

Risk Factors Comparison 2025-03-06 to 2024-03-07 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

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

- We are subject to risks related to our dependence on the strength of retail economies.
- Certain products we sell are inherently risky and have given rise to product liability, product warranty claims, and other loss contingencies, including, without limitation, recalls and liability claims relating to ~~our~~ **Black Diamond Equipment, Ltd.’s (“BDEL”)** avalanche beacon transceivers.
- A **U. S.** Consumer Products Safety Commission’s (the “CPSC”) investigation under the Consumer Product Safety Act in connection with certain models of our avalanche transceivers has resulted in the CPSC’s staff to recommend that the CPSC impose substantial civil monetary penalties on us **as well as the U. S. Department of Justice to commence an investigation.**
- Our products, including, without limitation, certain models of our avalanche transceivers, have been subject to adverse publicity.
- **Some of our products and inventory contain Per- and Polyfluoroalkyl Substances (PFAS), which have resulted in charges in 2024 due to regulatory compliance costs, potential remediation efforts, and litigation risks.**
- Our markets are highly competitive and are subject to dramatic changes in consumer preferences.
- Our operations, including but not limited to integrating acquisitions and our purchase of raw materials, are sensitive to changes in global cultural, political, and financial market conditions as well as potential changes in regulations, legislation and government policies.
- Technological advances, the introduction of new products, and new design and manufacturing techniques could adversely affect our operations unless we are able to adapt to the resulting change in conditions.
- We may require additional capital and funding to meet our financial obligations as well as to support our business operations and growth strategy, and this additional capital and funding may not be available on acceptable terms or at all.
- We may be unsuccessful in our future acquisition endeavors, if any, which may have an adverse effect on our business; in addition, some of the businesses we acquire may incur significant losses from operations.
- We have been required to recognize significant impairment charges and may be required to take future write downs or write- offs, restructuring, and impairment or other charges.
- Our business and growth may suffer if we are unable to attract and retain key officers or employees, including our Chief Executive Officer, Warren Kanders, as well as any loss of officers or employees due to illness or other events outside of our control.
- The members of our Board of Directors and our executive officers beneficially own in excess of **20 approximately 22.** 2 % of our common stock. As such, the concentration of our capital stock ownership with insiders will likely limit your ability to influence corporate matters.
- **The ability of our information technology systems or information security systems to operate effectively, including as a result of cybersecurity incidents, viruses, hackers, malware, natural disasters, vendor business interruptions or other causes.**
- **The impact of changes in tariffs, tax laws, global trade policies as well as instability and volatility in global markets.**

Risks Related to Our ~~Industry~~ **Industry** Many Many of the products we sell are used for inherently risky outdoor pursuits and have given rise to product liability or product warranty claims and other loss contingencies including, without limitation, recalls and liability claims relating to ~~our~~ **BDEL’s** avalanche beacon transceivers, which could affect our earnings and financial condition. Many of our products are used in applications and situations that involve high levels of risk of personal injury and death. As a result, we maintain a staff who focus on including appropriate disclaimers and markings, and undertaking testing and otherwise seeking to assure the quality and safety of our products. We stay current with laws to seek to provide thorough and protective disclaimers and instructions on all of our products and packaging. Furthermore, our technical climbing and avalanche safety equipment and our related operations meet and are certified to International Personal Protective Equipment (~~PP-PPE~~) standards set by the EEC or ISO 9001 quality system standards. Failure to use our products for their intended purposes, failure to use or care for them properly, or their malfunction, or, in some limited circumstances, even correct use of our products, have resulted in serious bodily injury or death. We remain exposed to product liability claims by the nature of the products we produce, including, without limitation, recalls and liability claims relating to ~~our~~ **BDEL’s** avalanche beacon transceivers. Exposure occurs if one of our products is alleged to have resulted in property damage, bodily injury or other adverse effects. Any such product liability claims have included allegations of defects in manufacturing and / or design, failure to warn of dangers inherent in the product or activities associated with the product, negligence, strict liability, and / or breach of warranties. Although we maintain product liability insurance in amounts that we believe are reasonable, there can be no assurance that we will be able to maintain such insurance on acceptable terms, if at all, in the future or that product liability claims will not exceed the amount of insurance coverage. As a manufacturer and distributor of consumer products, we are subject to government regulation in the United States and other countries, including, without limitation, the Consumer Products Safety Act, which empowers the CPSC to exclude from the market products that are found to be unsafe or hazardous. Under certain circumstances, the CPSC could require us to repurchase or recall one or more of our products and / or subject us to financial penalties. For example, as disclosed in Item 3. “Legal Proceedings,” ~~Black Diamond Equipment, Ltd. (“BDEL”)~~ was notified by the CPSC that the agency staff believes we failed to timely meet our statutory reporting obligations under the Consumer Product Safety Act with respect to certain models of **avalanche transmitters distributed by** ~~BDEL’s avalanche transceivers~~

and / or out of “ search ” mode, that we made material misrepresentations in reports to the CPSC, and that the agency staff has recommended that the CPSC impose substantial civil monetary penalties on us. **Furthermore, as disclosed in Item 3. “ Legal Proceedings, ” the U. S. Department of Justice has commenced an investigation relating to the CPSC investigation and we received grand jury subpoenas for documents relating to, among other things, certain avalanche transmitters distributed by BDEL.** Additionally, laws regulating certain consumer products exist in some cities and states, as well as in other countries in which we sell our products, and more restrictive laws and regulations may be adopted in the future. Any such recalls or repurchases of our products and / or imposition of financial penalties on us could be costly to us and could damage our business and reputation as well as have a material adverse effect on the Company’ s liquidity, stock price, consolidated financial position, results of operations and / or cash flows. If we are required to ~~remove~~ **12remove**, or if we voluntarily remove, our products from the market, our reputation could be tarnished and we might have large quantities of finished products that we are unable to sell. We spend substantial resources ~~ensuring~~ **seeking to ensure** compliance with governmental and other applicable standards. However, compliance with these standards does not necessarily prevent individual or class action lawsuits, which can entail significant cost and risk. We do not maintain insurance against many types of claims involving alleged defects in our products that do not involve personal injury or property damage. As a result, these types of claims could have a material adverse effect on our business, results of operations, and financial condition. Our product liability insurance program is an occurrence-based program based on our current and historical claims experience and the availability and cost of insurance. We carry both general and umbrella liability policies that insure us for product liability claims. The policy has a small retention, which enables us to manage and control our product liability claims. Historically, product liability awards have not exceeded our individual per occurrence self- insured retention. We cannot assure you, however, that our future product liability experience will be consistent with our past experience. Additionally, we do not maintain product recall insurance. We maintain a warranty reserve for estimated future warranty claims, but the actual costs of servicing future warranty claims may exceed the reserve. As a result, product recalls or product liability claims, ~~including, without limitation, recalls and~~ **liability claims**, and / or financial penalties ~~— could be costly to us and could damage our business and reputation,~~ **including potentially having a material adverse effect on the Company’ s liquidity, stock price, consolidated financial position, results of operations, and / or cash flows. This includes**, without limitation, the imposition by the CPSC of substantial civil monetary penalties on us **and / or the ongoing investigation by the U. S. Department of Justice** relating to ~~our~~ **BDEL’ s** avalanche beacon transceivers, ~~—~~ **We believe it is reasonably possible that a change in our ability to estimate the amount of loss relating to any penalties imposed by the CPSC or other regulators could occur in the near term and that such a change in estimate could be costly material. Additionally, given the ongoing nature of this matter, the Company is currently unable to predict its duration, the resources required, or the ultimate outcome, nor can we determine the full impact it may have on the Company’ s liquidity, financial condition, results of operations, and / or cash flows. Any penalties imposed by the CPSC or other regulators could be significant which could have a material adverse effect on our business, results of operations, and financial condition.** Adverse publicity about the Company and / or its brands and products, including with respect to certain models of ~~our~~ **avalanche transceivers** ~~transmitters distributed by BDEL~~ through social media or connection with other media or brand damaging events and / or public perception could negatively impact our business and reputation. Our brands have wide recognition, and our success has been due in large part to our ability to maintain, enhance and protect our brand image and reputation and our consumers’ and customers’ connection to our brands. Our continued success depends in part on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns. In addition, consumer and customer sentiment could be shaped by our sustainability policies and related design, sourcing and operational decisions. Negative claims or publicity involving ~~us, our board of directors, our brands, our products, including, without limitation, recalls and liability claims relating to our avalanche beacon transceivers, services and experiences, consumer data, or any of our key employees, endorsers, or suppliers could seriously damage our reputation and the image of our brands, regardless of whether such claims are accurate.~~ **14Furthermore, social media, which accelerates and potentially us,** ~~our board of directors, our brands, our products, including, without limitation, recalls and liability claims relating to BDEL’ s avalanche beacon transceivers, services and experiences, consumer data, or any of our key employees, endorsers, or suppliers~~ **could** ~~suppliers could~~ seriously damage our reputation and the image of our brands, regardless of whether such claims are accurate. ~~14Furthermore~~ **Furthermore**, social media, which accelerates and potentially amplifies the scope of negative publicity, can increase the challenges of responding to negative claims. Adverse publicity could also damage our reputation and the image of our brands, undermine consumer confidence in us and reduce long-term demand for our products, even if such adverse publicity is unfounded or not material to our operations. If the reputation, culture or image of any of our brands and products, including, without limitation, recalls and liability claims relating to ~~our~~ **BDEL’ s** avalanche beacon transceivers, is tarnished or if we receive negative publicity, then our sales, financial condition and results of operations could be materially and adversely affected. ~~From~~ **13From** time to time, we have been and may be subject to legal proceedings, regulatory investigations or disputes, and governmental inquiries that could cause us to incur significant expenses, divert our management’ s attention, damage our business and reputation as well as have a material adverse effect on the Company’ s liquidity, stock price, consolidated financial position, results of operations and / or cash flows. **Adverse publicity about the Company and /..... operations and / or cash flows.** From time to time, we have been and may be subject to claims, lawsuits, government investigations, and other proceedings involving products liability, competition and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, commercial disputes, and other matters that could adversely affect our business operations and financial condition. Injuries sustained by those who use or purchase our products, including, without limitation, ~~our~~ **BDEL’ s** avalanche beacon transceivers, have, and could in the future, subject us to regulatory proceedings and litigation by government agencies and private litigants brought against us, that regardless of their merits, could harm our reputation, divert management’ s attention from our operations and result in

