costs when they are probable and reasonably estimable. These costs include severance costs, exit costs, and other restructuring costs and are included in restructuring charges in the condensed consolidated statements of comprehensive (loss) income. Severance costs primarily consist of severance benefits through payroll continuation, conditional separation costs and employer tax liabilities, while exit costs primarily consist of lease exit and contract termination costs. Other costs consist primarily of costs related to the discontinuance of certain product lines and are distinguishable and directly attributable to the Company's restructuring initiative and not a result of external market factors associated with the ongoing business. We estimate that we will continue to incur restructuring costs related to employee-related costs and facility exit costs during the year ending December 31, 2025; however, the Company cannot estimate the total amount expected to be incurred as cost reduction actions continue to be evaluated. The Company anticipates completing these restructuring activities in the year ending December 31, 2025.

The following table summarizes the restructuring charges, payments and the remaining liabilities related to restructuring costs at September 30, 2025, which are included within accrued liabilities in the condensed consolidated balance sheets:

|                                     | <b>Outdoor</b> | <b>Adventure</b> | <b>Corporate</b> | <b>Total</b>  |
|-------------------------------------|----------------|------------------|------------------|---------------|
| Balance at December 31, 2024        | \$ 541         | \$ -             | \$ -             | \$ 541        |
| Charges to expense:                 |                |                  |                  |               |
| Employee termination benefits       | 102            | 357              | -                | 459           |
| Exit costs                          | 30             | -                | -                | 30            |
| Total restructuring charges         | <u>\$ 132</u>  | <u>\$ 357</u>    | <u>\$ -</u>      | <u>\$ 489</u> |
| Cash payments and non-cash charges: |                |                  |                  |               |
| Cash payments                       | (660)          | (357)            | -                | (1,017)       |
| Balance at September 30, 2025       | <u>\$ 13</u>   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 13</u>  |

**NOTE 16. COMMITMENTS, CONTINGENCIES AND LEGAL MATTERS**

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

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

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

***U.S. Consumer Product Safety Commission***

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

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

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

On November 20, 2023 and February 8, 2024, respectively, BDEL submitted a comprehensive response disputing the CPSC’s findings and conclusions in the October 12, 2023 and December 18, 2023 letters, including the amount of any potential penalties. The CPSC ultimately disagreed with our position and the agency voted to refer the matter to the U.S. Department of Justice for further proceedings. The Company and BDEL intend to strongly contest and vigorously defend against any claims which may be asserted against them by the Department of Justice or the CPSC.

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

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On January 23, 2025, the Company and BDEL were each served with grand jury subpoenas from the United States Department of Justice requiring the production of documents relating to avalanche transmitters distributed by BDEL. The Company and BDEL are cooperating with this investigation.

On March 13, 2025, the Company received a letter from the CPSC requesting various categories of documents and information in connection with an investigation into whether BDEL sold products that were subject to a recall. The Company has cooperated with that investigation, substantially completed document production, and delivered a narrative explanatory letter to the CPSC on June 18, 2025. The Company has heard nothing further from the CPSC regarding the matters in the CPSC's March 13, 2025 letter.

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

We believe it is reasonably possible that a change in our ability to estimate the amount of loss could occur in the near term and that the change in the estimate could be material. In addition, as this matter is ongoing, the Company is currently unable to predict its duration, resources required or outcome, or the impact it may have on the Company's liquidity, financial condition, results of operations and/or cash flows. Any penalties imposed by the CPSC or other regulators could be costly to us and could damage our business and reputation as well as have a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations and/or cash flows. During the three months ended September 30, 2025 and 2024, the Company incurred legal expenses of \$322 and \$194, respectively, and during the nine months ended September 30, 2025 and 2024, the Company incurred legal expenses of \$2,050 and \$579, respectively, in efforts to resolve this matter. These legal expenses are included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive (loss) income.

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

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

On March 14, 2025, the Court issued an Opinion and Order granting the defendants' motion for summary judgment on the ground that they qualified for the market making exemption under Section 16(d) of the Exchange Act. On April 11, 2025, the Company filed a timely Notice of Appeal and filed its opening brief on July 18, 2025.

***Clarus Corporation v. Caption Management, LLC, et al.***

On March 8, 2024, the Company filed a lawsuit in the United States District Court for the Southern District of New York against Caption Management, LLC, Caption Partners II LP, Caption GP, LLC, William Cooper and Jason Strasser ("Caption Management"), seeking disgorgement of short-swing profits from transactions in the Company's stock and related derivative securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended.

Defendants filed a motion to dismiss and on March 24, 2025, the Court issued an Order and Opinion denying the motion to dismiss and directing the defendants to answer the Complaint and proceed to discovery.

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**(Unaudited)**  
**(in thousands, except per share amounts)**

During the three months ended September 30, 2025 and 2024, the Company incurred legal expenses of \$679 and \$200, respectively, and during the nine months ended September 30, 2025 and 2024, the Company incurred legal expenses of \$1,413 and \$716, respectively, in the efforts to bring the cases against HAP Trading and Caption Management to trial. These legal expenses are included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive (loss) income.

**NOTE 17. INCOME TAXES**

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

The difference between the Company's estimated effective tax rate benefit of 58.1% for the three months ended September 30, 2025, and the U.S. federal statutory tax rate of 21% was primarily due to the impact of valuation allowance, changes in uncertain tax positions, stock compensation, and research and experimentation expenditures and credits in the third quarter of 2025.

The difference between the Company's estimated effective tax rate benefit of 20.2% for the nine months ended September 30, 2025, and the U.S. federal statutory tax rate of 21% was primarily due to the impact of valuation allowance, changes in uncertain tax positions, stock compensation, and research and experimentation expenditures and credits in the first three quarters of 2025.

As of December 31, 2024, the Company's gross deferred tax asset was \$5,658. The Company has recorded a valuation allowance of \$23,344, resulting in a net deferred tax asset of \$12,314, before deferred tax liabilities of \$24,488. As of September 30, 2025 and December 31, 2024, the Company has provided a full valuation allowance against all of the U.S. deferred tax assets because the ultimate realization of those assets did not meet the more-likely-than-not criteria. Part of the Company's deferred tax assets consist of net operating loss carryforwards ("NOLs") for federal tax purposes. If a change in control were to occur, these could be limited under Section 382 of the Internal Revenue Code of 1986 ("Code"), as amended.