substantial legal fees and other costs. For example, as disclosed in Item 3. “ Legal Proceedings, ” BDEL was notified by the CPSC that the agency staff believes we failed to timely meet our statutory reporting obligations under the Consumer Product Safety Act with respect to certain models of **avalanche transmitters distributed by BDEL** ~~’s avalanche transceivers~~ either switching unexpectedly out of “ send ” mode and / or out of “ search ” mode, that we made material misrepresentations in reports to the CPSC, and that the agency staff intends to recommend that the CPSC impose substantial civil monetary penalties on us. Any financial **or other** penalties imposed by the CPSC **as well as the Department of Justice** or other regulators could be costly to us and could damage our business and reputation as well as have a material adverse effect on the Company’ s liquidity, stock price, consolidated financial position, results of operations and / or cash flows. Also, we have reporting obligations to safety regulators in all jurisdictions where we sell our products, where reporting may trigger further regulatory investigations. We are subject to risks related to our dependence on the strength of retail economies in various parts of the world, and our performance may be affected by general economic conditions. Our business depends on the strength of the retail economies in various parts of the world, primarily in North America, Europe, Australia and to a lesser extent, Asia, Central and South America. These retail economies are affected primarily by factors such as consumer demand and the condition of the retail industry, which, in turn, are affected by general economic conditions and specific events such as natural disasters, terrorist attacks, and political unrest. The impact of these external factors is difficult to predict, and one or more of the factors could adversely impact our business, results of operations, and financial condition. Purchases of many consumer products are discretionary and tend to be highly correlated with the cycles of the levels of disposable income of consumers. As a result, any substantial deterioration in general economic conditions could adversely affect consumer discretionary spending patterns, our sales, and our results of operations. In particular, decreased consumer confidence or a reduction in discretionary income as a result of unfavorable macroeconomic conditions may negatively affect our business. If the macroeconomic environment worsens, consumers may reduce or delay their purchases of our products. Any such reduction in purchases could have a material adverse effect on our business, financial condition, and results of operations. ~~15Moreover--~~ **Moreover**, declining economic conditions create the potential for future impairments of goodwill and other intangible and long- lived assets that may negatively impact our financial condition and results of operations. Various uncertainties tied to economic conditions, including significant adverse changes in business climate, adverse actions by regulators, unanticipated competition, loss of key customers, a downturn in the economy or in discretionary income levels or changes in consumer preferences could impact the expected cash flows to be generated by an asset or group of assets, and may result in an impairment of those assets. The impact of weak consumer credit markets, corporate restructurings, layoffs, prolonged high unemployment rates, declines in the value of investments and residential real estate, higher fuel prices and increases in federal and state taxation all can negatively affect our operating results. Additionally, the products sold by our Adventure segment are vulnerable to fluctuations in automotive sales and trends, shifts in consumer preferences, the availability of automobiles and / or disruptions in the automotive industry’ s supply chains. As noted above, because a substantial majority of our net revenue is generated through discretionary spending by consumers for our outdoor recreation products, a downturn in the economy resulting from prolonged supply chain disruptions or labor shortages, a significant increase in inflation rates (including in connection with rising interest rates through government action to fight inflationary trends), or a reduction in consumer confidence in the U. S. economy may have a material adverse impact on our business, financial condition and results of operations, as consumers generally reduce their discretionary spending during such periods. Inflation rates have increased and may continue to rise or stay elevated for some time, all of which negatively impact consumer confidence and discretionary ~~spending~~ **14spending** patterns. Additionally, inflationary trends and uncertainties in the economic climate in the United States and elsewhere could have a similar negative impact on the rate and amounts of purchases by our current and potential customers, create price inflation for our products, or otherwise have a negative impact on our expenses, gross margins and revenues, all of which could hinder our growth. The occurrence of severe weather events, catastrophic health events, natural or man- made disasters, social and political conditions or civil unrest could significantly damage or destroy demand for our products, as well as key supply chain and fulfillment arrangements. Unforeseen events, including public health emergencies, such as pandemics, natural disasters, such as earthquakes, hurricanes, tornadoes, snow or ice storms, floods and heavy rains, and man- made disasters, such as an oil spill closing large areas of hunting or fishing, could disrupt our operations or the operations of our suppliers, as well as the behavior of our consumers. In addition, extreme weather conditions could result in disruption or delay of production and delivery of materials and products in our supply chain and cause staffing shortages among our suppliers and other vendors on whom we rely. Global climate change may result in significant natural disasters occurring more frequently or with greater intensity, such as drought, wildfires, storms, sea-level rise, and flooding. Socio- political factors, such as wars, civil unrest or other economic or political uncertainties that contribute to consumer unease or harm to our supply chain or customer base, may also result in decreased discretionary spending, property damage and / or business interruption losses. To the extent these events result in the closure of one or more distribution centers that we rely on, a significant number of stores where our goods are sold, or our corporate headquarters or impact one or more of our key suppliers, our operations and financial performance could be materially adversely affected through an inability to support our business and fulfill demand that results in lost sales, and any precautions that we may take may not be adequate to mitigate the impact of such events. As these events occur in the future, if they should impact areas in which we have our corporate headquarters, a distribution center or a concentration of vendors or the stores where our products are sold, such events could have a material adverse effect on our business, financial condition and results of operations. Changes in the retail industry and markets for consumer products affecting our customers or retailing practices could negatively impact existing customer relationships and our results of operations. We sell our products to retailers, including sporting goods and specialty retailers, as well as direct to consumers. A significant deterioration in the financial condition of our major customers, including, without limitation, Recreational Equipment, Inc. (REI), would have a material adverse effect on our sales and profitability. We regularly monitor and evaluate the credit status of our customers and attempt to adjust sales terms as

appropriate. Despite these efforts, a bankruptcy filing by a key customer could have a material adverse effect on our business, results of operations, and financial condition. In addition, as a result of the desire of retailers to more closely manage inventory levels, there is a growing trend among retailers to make purchases on a “just-in-time” basis. This requires us to shorten our lead time for production in certain cases and more closely anticipate demand, which could in the future require us to carry additional inventories. ~~16~~**We** may be negatively affected by changes in the policies of our retailer customers, such as inventory destocking, limitations on access to and time on shelf space, use of private label brands, price demands, payment terms, and other conditions, which could negatively impact our results of operations. There is a growing trend among retailers in the U. S. and in foreign markets to undergo changes such as consolidations, restructurings or store closings or reorganizations, that could decrease the number of stores that carry our products or increase the concentration of ownership within the retail industry. These changes within the retail industry could result in a shift of bargaining power to the retail industry and in fewer outlets for our products which could result in price and other competition that could reduce our margins and our net sales. Additionally, shifts in consumer purchasing patterns, including the growth of e-commerce and large one-stop digital marketplaces, e-commerce off-price retailing and online comparison shopping in our key markets may have an adverse effect on our direct-to-consumer operations and the financial health of certain of our wholesale customers, some of whom may reduce their brick and mortar store fleet, file for protection under bankruptcy laws, restructure, or cease operations. These related business impacts have already occurred at certain of our wholesale customers. We face increased risk of order reduction and cancellation when dealing with financially ailing wholesale customers. We also extend credit to our wholesale customers based on an assessment of the wholesale customer’s financial condition, generally without requiring collateral. We may choose (and have chosen in the past) to limit our credit risk by reducing our ~~level~~**level** of business with wholesale customers experiencing financial difficulties and may not be able to replace those revenues with other customers or through our direct-to-consumer businesses within a reasonable period or at all. Seasonality and weather conditions may cause our operating results to vary from quarter to quarter. Sales of certain of our products in our Outdoor segment are seasonal. Sales of our outdoor recreation products such as carabineers, harnesses, and related climbing equipment products increase during warm weather months and decrease during winter, while sales of our apparel line and winter sports equipment such as our skis and related ski equipment increase during the cold weather months and decrease during summer. Weather conditions may also negatively impact sales (including events that may be caused or exacerbated by climate change). For instance, milder temperatures could prevent the formation of ice, which may negatively affect demand for our ice climbing products, and mild winter weather with less snowfall may negatively impact sales of our winter sports products. These factors could have a material adverse effect on our business, results of operations, and financial condition. Our results of operations could be materially harmed if we are unable to accurately forecast demand for our products. In each of our geographic markets, we face significant competition with respect to our products. Retailers who are our wholesale customers often pose a significant competitive threat by designing, marketing and distributing products under their own private labels that compete with ours. We also experience direct competition in our direct-to-consumer business from retailers that are our wholesale customers. This is true in particular in the digital marketplace, where increased consumer expectations and competitive pressure related to various aspects of our e-commerce business, including speed of product delivery, shipping charges, return privileges, and other evolving expectations are key factors. Additionally, we often schedule internal production and place orders for products with independent manufacturers before our customers’ orders are firm. Therefore, if we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of product to deliver to our customers. Inventory levels in excess of customer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have an adverse effect on our business, results of operations, and financial condition. On the other hand, if we underestimate demand for our products, our manufacturing facilities or third-party manufacturers may not be able to produce products to meet customer requirements, and this could result in delays in the shipment of products and lost revenues, as well as damage to our reputation and customer relationships. There can be no assurance that we will be able to successfully manage inventory levels to meet future order and reorder requirements.

~~17~~**Competition** -- **Competition** in our industries may hinder our ability to execute our business strategy, achieve profitability, or maintain relationships with existing customers. We operate in a highly competitive industry. In this industry, we compete against numerous other domestic and foreign companies. Competition in the markets in which we operate is based primarily on product quality, product innovation, price, and customer service and support, although the degree and nature of such competition vary by location and product line. Some of our competitors are more established in their industries and have substantially greater revenue or resources than we do. Our competitors may take actions to match new product introductions and other initiatives. Since many of our competitors also source their products from third parties, our ability to obtain a cost advantage through sourcing is reduced. Certain of our competitors may be willing to reduce prices and accept lower profit margins to compete with us. Further, retailers often demand that suppliers reduce their prices on existing products. Competition could cause price reductions, reduced profits or losses or loss of market share, any of which could have a material adverse effect on our business, results of operations, and financial condition. To compete effectively in the future in the consumer products industry, among other things, we must: maintain strict quality standards; develop new and innovative products that appeal to consumers; deliver products on a reliable basis at competitive prices; anticipate and respond to changing consumer trends in a timely manner; maintain favorable brand recognition; and provide effective marketing support. Our inability to do any of these things could have a material adverse effect on our business, results of operations and financial condition. ~~16~~**If** we fail to adequately protect our intellectual property rights, competitors may manufacture and market products similar to ours, which could adversely affect our market share and results of operations. The success of our proprietary products depends, in part, on our ability to protect our current and future technologies and products and to defend our intellectual property rights. If we fail to adequately protect our intellectual property rights, competitors may manufacture and market products similar to ours. Our principal intellectual property rights include our trademarks, patents, and trade secrets. We hold numerous patents for the invention of new or

improved technologies, which are known as utility patents, and pending patent applications covering a wide variety of products. We cannot be sure that we will receive patents for any of our patent applications or that any existing or future patents that we receive or license will provide competitive advantages for our products. We also cannot be sure that competitors will not challenge, invalidate or avoid the application of any existing or future patents that we receive or license. In addition, patent rights may not prevent our competitors from developing, using or selling products that are similar or functionally equivalent to our products. Third parties may have patents, or may be awarded new patents, that may materially adversely affect our ability to market, distribute and sell our products. Accordingly, our products, including, but not limited to, our technical climbing and backpack products, may become subject to patent infringement claims or litigation, any adverse determination of which could have a material adverse effect on our business, results of operations, and financial condition. Our success depends on third-party logistics providers and our and third-party distribution facilities. The majority of our products are manufactured outside of our principal sales markets, which requires these products to be consolidated and transported, sometimes over large geographical distances. A small number of third-party logistics providers currently consolidate, deconsolidate and / or transload almost all of our products. Any disruption in the operations of these providers or changes to the costs they charge, due to capacity constraints, volatile fuel prices or otherwise, could materially impact our sales and profitability. A prolonged disruption in the operations of these providers, by any means, could also require us to seek alternative distribution arrangements, which may not be available on attractive terms and could lead to delays in distribution of products, either of which could have a significant and material adverse effect on our business, results of operations and financial condition. In addition, the ability to move products over larger geographical distances could be (as is currently the case) constrained by ocean, air and trucking cargo capacity, or disrupted by limitations at ports or borders. These constraints and disruptions could hinder our ability to satisfy demand through our wholesale and direct-to-consumer businesses, and we may miss delivery deadlines, which may cause our customers to cancel their orders, refuse to accept deliveries or demand a reduction in purchase price. In addition, increases in distribution costs, including but not limited to trucking, air and freight costs, could (as is currently the case) adversely affect our costs, which we may not be able to offset through price increases or decreased promotions. ~~18~~ **We** receive our products from third-party logistics providers at our owned and leased distribution centers in the United States, Australia, Austria, and New Zealand. The fixed costs associated with owning, operating and maintaining such distribution centers during a period of economic weakness or declining sales can result in lower operating efficiencies, financial deleverage and potential impairment in the recorded value of distribution assets. We also receive and distribute our products through third-party operated distribution facilities internationally and domestically. We depend on these third-parties to manage the operation of their distribution facilities as necessary to meet our business needs. ~~If the~~ **such** third-parties fail to manage these responsibilities, our international and domestic distribution operations could face significant disruptions. Our ability to meet consumer expectations, manage inventory, complete sales, and achieve our objectives for operating efficiencies depends on the proper operation of our existing distribution facilities, as well as the facilities of third-parties, the development or expansion of additional distribution capabilities and services, and the timely performance of services by third-parties, including those involved in moving products to and from our distribution facilities and facilities operated by third-parties. ~~Our~~ **17** **Our** operations in international markets, and earnings in those markets, may be affected by changes in global cultural, political, and financial market conditions as well as potential changes in regulations, legislation and government policies **such as tariffs, tax laws and global trade policies**. Approximately ~~61-60~~ **61-60** % of our sales for the year ended December 31, ~~2023~~ **2024** were earned in international markets. As such our ability to maintain the current level of operations in our existing international markets and to capitalize on growth in existing and new international markets is subject to risks associated with international operations. Our products are subject to increasingly stringent and complex domestic and foreign product labeling and performance and safety standards, laws and other regulations. These requirements could result in greater expense associated with compliance efforts, and failure to comply with these regulations could result in a delay, non-delivery, recall, or destruction of inventory shipments during key seasons or in other financial penalties. Significant or continuing noncompliance with these standards and laws could disrupt our business and harm our reputation. These include the burdens of complying with a variety of foreign laws and regulations, unexpected changes in regulatory requirements, new tariffs or other barriers to some international markets. For example, any future withdrawal or renegotiation of trade agreements, and the prosecution of trade disputes or the imposition of tariffs, duties, taxes and other charges on imports or exports between the United States and countries like China, **Canada and Mexico** may adversely affect our ability to operate our business and execute our growth strategy. In addition, it may be more difficult for us to enforce agreements, collect receivables, receive dividends and repatriate earnings through foreign legal systems. We cannot predict whether quotas, duties, taxes, exchange controls, current or future “trade wars” or other restrictions will be imposed by the United States, ~~Australia~~, China, **Canada and Mexico** or other countries upon the import or export of our products and the commodities and components used to manufacture our products, or what effect any of these actions would have on our business, financial condition or results of operations. We cannot predict whether there might be changes in our ability to repatriate earnings or capital from international jurisdictions. Changes in regulatory and geopolitical policies and other factors may adversely affect our business or may require us to modify our current business practices. Some of our operations are conducted or products are sold in countries where economic growth has slowed, or where economies have suffered economic, social and / or political instability or hyperinflation. Moreover, declining economic conditions create the potential for future impairments of goodwill and other intangible and long-lived assets that may negatively impact our financial condition and results of operations. In addition, global economic uncertainty relating to the effects of fiscal and political crises and political and economic disputes, changes in consumer spending, foreign currency exchange rate fluctuations, political unrest, natural disasters or other crises, terrorist acts, acts of war and / or military operations, could have a material adverse effect on our financial condition, results of operations and cash flows. If we cannot continue to develop new products in a timely manner, and at favorable margins, we may not be able to compete effectively. We believe that our future success will depend, in part, upon our ability to continue to