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

As of December 31, 2024, the Company had NOLs and research and experimentation credit for U.S. federal income tax purposes of \$0 and \$5,439, respectively.

On July 4, 2025, H.R.1 (the "Tax Reform Act of 2025") was signed into law, which includes significant changes to federal tax law and other regulatory provisions. The legislation did not have a material impact on our income tax expense or our financial position, results of operations, or cash flows for the three months ended September 30, 2025, and we do not expect it to materially change our effective income tax rate for 2025.

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

**NOTE 18. SEGMENT INFORMATION**

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

Each segment is described below:

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

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

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

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

|                                            | <b>Three Months Ended September 30, 2025</b> |                  |              |
|--------------------------------------------|----------------------------------------------|------------------|--------------|
|                                            | <b>Outdoor</b>                               | <b>Adventure</b> | <b>Total</b> |
| Sales                                      |                                              |                  |              |
| Domestic sales                             | \$ 24,140                                    | \$ 4,121         | \$ 28,261    |
| International sales                        | 24,548                                       | 16,538           | 41,086       |
| Total sales                                | 48,688                                       | 20,659           | 69,347       |
| Cost of goods sold                         | 31,174                                       | 13,807           |              |
| Selling, general and administrative        | 13,556                                       | 8,774            |              |
| Restructuring charges                      | 1                                            | 154              |              |
| Transaction costs                          | 414                                          | -                |              |
| Contingent consideration benefit           | -                                            | (355)            |              |
| Legal costs and regulatory matter expenses | 322                                          | -                |              |
| Segment operating income (loss)            | \$ 3,221                                     | \$ (1,721)       | \$ 1,500     |
| Corporate costs                            |                                              |                  | (4,526)      |
| Interest income, net                       |                                              |                  | 108          |
| Other, net                                 |                                              |                  | (943)        |
| Loss before income tax                     |                                              |                  | \$ (3,861)   |

|                                            | <b>Three Months Ended September 30, 2024</b> |                  |              |
|--------------------------------------------|----------------------------------------------|------------------|--------------|
|                                            | <b>Outdoor</b>                               | <b>Adventure</b> | <b>Total</b> |
| Sales                                      |                                              |                  |              |
| Domestic sales                             | \$ 21,704                                    | \$ 2,661         | \$ 24,365    |
| International sales                        | 27,583                                       | 15,167           | 42,750       |
| Total sales                                | 49,287                                       | 17,828           | 67,115       |
| Cost of goods sold                         | 31,060                                       | 10,680           |              |
| PFAS and other inventory reserves          | 1,878                                        | -                |              |
| Selling, general and administrative        | 14,756                                       | 9,366            |              |
| Restructuring charges                      | 189                                          | 289              |              |
| Legal costs and regulatory matter expenses | 194                                          | -                |              |
| Segment operating income (loss)            | \$ 1,210                                     | \$ (2,507)       | \$ (1,297)   |
| Corporate costs                            |                                              |                  | (4,061)      |
| Interest income, net                       |                                              |                  | 373          |
| Other, net                                 |                                              |                  | 1,164        |
| Loss before income tax                     |                                              |                  | \$ (3,821)   |

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

|                                                  | Nine Months Ended September 30, 2025 |            |             |
|--------------------------------------------------|--------------------------------------|------------|-------------|
|                                                  | Outdoor                              | Adventure  | Total       |
| Sales                                            |                                      |            |             |
| Domestic sales                                   | \$ 63,455                            | \$ 14,339  | \$ 77,794   |
| International sales                              | 66,217                               | 41,016     | 107,233     |
| Total sales                                      | 129,672                              | 55,355     | 185,027     |
| Cost of goods sold                               | 83,957                               | 35,620     |             |
| Inventory fair value of purchase accounting      | -                                    | 120        |             |
| Other inventory reserves                         | 490                                  | -          |             |
| Selling, general and administrative              | 41,807                               | 26,551     |             |
| Restructuring charges                            | 132                                  | 357        |             |
| Transaction costs                                | 570                                  | 40         |             |
| Contingent consideration benefit                 | -                                    | (355)      |             |
| Legal costs and regulatory matter expenses       | 2,050                                | -          |             |
| Impairment of indefinite-lived intangible assets | 1,565                                | -          |             |
| Segment operating loss                           | \$ (899)                             | \$ (6,978) | \$ (7,877)  |
| Corporate costs                                  |                                      |            | (12,812)    |
| Interest income, net                             |                                      |            | 518         |
| Other, net                                       |                                      |            | 999         |
| Loss before income tax                           |                                      |            | \$ (19,172) |

|                                            | Nine Months Ended September 30, 2024 |            |             |
|--------------------------------------------|--------------------------------------|------------|-------------|
|                                            | Outdoor                              | Adventure  | Total       |
| Sales                                      |                                      |            |             |
| Domestic sales                             | \$ 64,218                            | \$ 11,365  | \$ 75,583   |
| International sales                        | 68,278                               | 49,049     | 117,327     |
| Total sales                                | 132,496                              | 60,414     | 192,910     |
| Cost of goods sold                         | 84,306                               | 36,527     |             |
| PFAS and other inventory reserves          | 3,323                                | -          |             |
| Selling, general and administrative        | 44,125                               | 28,106     |             |
| Restructuring charges                      | 559                                  | 450        |             |
| Contingent consideration benefit           | -                                    | (125)      |             |
| Legal costs and regulatory matter expenses | 3,079                                | -          |             |
| Segment operating loss                     | \$ (2,896)                           | \$ (4,544) | \$ (7,440)  |
| Corporate costs                            |                                      |            | (12,829)    |
| Interest income, net                       |                                      |            | 1,198       |
| Other, net                                 |                                      |            | 669         |
| Loss before income tax                     |                                      |            | \$ (18,402) |

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

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

Total assets by segment, as of September 30, 2025 and December 31, 2024, were as follows:

|           | <u>September 30, 2025</u> | <u>December 31, 2024</u> |
|-----------|---------------------------|--------------------------|
| Outdoor   | \$ 145,970                | \$ 137,062               |
| Adventure | 118,020                   | 120,063                  |
| Corporate | 19,080                    | 36,969                   |
|           | <u>\$ 283,070</u>         | <u>\$ 294,094</u>        |