introduce innovative design extensions for our existing products and to develop, manufacture, and market new products. We cannot assure you that we will be successful in the ~~19~~~~introduction~~ **introduction**, manufacturing, and marketing of any new products or product innovations, or develop and introduce, in a timely manner, innovations to our existing products that satisfy customer needs or achieve market acceptance. Our failure to develop new products and introduce them successfully and in a timely manner, and at favorable margins, would harm our ability to successfully grow our business and could have a material adverse effect on our business, results of operations, and financial condition. Our operating results can be adversely affected by changes in the cost or availability of raw materials. Pricing and availability of raw materials for use in our businesses can be volatile due to numerous factors beyond our control, including general, domestic, and international economic conditions, labor costs, production levels, competition, consumer demand, import duties, and tariffs and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials for us, and may therefore have a material adverse effect on our business, results of operations, and financial condition. ~~During 18~~~~During~~ periods of rising prices of raw materials, there can be no assurance that we will be able to pass any portion of such increases on to customers. Conversely, when raw material prices decline, customer demands for lower prices could result in lower sale prices and, to the extent we have existing inventory, lower margins. We currently do not hedge against our exposure to changing raw material prices. As a result, fluctuations in raw material prices could have a material adverse effect on our business, results of operations, and financial condition. Supply shortages or changes in availability for any particular type of raw material can delay production or cause increases in the cost of manufacturing our products. We may be negatively affected by changes in availability and pricing of raw materials, which could negatively impact our results of operations. We may not realize returns on our fixed cost investments in our direct- to- consumer business operations. One of our strategic priorities is to expand and improve our global direct- to- consumer business operations. Accordingly, we continue to make investments in our digital capabilities and our direct- to- consumer operations. Since many of the costs of our direct- to- consumer operations are fixed, we may be unable to reduce expenses in order to avoid losses or negative cash flows if we have insufficient sales, including as a result of restrictions on operations. We may not be able to exit direct- to- consumer brick and mortar locations and related leases at all or without significant cost or loss, renegotiate the terms thereof, or effectively manage the profitability of our existing brick and mortar stores. In addition, obtaining real estate and effectively renewing real estate leases for our direct- to- consumer brick and mortar operations is subject to the real estate market and we may not be able to secure adequate new locations or successfully renew leases for existing locations. Changes in effective tax rates could adversely affect our results. As a global company, we determine our income tax liability in various tax jurisdictions and our effective tax rate based on an analysis and interpretation of local tax laws and regulations **and, as well as** our financial projections. This analysis requires ~~a significant amount of~~ judgment and estimation, ~~and is~~ often based on various assumptions about the future, which, in times of economic disruptions **or legislative changes**, are highly uncertain. ~~These~~ **Our tax** determinations are the subject of ~~to~~ periodic domestic and foreign tax audits. ~~Although, and while~~ we accrue for uncertain tax positions, ~~our these~~ accruals may be insufficient to satisfy unfavorable findings. Unfavorable audit findings **and or** tax rulings **may could** result in payment of **additional** taxes, fines, and penalties for prior periods and **could lead to** higher tax rates in future periods. ~~On December 22~~ **Tax laws and regulations continue to evolve at both domestic and international levels. For example, 2017, recent legislative changes in the United States government enacted comprehensive, such as the Inflation Reduction Act of 2022, introduced a corporate alternative minimum tax and legislation, commonly referred to as the Tax Cuts and an Jobs Act excise tax on stock buybacks, which could impact our effective tax rate and cash flows. Additionally, international tax initiatives, including the Organization for Economic Co- operation and Development (the "TCJA OECD ") s global minimum tax framework under Pillar Two, aim to establish a minimum corporate tax rate of 15 % for large multinational enterprises. The TCJA made broad As countries implement these measures, our tax obligations could increase, and compliance requirements may become more complex changes to. While the United States Company does not currently meet the minimum revenue threshold for Pillar Two and is not subject to its provisions, any future compliance could increase our tax code. In obligations, impose addition additional compliance costs, on March 27 and adversely affect our results of operations and financial condition. Moreover, ongoing tax reform discussions in 2020, the United States government enacted the U. S. Coronavirus Aid, Relief, and Economic Security Act (the other jurisdictions could further impact our " CARES Act"). A change in interpretation of the applicable revisions to the United States tax code and related liabilities. Proposals to modify corporate tax rates accounting guidance, implement new taxation mechanisms changes in assumptions made in developing these estimates, and regulatory guidance that may be issued with respect to the applicable revisions to the United States tax code, and state tax implications as a result of the TCJA, the CARES Act, and other recent legislation may cause actual amounts to differ from our provisional estimates. In addition, proposals to reform U. S. and foreign tax laws could significantly impact how U. S. multinational corporations are taxed on foreign earnings, or change existing tax deductions and credits could increase the U materially affect our financial results. S. corporate Given the political and economic uncertainty surrounding tax policy, rate. Although we cannot predict the likelihood, whether or in what form these proposals will pass, several or timing of such changes the proposals considered, but any unfavorable developments if enacted into law, could have an adverse impact on our effective tax rate, income tax expense, and cash flows overall financial performance. 200ther Furthermore, changes in the global tax laws of the jurisdictions where we do business, including efforts to reform the taxation of digital services an and cross- border transactions, may lead to increase increased in tax costs rates or an adverse change in the treatment of an item of income or expense, could result in a material increase in our or tax expense compliance burdens. The OECD' s For example, changes in the tax laws of foreign jurisdictions could arise as a result of the Base Erosion and Profit Shifting project undertaken by the Organization for Economic Co- operation and Development (" OECD BEPS ") initiatives and similar measures adopted by various jurisdictions may further contribute. The OECD, which represents a coalition of member countries, has recommended changes to numerous long- standing tax uncertainty principles. In addition, recent efforts to reform how digital profits are taxed globally could have**