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

|                            | <u>Three Months Ended</u> |                           | <u>Nine Months Ended</u>  |                           |
|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                            | <u>September 30, 2025</u> | <u>September 30, 2024</u> | <u>September 30, 2025</u> | <u>September 30, 2024</u> |
| Capital expenditures:      |                           |                           |                           |                           |
| Outdoor                    | \$ 1,081                  | \$ 563                    | \$ 3,868                  | \$ 2,070                  |
| Adventure                  | 134                       | 487                       | 391                       | 1,554                     |
| Total capital expenditures | <u>\$ 1,215</u>           | <u>\$ 1,050</u>           | <u>\$ 4,259</u>           | <u>\$ 3,624</u>           |
| Depreciation:              |                           |                           |                           |                           |
| Outdoor                    | \$ 550                    | \$ 640                    | \$ 1,590                  | \$ 1,974                  |
| Adventure                  | 344                       | 340                       | 1,064                     | 1,077                     |
| Total depreciation         | <u>\$ 894</u>             | <u>\$ 980</u>             | <u>\$ 2,654</u>           | <u>\$ 3,051</u>           |
| Amortization:              |                           |                           |                           |                           |
| Outdoor                    | \$ 222                    | \$ 286                    | \$ 750                    | \$ 857                    |
| Adventure                  | 1,927                     | 2,130                     | 5,836                     | 6,459                     |
| Total amortization         | <u>\$ 2,149</u>           | <u>\$ 2,416</u>           | <u>\$ 6,586</u>           | <u>\$ 7,316</u>           |

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

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

**Forward-Looking Statements**

Please note that in this Quarterly Report on Form 10-Q Clarus Corporation (which may be referred to as the "Company," "Clarus," "we," "our" or "us") may use words such as "appears," "anticipates," "believes," "plans," "expects," "intends," "future" and similar expressions which constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, the overall level of consumer demand on our products; general economic conditions and other factors affecting consumer confidence, preferences, and behavior; the potential impact of the uncertain macroeconomic environment on our financial results, including, but not limited to, the effects of sustained global inflationary pressures and interest rates, potential economic slowdowns or recessions, trade restrictions and regulatory changes, and global supply chain disruptions; the effect of inflation on our business, including any future pricing actions taken in an effort to mitigate the effects of inflation and potential impacts on our revenue, operating margins and net income; disruption and volatility in the global currency, capital and credit markets; the impact of changes in tariffs, tax laws, global trade policies as well as instability and volatility in global markets; the financial strength of retail economies and the Company's customers; the Company's ability to implement its business strategy; the Company's ability to execute and integrate acquisitions, as well as to complete dispositions and effectively manage the associated separation and transition risks, including those related to the recent sale of PIEPS; the Company's exposure to product liability or product warranty claims and other loss contingencies, including, without limitation, recalls and liability claims relating to certain avalanche beacon transceivers distributed by BDEL; disruptions and other impacts to the Company's business, as a result of an outbreak of disease or similar public health threat, and government actions and restrictive measures implemented in response; stability of the Company's manufacturing facilities and suppliers, as well as consumer demand for our products, in light of disease epidemics and health-related concerns; the impact that global climate change trends may have on the Company and its suppliers and customers, increased focus on sustainability issues as a result of global climate change; regulatory or market responses to global climate change; the Company's ability to protect patents, trademarks and other intellectual property rights; any breaches of, or interruptions in, our information systems; the ability of our information technology systems or information security systems to operate effectively, including as a result of security breaches, viruses, hackers, malware, natural disasters, vendor business interruptions or other causes; our ability to properly maintain, protect, repair or upgrade our information technology systems or information security systems, or problems with our transitioning to upgraded or replacement systems; the impact of adverse publicity about the Company and/or its brands and products, including without limitation, through social media or in connection with brand damaging events and/or public perception; the potential impact of the Consumer Products Safety Commission's and the U.S. Department of Justice's investigations related to BDEL's reporting obligations under the Consumer Product Safety Act in connection with BDEL's recall of certain models of its avalanche transceivers on our business, results of operations, and financial condition; fluctuations in the price, availability and quality of raw materials and contracted products as well as foreign currency fluctuations; ongoing disruptions and delays in the shipping and transportation of our products due to port congestion, container ship availability and/or other logistical challenges; the impact of political unrest, natural disasters or other crises, terrorist acts, acts of war and/or military operations; our ability to utilize our net operating loss carryforwards; changes in tax laws and liabilities, tariffs, legal, regulatory, political and economic risks; the Company's ability to maintain a quarterly dividend; our ability to obtain additional capital and funding on acceptable terms to meet our financial obligations as well as to support our business operations and growth strategy; any material differences in the actual financial results of the Company's past and future acquisitions and dispositions, including the impact of such transactions and any related recognition of impairment or other charges, such as the recent impairment recognized in the Outdoor

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

segment, on the Company's future earnings per share; and other risks and uncertainties set forth in the section entitled "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2024, which are incorporated herein by reference. More information on potential factors that could affect the Company's financial results is included from time to time in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. All forward-looking statements included in this Quarterly Report on Form 10-Q are based upon information available to the Company as of the date of this Quarterly Report on Form 10-Q, and speak only as of the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

**Overview**

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

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

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

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

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

On February 29, 2024, the Company completed the sale of all of the equity associated with the Company's Precision Sport segment, comprised of the Company's subsidiaries Sierra and Barnes, pursuant to a Purchase and Sale Agreement dated as of December 29, 2023 (the "Precision Sport Purchase Agreement"). Under the terms of the Precision Sport Purchase Agreement, the Company received net proceeds of approximately \$37,871 in cash, after payment of certain fees and

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

settlement of the Restated Credit Agreement, for all of the equity associated with the Company's Precision Sport segment. The activities of the Precision Sport segment have been segregated and reported as discontinued operations for all periods presented. See Note 3 to our condensed consolidated financial statements for financial information regarding discontinued operations.

On July 11, 2025, the Company completed the sale of Black Diamond Austria GmbH and its operating subsidiary, PIEPS GmbH (together, "PIEPS"), to a private investment firm for a total purchase price of €7,825 (approximately \$9,124), including cash held at PIEPS of \$1,311. The transaction was effected pursuant to a Share Purchase and Transfer Agreement entered into on May 8, 2025, by BD European Holdings, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company. See Note 1 to our condensed consolidated financial statements for additional information.