significant compliance and cost implications. As **new regulations and interpretations emerge, our ability to mitigate risks associated with these changes may be limited** are adopted by countries, tax uncertainty and our results of operations and **financial condition could be increase and may adversely affect affected** our provision for income taxes. The **19Ongoing conflict conflicts between Russia in multiple locations across the globe, as well as economic sanctions and Ukraine other measures imposed in response thereto** could have a material adverse effect on our operations, results of operations, financial condition, liquidity and business outlook. **There is Ongoing wars in multiple locations across the globe, as well as economic sanctions and other measures imposed in response thereto, have caused and continued- continue to cause disruption , instability and volatility in global markets. The conflicts have caused and may continue to cause adverse global economic conditions resulting from escalating geopolitical tensions, the exclusion of certain financial institutions from the global banking system, volatility and fluctuations in foreign currency exchange rates and interest rates, inflationary pressures, supply chain and logistics disruptions, such as shipping disruptions in waterways, and heightened cybersecurity threats. As a result of** sustained military conflict between Russia and Ukraine **and continued disruption in the region is likely. As a result, new and stricter** sanctions have been imposed by the U. S., Canada, the United Kingdom, the European Union, and other countries and organizations against officials, individuals, regions, and industries in Russia. Russia's potential response to such sanctions, as well as prolonged unrest, intensified military activities and / or the implementation of more extensive sanctions impacting the region could have a material adverse effect on our operations, results of operations, financial condition, liquidity and business outlook. Additionally, due to contractions in the supply of certain fuels from Russia arising out of the conflict in Ukraine and related sanctions, it is possible that certain of our consumers in Europe may not participate in outdoor activities during winter in patterns that are predictable or to the scale we have experienced in the past, which could in turn have a material adverse effect on our operations, results of operations, financial condition, liquidity and business outlook. Our business, financial condition and results of operations and cash flows, as well as the trading price of our common stock may be negatively impacted by the effects of a disease outbreak, epidemic, pandemic, or similar widespread public health concern, such as travel restrictions or recommendations or mandates from governmental authorities to avoid large gatherings or to self- quarantine, whether as a result of the COVID- 19 or coronavirus global pandemic or otherwise. An outbreak of disease or similar public health threat, such as the COVID- 19 pandemic, could have, and in the case of the COVID- 19 pandemic has had, an adverse impact on our business, financial condition and operating results, including in the form of lowered net sales and the delay of inventory production and fulfillment in impacted regions. Fear of contracting diseases, individuals contracting diseases and the actions taken, and that may be taken, by governmental authorities, our third- party logistics providers, our landlords, our competitors or by us relating to diseases, analogous to the COVID- 19 pandemic may:

- cause disruptions in the supply chain, including the ability to produce and deliver product as expected;
- result in canceled orders, non- payment for orders received and / or delayed payment for orders received;
- restrict the operation of our retail store operations and our ability to meet consumer demand at our stores;
- cause inflation and currency rate fluctuations;
- result in a misalignment between demand and supply;
- result in labor shortages, including as a result of any vaccine mandate or our return to work policies;
- increase reliance by consumers on e- commerce platforms;
- impair the financial health of certain of our customers;
- impact previous business assumptions;
- increase the reliance of our employees on digital solutions;
- restrict global business and travel;
- impair our ability to ship product through our owned or affiliated distribution centers, including as a result of capacity reductions, shift changes, labor shortages, higher than normal absenteeism and / or the complete shutdowns of facilities for deep cleaning procedures;
- cause rapid changes to employment and tax law;
- impair our key personnel;
- result in incremental costs from the adoption of preventative measures, including providing facial coverings and hand sanitizer, rearranging operations to follow social distancing protocols, conducting temperature checks and undertaking regular and thorough disinfecting of surfaces, and providing testing; and / or
- cause any number of other disruptions to our business, the risks of which may be otherwise identified herein.

21In addition, the impact of pandemics, such as the COVID- 19 pandemic, may also exacerbate other risks discussed in this Item 1A, any of which could have a material effect on us. **We 20We** use foreign suppliers and manufacturing facilities for a significant portion of our raw materials and finished products, and disruptions to international trade, such as disease epidemics or potential “trade wars,”²¹ pose a risk to our business operations. A majority of our products sold were produced by and purchased from independent manufacturers primarily located in Asia and Eastern Europe, with substantially all of the remainder produced by our manufacturing facilities located in Utah. Although no single supplier and no one country controls a majority of our production needs, any of the following could materially and adversely affect our ability to produce or deliver our products and, as a result, have a material adverse effect on our business, financial condition, and results of operations:

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

Compliance costs related to environmental requirements, **including those associated with Per- and Polyfluoroalkyl Substances (PFAS),** could negatively impact our financial results. We are, and any of our vendors or customers may be subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, protection of the environment, climate change, greenhouse gas emissions, and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials, **including Per- and Polyfluoroalkyl Substances (PFAS). In 2024, certain of our products and inventory containing PFAS resulted in charges, and we may face additional liabilities in the future.** Costs and capital expenditures relating to environmental, health or safety

matters are subject to evolving regulatory requirements and depend on the timing of the promulgation and enforcement of specific standards which impose the requirements. Moreover, changes in environmental regulations could inhibit or interrupt our operations, or require modifications to our facilities. Accordingly, environmental, health or safety regulatory matters could result in significant unanticipated costs or liabilities. We may incur significant costs in order to comply with environmental remediation obligations. Environmental laws in the United States and in other countries also impose obligations on various entities to clean up contaminated properties or to pay for the cost of such remediation, often upon parties that did not actually cause the contamination. Accordingly, we may be liable, either contractually or by operation of law, for remediation costs even if the contaminated property is not presently owned or operated by us, is a landfill or other location where we have disposed wastes, or if the contamination was caused by third parties during or prior to our ownership or operation of the property. Given the nature of the past industrial operations conducted by us and others at these properties, there can be no assurance that all potential instances of soil or groundwater contamination have been identified, even for those properties where an environmental site assessment has been conducted. Future events, such as changes in existing laws or policies or their enforcement, or the discovery of currently unknown contamination, may give rise to additional remediation liabilities that may have a material adverse effect upon our business, results of operations or financial condition.

Risks Related to our Business There are significant risks associated with acquiring and integrating businesses. An element of our general growth strategy is the acquisition of or investment in businesses and assets that will diversify our current business, increase size, expand our geographic scope of operations and otherwise offer growth opportunities. We may not be able to successfully identify attractive acquisition or investment opportunities, obtain financing for acquisitions, make acquisitions on satisfactory terms, or successfully acquire and / or integrate identified targets. In identifying, evaluating and selecting a target business or assets for a potential acquisition or investment, we expect to encounter intense competition from other entities, including blank check companies, private equity groups, venture capital funds, leveraged buyout funds, and operating businesses seeking strategic acquisitions. Many of these entities are well-established and have extensive experience identifying and effecting business combinations directly or through affiliates. Moreover, many of these competitors possess greater financial, technical, human and other resources than us which will give them a competitive advantage in pursuing the acquisition of certain target businesses. Our ability to implement our acquisition strategy is also subject to other risks and costs, including:

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

Any of the above risks could have a material adverse effect on the market price of our common stock and our business, financial condition and results of operations. We may require additional capital and funding to meet our financial obligations as well as to support our business operations and growth strategy, and this additional capital and funding may not be available on favorable terms, if at all. Our ability to meet financial obligations and sustain business operations as well as our growth strategy is contingent upon securing adequate capital and funding. There exists a risk that we may require additional capital in the future, and obtaining such resources may not be achievable on terms deemed acceptable or, in some instances, may not be available at all. Any of the following factors could materially and adversely affect our ability to obtain the necessary additional capital and funding required to meet financial obligations as well as support our ongoing business operations and growth strategy:

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

In addition, if we issue equity or debt securities to raise additional funds, (i) we will incur fees associated with such issuance, (ii) our existing stockholders will experience dilution from the issuance of new equity securities, (iii) we will incur ongoing interest expense and may be required to grant a security interest in our assets in connection with any debt issuance, and (iv) any new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. Our previously announced growth strategy may negatively impact our business, financial condition and results of operations. The Company announced that it is seeking to invest in high-quality, durable, cash flow-producing assets in order to diversify our business within the outdoor markets as part of our previously announced growth strategy. There can be no assurance as to the outcome of the growth strategy, that any particular acquisition or investment opportunities will be consummated, or that any transaction will occur. In addition, our growth strategy may create perceived uncertainties as to our future direction and may result in the loss of employees, customers or business partners.

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

business, financial condition, and results of operations. Our business is significantly dependent on our ability to meet our labor needs. The success of our business depends significantly on our ability to hire and retain quality team members, which include but are not limited to managers and other personnel. Competition for non-entry-level personnel, particularly those with experience in our industry, is highly competitive. We may be unable to meet our labor needs and control our costs due to external factors such as the availability of a sufficient number of qualified persons in the workforce of the markets in which we operate, competition, unemployment levels, demand for certain labor expertise, prevailing wage rates, wage inflation, changing demographics, health and other insurance costs, adoption of new or revised employment and labor laws and regulations, and the impacts of man-made or natural disasters, such as tornadoes, hurricanes, and public health emergencies, such as the COVID-19 pandemic. We have experienced, and expect to continue to experience, a shortage of labor for certain functions, which has increased our labor costs and negatively impacted our profitability. The extent and duration of the effect of these labor market challenges are subject to numerous factors, including the availability of qualified persons in the markets where we and our vendors and customers operate and unemployment levels within these markets, behavioral changes, prevailing wage rates and other benefits, inflation, adoption of new or revised employment and labor laws and regulations (including increased minimum wage requirements) or government programs, safety levels of our operations, and our reputation within the labor market. Recent or potential future legislative initiatives may seek to increase the federal minimum wage in the United States, as well as the minimum wage in a number of individual states or markets. As federal or state minimum wage rates increase, we may need to increase not only the wage rates of our minimum wage team members, but also the wages paid to our other hourly team members as well. Further, should we fail to increase our wages competitively in response to increasing wage rates, the quality of our workforce could decline, causing our customer service to suffer. Additionally, the U. S. Department of Labor has proposed rules that may have salary and wage impact for “exempt” team members, which could result in a substantial increase in store payroll expense. Any increase in the cost of our labor could have an adverse effect on our operating costs, financial condition and results of operations, which in turn can materially adversely affect our business. Although none of our employees are currently covered under collective bargaining agreements, we cannot guarantee that employees will not elect to be represented by labor unions in the future. If some or our entire workforce were to become unionized and collective bargaining agreement terms were significantly different from our current compensation arrangements or work practice, it could have a material adverse effect on our business, financial condition and results of operations. We may not be able to adequately manage our growth. We have expanded, and are seeking to continue to expand, our business. This growth has placed significant demands on our management, administrative, operating, and financial resources as well as our manufacturing capacity capabilities. The continued growth of our customer base, the types of products offered and the geographic markets served can be expected to continue to place a significant strain on our resources. Personnel qualified in the production and marketing of our products are difficult to find and hire, and enhancements of information technology systems to support growth are difficult to implement. Our future performance and profitability will depend in large part on our ability to attract and retain additional management and other key personnel, as well as our ability to increase and maintain our manufacturing capacity capabilities to meet the needs of our current and future customers. Any failure to adequately manage our growth could have a material adverse effect on the market price of our common stock and our business, financial condition, and results of operations. **24 Compliance**

23 Compliance with changing laws, regulations and standards of corporate governance and public disclosure may result in additional expenses. Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 (the “Sarbanes Oxley Act”), the Dodd-Frank Wall Street Reform and Consumer Protection Act, new Securities and Exchange Commission regulations and NASDAQ rules, are creating uncertainty for companies such as ours. These new or changed laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. As a result, our efforts to comply with evolving laws, regulations, and standards have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. From time to time, we have been and may be subject to legal proceedings, regulatory investigations or disputes, and governmental inquiries that could cause us to incur significant expenses, divert our management’s attention, damage our business and reputation as well as have a material adverse effect on the Company’s liquidity, stock price, consolidated financial position, results of operations and / or cash flows. From time to time, we have been and may be subject to claims, lawsuits, government investigations, and other proceedings involving products liability, competition and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, commercial disputes, and other matters that could adversely affect our business operations and financial condition. Injuries sustained by those who use or purchase our products, including, without limitation, our BDEL’s avalanche beacon transceivers, have, and could in the future, subject us to regulatory proceedings and litigation by government agencies and private litigants brought against us, that regardless of their merits, could harm our reputation, divert management’s attention from our operations and result in substantial legal fees and other costs. For example, as disclosed in Item 3. “Legal Proceedings,” BDEL was notified by the CPSC that the agency staff believes we failed to timely meet our statutory reporting obligations under the Consumer Product Safety Act with respect to certain models of avalanche transmitters distributed by BDEL’s avalanche transceivers either switching unexpectedly out of “send” mode and / or out of “search” mode, that we made material misrepresentations in reports to the CPSC, and that the agency staff intends to recommend that the CPSC impose substantial civil monetary penalties on us. **Furthermore, as disclosed in Item 3. “Legal Proceedings,” the U. S. Department of Justice has commenced an investigation relating to the CPSC investigation and we received grand jury subpoenas for documents relating to, among other things, certain avalanche transmitters distributed by BDEL.** Any financial **or other**

penalties imposed by the CPSC **as well as the Department of Justice** or other regulators could be costly to us and could damage our business and reputation as well as have a material adverse effect on the Company's liquidity, stock price, consolidated financial position, results of operations and / or cash flows. Also, we have reporting obligations to safety regulators in all jurisdictions where we sell our products, where reporting may trigger further regulatory investigations. We could face particular challenges in maintaining our internal control over financial reporting. Section 404 of the Sarbanes- Oxley Act requires that we evaluate and report on our system of internal control over financial reporting and requires that we have our internal control over financial reporting audited. If we fail to maintain adequate internal controls, we could be subject to regulatory scrutiny, civil or criminal penalties and / or stockholder litigation. Any inability to provide reliable financial reports could harm our business and the trading price of our common stock. Section 404 of the Sarbanes- Oxley Act also requires that our independent registered public accounting firm report on the effectiveness of the Company's internal control over financial reporting. In addition, acquisition targets may not be in compliance with the provisions of the Sarbanes- Oxley Act regarding adequacy of their internal controls. The development of the internal controls of any such entity to achieve compliance with the Sarbanes- Oxley Act may increase the time and costs necessary to complete any such acquisition. If we identify any material weaknesses or significant deficiencies in our internal control over financial reporting, we may need to take costly steps to implement improved controls and may be subject to sanctions for failure to comply with the requirements of the Sarbanes- Oxley Act. Such remedial costs or sanctions could have a material adverse effect on our results of operations and financial condition. Further, we would be required to disclose any material weakness in internal control over financial reporting, and we would receive an adverse opinion on our internal control over financial reporting from our independent auditors. These factors could cause investors to lose confidence in our reported financial information and could have a negative effect on the trading price of our stock. **25We 24We** may be subject to disruptions, failures or cyber- attacks in our information technology systems and network infrastructures that could disrupt our operations, damage our reputation and adversely affect our business, operations, and financial results. We maintain and rely extensively on information technology systems and network infrastructures for the effective operation of our business. Techniques used to gain unauthorized access to private networks are constantly evolving, and we may be unable to anticipate or prevent unauthorized access to data pertaining to our customers, including credit card and debit card information and other personally identifiable information. Our direct- to- consumer service, which is supported by our own systems and those of third- party vendors, is vulnerable to computer viruses, Internet worms, break- ins, phishing attacks, attempts to overload servers with denial- of- service or other attacks and similar disruptions from unauthorized use of our and third- party vendor computer systems, any of which could lead to system interruptions, delays or shutdowns, causing loss of critical data or the unauthorized access to personally identifiable information. If an actual or perceived breach of our systems or a vendor's systems security occurs, we may face civil liability and public perception of our security measures could be diminished, either of which would negatively affect our ability to attract customers, which could have a material adverse effect on our business. We also would be required to expend significant resources to mitigate the breach of security and to address related matters. Further, a disruption, infiltration or failure of our information technology systems or any of our data centers including the systems and data centers of our third- party vendors as a result of software or hardware malfunctions, computer viruses, cyber- attacks, employee theft or misuse, power disruptions, natural disasters or accidents could cause breaches of data security and loss of critical data, which in turn could materially adversely affect our business. We cannot fully control the actions of third parties who may have access to the customer data we collect and the customer data collected by our third party vendors. We may be unable to monitor or control such third parties and the third parties having access to our other websites in their compliance with the terms of our privacy policies, terms of use, and other applicable contracts, and we may be unable to prevent unauthorized access to, or use or disclosure of, customer information. Any such misuse could hinder or prevent our efforts with respect to growth opportunities and could expose us to liability or otherwise adversely affect our business. In addition, these third parties may become the victim of security breaches or have practices that may result in a breach, and we could be responsible for those third- party acts or failures to act. Any failure, or perceived failure, by us or the prior owners of acquired businesses to maintain the security of data relating to our customers and employees, to comply with our posted privacy policies, our predecessors' posted policies, laws and regulations, rules of self- regulatory organizations, or industry standards and contractual provisions to which we or they may be bound, could result in the loss of confidence in us, or result in actions against us by governmental entities or others, all of which could result in litigation and financial losses, and could potentially cause us to lose customers, revenue and employees. Initiatives to upgrade our business processes and information technology systems to optimize our operational and financial performance involve many risks which could result in, among other things, business interruptions, higher costs and lost profits. We regularly implement business process improvement and information technology initiatives intended to optimize our operational and financial performance. Transitioning to these new or upgraded processes and systems requires significant capital investments and personnel resources. Implementation is also highly dependent on the coordination of numerous employees, contractors and software and system providers. The interdependence of these processes and systems is a significant risk to the successful completion and continued refinement of these initiatives, and the failure of any aspect could have a material adverse effect on the functionality of our overall business. We may also experience difficulties in implementing or operating our new or upgraded business processes or information technology systems, including, but not limited to, ineffective or inefficient operations, significant system failures, system outages, delayed implementation and loss of system availability, which could lead to increased implementation and / or operational costs, loss or corruption of data, delayed shipments, excess inventory and interruptions of operations resulting in lost sales and / or profits. We rely on information technology systems, including third- party cloud- based solutions, and any failure of these systems, including, without limitation, due to outages and / or cyberattacks, may result in disruptions or outages, loss of processing capabilities, and / or loss of data, any of which may have a material adverse effect on our business, operations, and financial results. Our reputation and ability to attract, retain and serve consumers is dependent upon the reliable performance of