On August 6, 2018, the Company announced that its Board of Directors approved the initiation of a quarterly cash dividend program of \$0.025 per share of the Company's common stock (the "Quarterly Cash Dividend") or \$0.10 per share on an annualized basis. The declaration and payment of future Quarterly Cash Dividends is subject to the discretion of and approval of the Company's Board of Directors. On November 5, 2025, the Company announced that its Board of Directors approved the payment on November 26, 2025 of the Quarterly Cash Dividend of \$0.025 to the record holders of shares of the Company's common stock as of the close of business on November 17, 2025.

**Restructuring**

Starting in 2023, the Company began incurring expenses to facilitate long-term sustainable growth through cost reduction actions, consisting of employee reductions, facility rationalization and contract termination costs. During the three months ended September 30, 2025 and 2024, the Company incurred \$155 and \$478, respectively, and during the nine months ended September 30, 2025 and 2024, the Company incurred \$489 and \$1,009, respectively, of restructuring charges related to these actions. The Company has incurred \$5,660 of cumulative restructuring charges since the commencement of our restructuring actions in 2023. The Company accrues for restructuring costs when they are probable and reasonably estimable. These costs include severance costs, exit costs, and other restructuring costs and are included in restructuring charges in the condensed consolidated statements of comprehensive (loss) income. Severance costs primarily consist of severance benefits through payroll continuation, conditional separation costs and employer tax liabilities, while exit costs primarily consist of lease exit and contract termination costs. Other costs consist primarily of costs related to the discontinuance of certain product lines and are distinguishable and directly attributable to the Company's restructuring initiative and not a result of external market factors associated with the ongoing business. We estimate that we will continue to incur restructuring costs related to employee-related costs and facility exit costs during the year ending December 31, 2025; however, the Company cannot estimate the total amount expected to be incurred as cost reduction actions continue to be evaluated. The Company anticipates completing these restructuring activities in the year ending December 31, 2025.

**Critical Accounting Policies and Use of Estimates**

Management's discussion of our financial condition and results of operations is based on the consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting periods. Our critical accounting policies that require the use of estimates and assumptions were discussed in detail in our Annual Report on Form 10-K for the year ended December 31, 2024. We base our estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

There have been no significant changes to our critical accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2024.

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

**Recent Accounting Pronouncements**

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

**Results of Operations**

*Three Months Ended September 30, 2025 Compared to Three Months Ended September 30, 2024*

The following presents a discussion of operations for the three months ended September 30, 2025, compared with the three months ended September 30, 2024.

|                                            | <b>Three Months Ended</b> |                           |
|--------------------------------------------|---------------------------|---------------------------|
|                                            | <b>September 30, 2025</b> | <b>September 30, 2024</b> |
| Sales                                      |                           |                           |
| Domestic sales                             | \$ 28,261                 | \$ 24,365                 |
| International sales                        | 41,086                    | 42,750                    |
| Total sales                                | 69,347                    | 67,115                    |
| Cost of goods sold                         | 44,981                    | 43,618                    |
| Gross profit                               | 24,366                    | 23,497                    |
| Operating expenses                         |                           |                           |
| Selling, general and administrative        | 26,155                    | 27,880                    |
| Restructuring charges                      | 155                       | 478                       |
| Transaction costs                          | 436                       | 103                       |
| Contingent consideration benefit           | (355)                     | -                         |
| Legal costs and regulatory matter expenses | 1,001                     | 394                       |
| Total operating expenses                   | 27,392                    | 28,855                    |
| Operating loss                             | (3,026)                   | (5,358)                   |
| Other (expense) income                     |                           |                           |
| Interest income, net                       | 108                       | 373                       |
| Other, net                                 | (943)                     | 1,164                     |
| Total other (expense) income, net          | (835)                     | 1,537                     |
| Loss before income tax                     | (3,861)                   | (3,821)                   |
| Income tax benefit                         | (2,244)                   | (664)                     |
| Net loss                                   | <u>\$ (1,617)</u>         | <u>\$ (3,157)</u>         |

*Sales*

Total sales increased \$2,232, or 3.3%, to \$69,347 during the three months ended September 30, 2025, compared to total sales of \$67,115 during the three months ended September 30, 2024. The increase in sales was attributable to an increase in sales at the Adventure segment of \$2,831, partially offset by a decrease in sales at the Outdoor segment of \$599.

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

Sales in the Outdoor segment increased by \$245 due to foreign exchange impact from the weakening of the U.S. dollar primarily against the euro during the three months ended September 30, 2025, compared to the prior period. Sales in the Adventure segment were reduced by \$399 due to foreign exchange impact from the strengthening of the U.S. dollar against the Australian dollar during the three months ended September 30, 2025, compared to the prior period.

Sales in the Adventure segment increased due to a favorable wholesale market in Australia for Rhino-Rack and a \$1,510 increase from the RockyMounts acquisition, primarily in North America. Sales in the Outdoor segment decreased due to a shift in timing for independent global distributor revenues into the three months ended June 30, 2025, lower global direct-to-consumer revenue of \$908, and lower PIEPS revenue of \$953 due to the sale of PIEPS in July 2025, partially offset by an increase in global wholesale revenue of \$2,946, compared to the prior period.

Domestic sales increased \$3,896, or 16.0%, to \$28,261 during the three months ended September 30, 2025, compared to domestic sales of \$24,365 during the three months ended September 30, 2024. The increase in sales was attributable to an increase in sales at the Outdoor and Adventure segments of \$2,436 and \$1,460, respectively.

International sales decreased \$1,664, or 3.9%, to \$41,086 during the three months ended September 30, 2025, compared to international sales of \$42,750 during the three months ended September 30, 2024. The decrease in sales was attributable to a decrease in sales at the Outdoor segment of \$3,035, partially offset by an increase in sales at the Adventure segment of \$1,371.

*Cost of Goods Sold*

Cost of goods sold increased \$1,363, or 3.1%, to \$44,981 during the three months ended September 30, 2025, compared to cost of goods sold of \$43,618 during the three months ended September 30, 2024.