our underlying technology infrastructure and external service providers, including third- party cloud- based solutions. These systems are vulnerable to damage or ~~26~~interruption ~~25~~interruption, and we have experienced interruptions in the past. We rely on cloud- based solutions furnished by third parties primarily to allocate resources, pay vendors, collect from customers, process transactions, develop demand and supply plans, manage product design, production, transportation, and distribution, forecast and report operating results, meet regulatory requirements and administer employee payroll and benefits, among other functions. We have also designed a significant portion of our software and computer systems to utilize data processing and storage capabilities from third- party cloud solution providers. Both our on- premises and cloud- based infrastructure may be susceptible to outages due to any number of reasons, including, human error, fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. Despite the implementation of security measures that we believe to be reasonable, both our on- premises and our cloud- based infrastructure may also be vulnerable to hacking, computer viruses, the installation of malware and similar disruptions either by third- parties or employees, which may result in outages. We do not have redundancy for all of our systems and our disaster recovery planning may not account for all eventualities. If we or our existing third- party cloud- based solution providers experience interruptions in service regularly or for a prolonged basis, or other similar issues, our business could be seriously harmed and, in some instances, our consumers may not be able to purchase our products, which could significantly and negatively affect our sales. Additionally, our existing cloud- based solution providers have broad discretion to change and interpret their terms of service and other policies with respect to us, and they may take actions beyond our control that could harm our business. We also may not be able to control the quality of the systems and services we receive from our third- party cloud- based solution providers. Any transition of the cloud- based solutions currently provided to different cloud providers would be difficult to implement and may cause us to incur significant time and expense. If we and / or our cloud- based solution providers are not successful in preventing or effectively responding to outages and cyberattacks, our business, operations, and financial results could be materially and adversely affected. Additionally, information technology systems require periodic modifications, upgrades, and replacement that subject us to costs and risks, including potential disruption to our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel or outside firms to implement and operate existing or new systems, and other risks and costs of delays or difficulties in transitioning to new or modified systems or of integrating new or modified systems into our current systems. In addition, challenges implementing new or modified technology systems may cause disruptions in our business operations and, if not anticipated and appropriately mitigated, could have a material adverse effect on our business operations. The effects of climate change and increased focus by governmental and non- governmental organizations, customers, consumers and investors on sustainability issues, including those related to climate change and socially responsible activities, may adversely affect our business and financial results and damage our reputation. Climate change ~~is occurring around the world and~~ may impact our business in numerous ways, ~~and~~ ~~Such change~~ could lead to an increase in raw material and packaging prices, and reduced availability, for example, due to water shortages which could adversely impact raw material availability. Increased frequency of extreme weather (~~for example~~, storms and floods) could cause increased incidence of disruption to the production and distribution of our products and an adverse impact on consumer demand and spending. Investor advocacy groups, certain institutional investors, investment funds, other market participants, shareholders, and stakeholders have focused increasingly on the environmental, social and governance (“ ESG ”) and related sustainability practices of companies. These parties have placed increased importance on the implications of the social cost of their investments. If our ESG practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our brands, reputation and employee retention may be negatively impacted. It is possible that stakeholders may not be satisfied with our ESG practices or the speed of their adoption. We could also incur additional costs and require additional resources to monitor, report, and comply with various ESG practices. Also, our failure, or perceived failure, to manage reputational threats and meet expectations with respect to socially responsible activities and sustainability commitments could negatively impact our credibility, employee retention, and the willingness of our customers and suppliers to do business with us. Our Board of Directors and executive officers have significant influence over our affairs. The members of our Board of Directors and our executive officers, which includes Mr. Warren B. Kandors, beneficially own approximately ~~20-22~~ 2 % of our outstanding common stock as of March ~~4-6~~, ~~2024-2025~~. As a result, our Board of Directors and executive officer, to the extent they vote their shares in a similar manner, have influence over our affairs and could exercise such influence in a manner that is not in the best interests of our other stockholders, including by attempting to delay, defer or prevent a change of control transaction that might otherwise be in the best interests of our stockholders. ~~27~~We ~~26~~We may be unable to realize the benefits of our net operating losses and tax credit carryforwards. Net operating losses (“ NOLs ”) may be carried forward to offset federal and state taxable income in future years and eliminate income taxes otherwise payable on such taxable income, subject to certain adjustments. Based on current federal corporate income tax rates, our NOL and other carryforwards could provide a benefit to us, if fully utilized, of significant future tax savings. However, our ability to use these tax benefits in future years will depend upon the amount of our otherwise taxable income. If we do not have sufficient taxable income in future years to use the tax benefits before they expire, we will lose the benefit of these NOL carryforwards permanently. Additionally, if we underwent an ownership change, the NOL carryforward limitations would impose an annual limit on the amount of the taxable income that may be offset by our NOL generated prior to the ownership change. If an ownership change were to occur, we may be unable to use a significant portion of our NOL to offset taxable income. In general, an ownership change occurs when, as of any testing date, the aggregate of the increase in percentage points of the total amount of a corporation’ s stock owned by one or more “ 5- percent shareholders ” within the meaning of Section 382 of the Internal Revenue Code (“ Code ”) whose percentage ownership of the stock has increased as of such date over the aggregate of the lowest percentage of the stock owned by such 5- percent shareholder at any time during the three- year period preceding such date is more than 50 percentage points. In general, persons who own 5 % or more of a corporation’ s stock are 5- percent shareholders, and all stock owned by persons who are not 5-

percent shareholders is treated as owned by one 5- percent shareholder. The issuance of a large number of shares of common stock in connection with any acquisitions could result in a limitation of the use of our NOLs. Further, our certificate of incorporation provides for blank check preferred stock, which allows ~~the our~~ **Board of Directors** to issue preferred stock at any time with rights and designations set forth by ~~the our~~ **Board of Directors**. Section 382 of the Code generally excludes preferred stock when calculating ownership percentages as they relate to our NOLs if the preferred stock satisfies all of the following criteria: it is not entitled to vote, it is limited and preferred as to dividends and does not participate in corporate growth to any significant extent, it has redemption and liquidation rights which do not exceed the issue price of such stock (except for a reasonable redemption or liquidation premium), and it is not convertible into another class of stock. Our Board **of Directors** may authorize and issue preferred stock that does not meet these criteria, and such preferred stock would count towards determining ownership change under Section 382 of the Code. Therefore, the issuance of any preferred stock could increase the likelihood of a limitation of the use of our NOLs. Moreover, if a corporation experiences an ownership change and does not satisfy the continuity of business enterprise, or COBE, requirement (which generally requires that the corporation continue its historic business or use a significant portion of its historic business assets in a business for the two- year period beginning on the date of the ownership change), it cannot, subject to certain exceptions, use any NOL from a pre- change period to offset taxable income in post- change years. The actual ability to utilize the tax benefit of any existing NOLs will be subject to future facts and circumstances with respect to meeting the above described COBE requirements at the time NOLs are being utilized on a tax return. The realization of NOLs and the recognition of asset and valuation allowances for deferred taxes require management to make estimates and judgments about the Company’ s future profitability which are inherently uncertain. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. If, in the opinion of management, it becomes more likely than not that some portion or all of the deferred tax assets will not be realized, deferred tax assets would be reduced by a valuation allowance and any such reduction could have a material adverse effect on the financial condition of the Company. The amount of NOL and tax credit carryforwards that we have claimed has not been audited or otherwise validated by the U. S. Internal Revenue Service (the “ IRS ”). The IRS could challenge our calculation of the amount of our NOL or our determinations as to when a prior change in ownership occurred, and other provisions of the Code may limit our ability to carry forward our NOL to offset taxable income in future years. If the IRS were successful with respect to any such challenge, the potential tax benefit of the NOL carryforwards to us could be substantially reduced. Certain protective measures implemented by us to preserve our NOLs may not be effective or may have some unintended negative effects. On July 24, 2003, at our Annual Meeting of Stockholders, our stockholders approved an amendment (the “ Amendment ”) to our Amended and Restated Certificate of Incorporation to restrict certain acquisitions of our securities in order to help assure the preservation of our NOLs. The Amendment generally restricts direct and indirect acquisitions of our equity securities if such acquisition will affect ~~28the 27the~~ **percentage of the Company’ s capital stock that is treated as owned by a “ 5 % stockholder. ”** Additionally, on **September 5, 2024, our Board of Directors approved an amendment to, our rights agreement dated** February 7, 2008, ~~our Board of Directors approved a rights agreement~~ which is designed to assist in limiting the number of 5 % or more owners and thus reduce the risk of a possible “ change of ownership ” under Section 382 of the Code. Although the transfer restrictions imposed on our capital stock and the rights agreement are intended to reduce the likelihood of an impermissible ownership change, there is no guarantee that such protective measures would prevent all transfers that would result in an impermissible ownership change. These protective measures also will require any person attempting to acquire a significant interest in us to seek the approval of our Board of Directors. This may have an “ anti- takeover ” effect because our Board of Directors may be able to prevent any future takeover. Similarly, any limits on the amount of capital stock that a stockholder may own could have the effect of making it more difficult for stockholders to replace current management. Additionally, because protective measures implemented by us to preserve our NOL will have the effect of restricting a stockholder’ s ability to acquire our common stock, the liquidity and market value of our common stock might suffer. The loss of any member of our senior management or certain other key executives could significantly harm our business. Our ability to maintain our competitive position is dependent to a large degree on the efforts and skills of our senior management team, including Warren B. Kanders. If we were to lose the services of any member of our senior management, our business may be significantly impaired. In addition, many of our senior executives have strong industry reputations, which aid us in identifying acquisition and borrowing opportunities, and having such opportunities brought to us. The loss of the services of these key personnel could materially and adversely affect our operations because of diminished relationships with lenders, existing and prospective tenants, property sellers and industry personnel. Our Board of Directors may change significant corporate policies without stockholder approval. Our investment, financing, borrowing and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by our Board of Directors. These policies may be amended or revised at any time and from time to time at the discretion of the Board of Directors without a vote of our stockholders. In addition, the Board of Directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements. A change in these policies could have an adverse effect on our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy our debt service obligations and to pay dividends to our stockholders. Compensation awards to our management may not be tied to or correspond with our improved financial results or share price. The compensation committee of our Board of Directors is responsible for overseeing our compensation and employee benefit plans and practices, including our executive compensation plans and our incentive compensation and equity- based compensation plans. Our compensation committee has significant discretion in structuring compensation packages and may make compensation decisions based on any number of factors. As a result, compensation awards may not be tied to or correspond with improved financial results for the Company or the share price of our common stock. We have been required to recognize impairment charges and may be required to take future write downs or write- offs, restructuring, and impairment or other charges that have had a significant negative

effect on our financial condition, results of operations and our stock price, which could cause you to lose some or all of your investment. In connection with our general growth strategy of acquiring businesses and assets, we have and may be forced in the future to write-down or write-off assets, restructure our operations, or incur impairment or other charges that could result in us reporting losses. For example, during the year ended December 31, 2022-2024, we recorded approximately \$ 92-45 million of impairment of goodwill and indefinite-lived intangible assets, specifically the Rhino- Rack and MAXTRAX trademark trademarks, in our Adventure reporting unit. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our common stock. 29Risks-28Risks

Related to our Common Stock Our Amended and Restated Certificate of Incorporation authorizes the issuance of shares of preferred stock. Our Amended and Restated Certificate of Incorporation provides that our Board of Directors will be authorized to issue from time to time, without further stockholder approval, up to 5,000,000 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each series, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, including sinking fund provisions, redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of any series. Such shares of preferred stock could have preferences over our common stock with respect to dividends and liquidation rights. We may issue additional preferred stock in ways which may delay, defer or prevent a change in control of the Company without further action by our stockholders. Such shares of preferred stock may be issued with voting rights that may adversely affect the voting power of the holders of our common stock by increasing the number of outstanding shares having voting rights, and by the creation of class or series voting rights. Our payment of future quarterly dividends on our common stock is subject to the discretion and approval of our Board of Directors. On August 6, 2018, the Company announced that its Board of Directors approved the initiation of the Quarterly Cash Dividend program of \$ 0.025 per share of the Company's common stock or \$ 0.10 per share on an annualized basis. We temporarily replaced the Quarterly Cash Dividend with a Quarterly Stock Dividend during portions of the 2020 fiscal year in light of the operational impact of the COVID-19 pandemic. While we intend to pay regular Quarterly Cash Dividends for the foreseeable future, all subsequent dividends will be reviewed quarterly and declared at the discretion and approval of our Board of Directors and will depend upon, among other things, our results of operations, capital requirements, general business conditions, contractual restrictions under any new credit facility that we may enter into in the future on the payment of dividends, legal and regulatory restrictions on the payment of dividends, and other factors our Board of Directors deems relevant. Therefore, you should not purchase our common stock if you need immediate or future income by way of dividends from your investment. In addition, upon an event of default under any new credit facility that we may enter into in the future, we may be prohibited from declaring or paying any dividends on our common stock or generally making other distributions to our stockholders. The sale of a substantial amount of our common stock in the public market could adversely affect the prevailing market price of our common stock. We have outstanding an aggregate of 38,236-362,268-162 shares of our common stock as of March 4-3, 2024-2025. This includes 6-7,525-073, 421-821 shares of common stock that are beneficially owned by Mr. Kanders, our Chairman of the Board, of which he has 4,840,971 pledged as security for loans from financial institutions and that may be sold by such financial institutions in the event of a foreclosure of these loans. The sale of a significant amount of shares at any given time, or the perception that such sales could occur, including sales of the shares beneficially owned by Mr. Kanders, could adversely affect the prevailing market price of our common stock. We may issue a substantial amount of our common stock in the future, which could cause dilution to current investors and otherwise adversely affect our stock price. We may issue additional shares of common stock as consideration for such acquisition. These issuances could be significant. To the extent that we make acquisitions and issue our shares of common stock as consideration, your equity interest in us will be diluted. Any such issuance will also increase the number of outstanding shares of common stock that will be eligible for sale in the future. Persons receiving shares of our common stock in connection with these acquisitions may be more likely to sell off their common stock, which may influence the price of our common stock. In addition, the potential issuance of additional shares in connection with anticipated acquisitions could lessen demand for our common stock and result in a lower price than might otherwise be obtained. We may issue common stock in the future for other purposes as well, including in connection with financings, for compensation purposes, in connection with strategic transactions or for other purposes. The issuance of a large number of shares of common stock in connection with an acquisition could also have a negative effect on our ability to use our NOLs. 30-29