*Gross Profit*

Gross profit increased \$869, or 3.7%, to \$24,366 during the three months ended September 30, 2025, compared to gross profit of \$23,497 during the three months ended September 30, 2024. Gross margin was 35.1% during the three months ended September 30, 2025, compared to a gross margin of 35.0% during the three months ended September 30, 2024. Gross margin during the three months ended September 30, 2025, increased compared to the prior year as a result of higher volumes at the Adventure segment and a favorable product mix at the Outdoor segment. These increases were partially offset by an unfavorable product mix within the Adventure segment, impacts due to tariffs imposed by the United States for both segments, and lower volumes at the Outdoor segment due to the sale of PIEPS in July 2025. Specifically, the unfavorable product mix at Adventure was primarily driven by higher RockyMounts sales in North America. Additionally, losses on foreign currency cash flow hedges were \$641 during the three months ended September 30, 2025, which negatively impacted gross margin.

*Selling, General and Administrative*

Selling, general, and administrative expenses decreased \$1,725, or 6.2%, to \$26,155 during the three months ended September 30, 2025, compared to selling, general and administrative expenses of \$27,880 during the three months ended September 30, 2024. Selling, general and administrative expenses at the Outdoor segment decreased by \$1,200 primarily as a result of lower employee-related costs, lower costs from PIEPS due to the sale in July 2025, and other expense reduction initiatives to manage costs. Selling, general and administrative expenses at the Adventure segment decreased by \$592 primarily as a result of lower marketing, amortization, and employee-related costs, combined with other expense reduction initiatives. These decreases were partially offset by an increase in Corporate costs of \$67 due to higher outside service costs, partially offset by lower employee-related costs.

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

*Restructuring Charges*

Restructuring charges were \$155 during the three months ended September 30, 2025, compared to restructuring charges of \$478 during the three months ended September 30, 2024. The restructuring charges incurred during the three months ended September 30, 2025, relate to benefits provided to employees who were terminated due to the Company's reduction-in-force as part of its continued realignment of resources within the organization.

*Transaction Costs*

Transaction costs increased to \$436 during the three months ended September 30, 2025, compared to transaction costs of \$103 during the three months ended September 30, 2024, which consisted of expenses related to the Company's various acquisition and disposal efforts.

*Contingent Consideration Benefit*

Contingent consideration benefit increased to \$355 during the three months ended September 30, 2025, compared to a contingent consideration benefit of \$0 during the three months ended September 30, 2024, which consisted of changes in the estimated fair value of contingent consideration liabilities associated with our acquisition of RockyMounts in December 2024.

*Legal Costs and Regulatory Matter Expenses*

Legal costs and regulatory matter expenses increased to \$1,001 during the three months ended September 30, 2025, compared to legal costs and regulatory matter expenses of \$394 during the three months ended September 30, 2024, which consisted of expenses related to the Company's specific legal matters. See Note 16 to our condensed consolidated financial statements for financial information regarding specific legal matters.

*Interest Income, net*

Interest income, net decreased to \$108 during the three months ended September 30, 2025, compared to interest income, net of \$373 during the three months ended September 30, 2024. The decrease in interest income recognized during the three months ended September 30, 2025, was due to lower interest rates on lower cash balances, compared to the prior period.

*Other, net*

Other, net, changed by \$2,107, or 181.0%, to (\$943) during the three months ended September 30, 2025, compared to other, net of \$1,164 during the three months ended September 30, 2024. The change in other, net, was primarily attributable to an increase in remeasurement losses recognized on the Company's foreign denominated accounts receivable and accounts payable. The change was partially offset by gains in mark-to-market adjustments on non-hedged foreign currency contracts during the three months ended September 30, 2025.

*Income Taxes*

Income tax benefit increased by \$1,580, or 238.0%, to a benefit of \$2,244 during the three months ended September 30, 2025, compared to a benefit of \$664 during the same period in 2024. Our effective income tax rate was a benefit of 58.1% for the three months ended September 30, 2025, and differed compared to the statutory tax rates primarily due to the impact of valuation allowance, changes in uncertain tax positions, stock compensation, and research and experimentation expenditures and credits. For the three months ended September 30, 2024, our effective income tax rate was a benefit of 17.4% and differed compared to the statutory tax rates primarily due to the impact of stock compensation and research and experimentation expenditures and credits.

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*Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024*

The following presents a discussion of operations for the nine months ended September 30, 2025, compared with the nine months ended September 30, 2024.

|                                                  | Nine Months Ended  |                    |
|--------------------------------------------------|--------------------|--------------------|
|                                                  | September 30, 2025 | September 30, 2024 |
| Sales                                            |                    |                    |
| Domestic sales                                   | \$ 77,794          | \$ 75,583          |
| International sales                              | 107,233            | 117,327            |
| Total sales                                      | 185,027            | 192,910            |
| Cost of goods sold                               | 120,187            | 124,156            |
| Gross profit                                     | 64,840             | 68,754             |
| Operating expenses                               |                    |                    |
| Selling, general and administrative              | 79,681             | 84,176             |
| Restructuring charges                            | 489                | 1,009              |
| Transaction costs                                | 686                | 168                |
| Contingent consideration benefit                 | (355)              | (125)              |
| Legal costs and regulatory matter expenses       | 3,463              | 3,795              |
| Impairment of indefinite-lived intangible assets | 1,565              | -                  |
| Total operating expenses                         | 85,529             | 89,023             |
| Operating loss                                   | (20,689)           | (20,269)           |
| Other income                                     |                    |                    |
| Interest income, net                             | 518                | 1,198              |
| Other, net                                       | 999                | 669                |
| Total other income, net                          | 1,517              | 1,867              |
| Loss before income tax                           | (19,172)           | (18,402)           |
| Income tax benefit                               | (3,877)            | (3,290)            |
| Loss from continuing operations                  | (15,295)           | (15,112)           |
| Discontinued operations, net of tax              | -                  | 28,346             |
| Net (loss) income                                | \$ (15,295)        | \$ 13,234          |

*Sales*

Total sales decreased \$7,883, or 4.1%, to \$185,027 during the nine months ended September 30, 2025, compared to total sales of \$192,910 during the nine months ended September 30, 2024. The decrease in sales was attributable to a decrease in sales at the Adventure and Outdoor segments of \$5,059 and \$2,824, respectively.

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Sales in the Outdoor segment were reduced by \$551 due to foreign exchange impact from the strengthening of the U.S. dollar primarily against the euro during the nine months ended September 30, 2025, compared to the prior period. Sales in the Adventure segment were reduced by \$1,331 due to foreign exchange impact from the strengthening of the U.S. dollar against the Australian dollar during the nine months ended September 30, 2025, compared to the prior period.

Sales in the Adventure segment decreased due to significantly lower demand from global original equipment manufacturer customers and a challenging wholesale market in Australia for both Rhino-Rack and MAXTRAX, combined with a prior year large wholesale customer in North America not reoccurring in the nine months ended September 30, 2025, partially offset by a \$4,951 increase from the RockyMounts acquisition. Sales in the Outdoor segment decreased due to lower independent global distributor revenue, lower global direct-to-consumer revenue of \$2,557, and lower PIEPS revenue of \$539 due to the sale of PIEPS in July 2025, partially offset by an increase in global wholesale revenue of \$1,364, compared to the prior period.

Domestic sales increased \$2,211, or 2.9%, to \$77,794 during the nine months ended September 30, 2025, compared to domestic sales of \$75,583 during the nine months ended September 30, 2024. The increase in sales was attributable to a increase in sales at the Adventure segment of \$2,974, partially offset by a decrease in sales at the Outdoor segment of \$763.

International sales decreased \$10,094, or 8.6%, to \$107,233 during the nine months ended September 30, 2025, compared to international sales of \$117,327 during the nine months ended September 30, 2024. The decrease in sales was attributable to a decrease in sales at the Adventure and Outdoor segments of \$8,033 and \$2,061, respectively.

*Cost of Goods Sold*

Cost of goods sold decreased \$3,969, or 3.2%, to \$120,187 during the nine months ended September 30, 2025, compared to cost of goods sold of \$124,156 during the nine months ended September 30, 2024.

*Gross Profit*

Gross profit decreased \$3,914, or 5.7%, to \$64,840 during the nine months ended September 30, 2025, compared to gross profit of \$68,754 during the nine months ended September 30, 2024. Gross margin was 35.0% during the nine months ended September 30, 2025, compared to a gross margin of 35.6% during the nine months ended September 30, 2024. Gross margin during the nine months ended September 30, 2025, decreased compared to the prior year as a result of lower volumes at the Outdoor and Adventure segments, impacts due to tariffs imposed by the United States for both segments, and an unfavorable product mix at Adventure segment. Specifically, the unfavorable product mix at Adventure was primarily driven by promotional sales efforts in North America and higher RockyMounts revenue. This combined with lower wholesale volume at both Rhino-Rack and MAXTRAX in Australia drove the decline in gross margin compared to the nine months ended September 30, 2024. Additionally, losses on foreign currency cash flow hedges were \$1,068 during the nine months ended September 30, 2025, which negatively impacted gross margin. These were partially offset by a favorable product mix at the Outdoor segment due to our simplification initiatives.

*Selling, General and Administrative*

Selling, general, and administrative expenses decreased \$4,495, or 5.3%, to \$79,681 during the nine months ended September 30, 2025, compared to selling, general and administrative expenses of \$84,176 during the nine months ended September 30, 2024. Selling, general and administrative expenses at the Outdoor segment decreased by \$2,318 primarily as a result of lower digital marketing and employee-related costs, lower costs from PIEPS due to the sale in July 2025, as well as lower retail expenses due to store closures and other expense reduction initiatives to manage costs. Selling, general and administrative expenses at the Adventure segment decreased by \$1,555 primarily as a result of lower marketing, amortization, and employee-related costs, combined with other expense reduction initiatives, partially offset by a write-

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**(in thousands, except per share amounts)**

off of internally developed software during the nine months ended September 30, 2025. Additionally, Corporate costs decreased \$622 due to lower outside service and employee-related costs.

*Restructuring Charges*

Restructuring charges decreased to \$489 during the nine months ended September 30, 2025, compared to restructuring charges of \$1,009 during the nine months ended September 30, 2024. The restructuring charges incurred during the nine months ended September 30, 2025 relate to benefits provided to employees who were terminated due to the Company's reduction-in-force as part of its continued realignment of resources within the organization of \$459 and lease exit and contract termination costs of \$30.

*Transaction Costs*

Transaction costs increased to \$686 during the nine months ended September 30, 2025, compared to transaction costs of \$168 during the nine months ended September 30, 2024, which consisted of expenses related to the Company's various acquisition and disposal efforts.

*Contingent Consideration Benefit*

Contingent consideration benefit increased to \$355 during the nine months ended September 30, 2025, compared to a contingent consideration benefit of \$125 during the nine months ended September 30, 2024, which consisted of changes in the estimated fair value of contingent consideration liabilities associated with our acquisitions of TRED in 2023 and RockyMounts in December 2024.

*Legal Costs and Regulatory Matter Expenses*

Legal costs and regulatory matter expenses decreased to \$3,463 during the nine months ended September 30, 2025, compared to legal costs and regulatory matter expenses of \$3,795 during the nine months ended September 30, 2024, which consisted of expenses related to the Company's specific legal matters. See Note 16 to our condensed consolidated financial statements for financial information regarding specific legal matters.

*Impairment of Indefinite-Lived Intangible Assets*

Impairment of indefinite-lived intangible assets increased to \$1,565 during the nine months ended September 30, 2025, compared to impairment of indefinite-lived intangible assets of \$0 during the nine months ended September 30, 2024. Based on the results of the Company's impairment analysis completed as of June 30, 2025, the Company determined that certain indefinite-lived intangible assets, specifically the PIEPS trademark, were impaired and recognized charges of \$1,565 during the nine months ended September 30, 2025.

*Interest Income, net*

Interest income, net decreased to \$518 during the nine months ended September 30, 2025, compared to interest income, net of \$1,198 during the nine months ended September 30, 2024. The decrease in interest income recognized during the nine months ended September 30, 2025, was due to lower interest rates on lower cash balances, compared to the prior period.

*Other, net*

Other, net, changed by \$330, or 49.3%, to \$999 during the nine months ended September 30, 2025, compared to other, net of \$669 during the nine months ended September 30, 2024. The change in other, net, was primarily attributable to an increase in remeasurement gains recognized on the Company's foreign denominated accounts receivable and accounts

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payable. The change was partially offset by losses in mark-to-market adjustments on non-hedged foreign currency contracts during the nine months ended September 30, 2025.

*Income Taxes*

Income tax benefit increased by \$587, or 17.8%, to \$3,877 during the nine months ended September 30, 2025, compared to \$3,290 during the same period in 2024. Our effective income tax rate was a benefit of 20.2% for the nine months ended September 30, 2025, and differed compared to the statutory tax rates primarily due to the impact of valuation allowance, changes in uncertain tax positions, stock compensation, and research and experimentation expenditures and credits. For the nine months ended September 30, 2024, our effective income tax rate was a benefit of 17.9%, and differed compared to the statutory tax rates primarily due to the impact of stock compensation and research and experimentation expenditures and credits.

*Discontinued Operations*

Net income from discontinued operations was \$0 during the nine months ended September 30, 2025, compared to net income from discontinued operations of \$28,346 during the nine months ended September 30, 2024. The change in net income from discontinued operations is due to the sale of the Precision Sport segment occurring during the nine months ended September 30, 2024. There was no activity in discontinued operations during the nine months ended September 30, 2025.

**Liquidity and Capital Resources**

***Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024***

Our primary ongoing funding requirements are for working capital, expansion of our operations (both organically and through acquisitions) and general corporate needs, as well as investing in the various brands. We plan to fund these activities through a combination of our future operating cash flows and net proceeds from the sale of our Precision Sport segment. Upon the closing of the sale of the Precision Sport segment, the Company terminated and settled all outstanding borrowings on our revolving credit facility and term debt under the Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (the "Restated Credit Agreement"). We believe that our liquidity requirements and contractual obligations for at least the next 12 months will be adequately covered by cash provided by operations and the net proceeds from the sale of the Precision Sport segment after the settlement of the Restated Credit Agreement. Additionally, long-term contractual obligations are also currently expected to be funded from cash from operations and net proceeds from the sale of the Precision Sport segment after the settlement of the Restated Credit Agreement.

At September 30, 2025, we had total cash of \$29,508, compared to total cash of \$45,359 at December 31, 2024. At September 30, 2025, the Company had \$5,902 of the \$29,508 in cash held by foreign entities, of which \$3,540 is considered permanently reinvested.

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

The following presents a discussion of cash flows for the condensed consolidated nine months ended September 30, 2025 compared with the condensed consolidated nine months ended September 30, 2024.

|                                           | Nine Months Ended  |                    |
|-------------------------------------------|--------------------|--------------------|
|                                           | September 30, 2025 | September 30, 2024 |
| Net cash used in operating activities     | \$ (17,234)        | \$ (23,870)        |
| Net cash provided by investing activities | 3,624              | 171,144            |
| Net cash used in financing activities     | (2,922)            | (122,281)          |
| Effect of foreign exchange rates on cash  | 681                | 82                 |
| Change in cash                            | (15,851)           | 25,075             |
| Cash, beginning of year                   | 45,359             | 11,324             |
| Cash, end of period                       | \$ 29,508          | \$ 36,399          |

*Net Cash From Operating Activities*

Net cash used in operating activities was \$17,234 during the nine months ended September 30, 2025, compared to net cash used in operating activities of \$23,870 during the nine months ended September 30, 2024. The change in net cash used in operating activities during 2025 is primarily due to the gain on sale of \$40,585 during the nine months ended September 30, 2024 related to the disposition of the Precision Sport segment and a decrease in cash outflows related to working capital compared to the same period in 2024. These impacts were partially offset by a decrease in net income and deferred income taxes compared to the same period in 2024.

Free cash flow, defined as net cash used in operating activities less capital expenditures, of \$21,493 was used during the nine months ended September 30, 2025 compared to \$28,395 used during the same period in 2024. The Company believes that the non-GAAP measure, free cash flow, provides an understanding of the capital required by the Company to expand its asset base. A reconciliation of free cash flows to the nearest comparable GAAP financial measure is set forth below:

|                                       | Nine Months Ended  |                    |
|---------------------------------------|--------------------|--------------------|
|                                       | September 30, 2025 | September 30, 2024 |
| Net cash used in operating activities | \$ (17,234)        | \$ (23,870)        |
| Purchase of property and equipment    | (4,259)            | (4,525)            |
| Free cash flow                        | \$ (21,493)        | \$ (28,395)        |

*Net Cash From Investing Activities*

Net cash provided by investing activities was \$3,624 during the nine months ended September 30, 2025, compared to net cash provided by investing activities of \$171,144 during the nine months ended September 30, 2024. The change in cash provided by investing activities during the nine months ended September 30, 2025 is primarily due to the cash received related to the disposition of the Precision Sport segment during the nine months ended September 30, 2024.

*Net Cash From Financing Activities*

Net cash used in financing activities was \$2,922 during the nine months ended September 30, 2025, compared to net cash used in financing activities of \$122,281 during the nine months ended September 30, 2024. The change in net cash used in financing activities during the nine months ended September 30, 2025, compared to the same period in 2024 was primarily due to the settlement of all outstanding borrowings on our revolving credit facility and term debt under the Restated Credit Agreement during the nine months ended September 30, 2024.

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**MANAGEMENT DISCUSSION AND ANALYSIS**  
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***Net Operating Loss***

As of December 31, 2024, the Company had net operating loss carryforwards (“NOLs”) and research and experimentation credit for U.S. federal income tax purposes of \$0 and \$5,439, respectively.

As of December 31, 2024, the Company’s gross deferred tax asset was \$35,658. The Company has recorded a valuation allowance of \$23,344, resulting in a net deferred tax asset of \$12,314, before deferred tax liabilities of \$24,488. The Company has provided a full valuation allowance against all of the net U.S. deferred tax assets as of December 31, 2024, because the ultimate realization of those assets does not meet the more-likely-than-not criteria. The majority of the Company’s deferred tax assets consist of research and experimentation credits and capitalized costs for federal tax purposes. These deferred tax assets are expected to reverse into NOL carryforwards that can be used to offset taxable income and reduce income taxes payable in future periods. If a change in control were to occur, these future NOLs could be limited under Section 382 of the Internal Revenue Code of 1986 (“Code”), as amended.

***Credit Agreement***

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

***Off-Balance Sheet Arrangements***

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

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There has not been any material change in the market risk disclosure contained in our Annual Report on Form 10-K for the year ended December 31, 2024.

**ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

The Company’s management carried out an evaluation, under the supervision and with the participation of the Company’s Executive Chairman and Chief Financial Officer, its principal executive officer and principal financial officer, respectively, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) as of September 30, 2025. Such disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the appropriate management on a basis that permits timely decisions regarding disclosure. Based upon that evaluation, the Company’s Executive Chairman and Chief Financial Officer concluded that the Company’s disclosure controls and procedures as of September 30, 2025, were effective.

**Changes in Internal Control over Financial Reporting**

There have been no changes in the Company’s internal control over financial reporting that occurred during the quarter ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting, pursuant to Exchange Act Rule 13a-15(d).

**CLARUS CORPORATION****PART II. OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS****Legal Proceedings**

The Company is involved in various legal disputes and other legal proceedings that arise from time to time in the ordinary course of business. Based on currently available information, and except as disclosed herein, the Company does not believe that the existence of any of the legal disputes the Company or its subsidiaries is currently involved in will have a material adverse effect upon the Company's consolidated financial position, results of operations or cash flows, except for the U.S. Consumer Product Safety Commission ("CPSC") and Department of Justice matters discussed below. It is possible that, as additional information becomes available, the impact on the Company of an adverse determination could have a different effect. See also Part II, Item 1A. "Risk Factors."

**Litigation**

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

**Product Liability**

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

Except as disclosed herein, there are no pending product liability claims and lawsuits of the Company, which the Company believes in the aggregate, will have a material adverse effect on the Company's business, brand reputation, liquidity, stock price, consolidated financial position, results of operations and/or cash flows. See also Part II, Item 1A. "Risk Factors."

**U.S. Consumer Product Safety Commission**

In January 2021, Black Diamond Equipment, Ltd. ("BDEL") wrote to the U.S. Consumer Product Safety Commission ("CPSC") outlining its new cradle solution for certain models of its avalanche beacon transceivers to prevent such transceivers from switching unexpectedly out of "send" mode. The proposed new cradle solution was designed to improve transceiver safety by locking the transceiver into "send" mode prior to use so that it would not switch unexpectedly out of "send" mode. BDEL also requested approval for the CPSC Fast-Track Program for a voluntary product recall to implement this cradle solution. The CPSC approved the recall and entered into a Corrective Action Plan agreement with BDEL in

## CLARUS CORPORATION

March 2021. BDEL received a letter from the CPSC, dated October 28, 2021, stating that the CPSC is investigating whether BDEL has timely complied with the reporting requirements of Section 15(b) of the Consumer Protection Safety Act and related regulations regarding certain models of avalanche transceivers switching unexpectedly out of “send” mode.

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

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

On November 20, 2023 and February 8, 2024, respectively, BDEL submitted a comprehensive response disputing the CPSC’s findings and conclusions in the October 12, 2023 and December 18, 2023 letters, including the amount of any potential penalties. The CPSC ultimately disagreed with our position and the agency voted to refer the matter to the U.S. Department of Justice for further proceedings. The Company and BDEL intend to strongly contest and vigorously defend against any claims which may be asserted against them by the Department of Justice or the CPSC.

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

On January 23, 2025, the Company and BDEL were each served with grand jury subpoenas from the United States Department of Justice requiring the production of documents relating to avalanche transmitters distributed by BDEL. The Company and BDEL are cooperating with this investigation.

On March 13, 2025, the Company received a letter from the CPSC requesting various categories of documents and information in connection with an investigation into whether BDEL sold products that were subject to a recall. The Company has cooperated with that investigation, substantially completed document production, and delivered a narrative explanatory letter to the CPSC on June 18, 2025. The Company has heard nothing further from the CPSC regarding the matters in the CPSC’s March 13, 2025 letter.

Based on currently available information, the Company believes an unfavorable outcome with the CPSC is probable, however, we cannot reasonably estimate on what terms this matter will be resolved with the CPSC or the U.S. Department of Justice. During the year ended December 31, 2024, the Company recorded a liability of \$2,500,000 representing the low end of the range of our estimated exposure. The Company does not have a better estimate of the loss; therefore the

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low-end of the range was recorded as an accrued liability during the first quarter of 2024 and a corresponding expense is included in legal costs and regulatory matter expenses in the consolidated statements of comprehensive (loss) income. Any penalties imposed by the CPSC or other regulators, could be costly to us and could damage our business and reputation as well as have a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations and/or cash flows.

**ITEM 1A. RISK FACTORS**

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

**ITEM 5. OTHER INFORMATION**

During the three month period ended September 30, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K, nor did the Company during such fiscal quarter adopt or terminate any "Rule 10b5-1 trading arrangement".

## CLARUS CORPORATION

## ITEM 6. EXHIBITS

| Exhibit | Description                                                                                                                                                                         |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31.1    | <a href="#">Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> * |
| 31.2    | <a href="#">Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> * |
| 32.1    | <a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a> **            |
| 32.2    | <a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a> **            |
| 101.INS | XBRL Instance Document *                                                                                                                                                            |
| 101.SCH | XBRL Taxonomy Extension Schema Document *                                                                                                                                           |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document*                                                                                                                              |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document *                                                                                                                              |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document *                                                                                                                                   |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document *                                                                                                                            |
| 104     | Cover Page Interactive Data File – formatted as Inline XBRL and contained in Exhibit 101                                                                                            |
| *       | Filed herewith                                                                                                                                                                      |
| **      | Furnished herewith                                                                                                                                                                  |

**CLARUS CORPORATION**

**SIGNATURES**

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

**CLARUS CORPORATION**

Date: November 6, 2025

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

Date: November 6, 2025

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

## CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Warren B. Kanders, certify that:

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

Date: November 6, 2025

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

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Michael J. Yates, certify that:

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

Date: November 6, 2025

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

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

In connection with the Quarterly Report of Clarus Corporation (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Warren B. Kanders, Executive Chairman, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 6, 2025

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

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

In connection with the Quarterly Report of Clarus Corporation (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Yates, Chief Financial Officer, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 6, 2025

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

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