



**CLARUS**

# CORPORATE PRESENTATION

JUNE 2020

# IMPORTANT CAUTIONS REGARDING FORWARD LOOKING STATEMENTS

Please note that in this presentation we may use words such as “appears,” “anticipates,” “believes,” “plans,” “expects,” “intends,” “future,” and similar expressions which constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this release include, but are not limited to, the overall level of consumer demand on our products; general economic conditions and other factors affecting consumer confidence, preferences, and behavior; disruption and volatility in the global currency, capital, and credit markets; the financial strength of the Company's customers; the Company's ability to implement its business strategy, the ability of the Company to execute and integrate acquisitions; changes in governmental regulation, legislation or public opinion relating to the manufacture and sale of bullets and ammunition by our Sierra segment, and the possession and use of firearms and ammunition by our customers; the Company's exposure to product liability or product warranty claims and other loss contingencies; disruptions and other impacts to the Company's business, as a result of the COVID-19 global pandemic and government actions and restrictive measures implemented in response; stability of the Company's manufacturing facilities and suppliers, as well as consumer demand for our products, in light of disease epidemics and health-related concerns such as the COVID-19 global pandemic; the impact that global climate change trends may have on the Company and its suppliers and customers; the Company's ability to protect patents, trademarks and other intellectual property rights; any breaches of, or interruptions in, our information systems; fluctuations in the price, availability and quality of raw materials and contracted products as well as foreign currency fluctuations; our ability to utilize our net operating loss carryforwards; changes in tax laws and liabilities, tariffs, legal, regulatory, political and economic risks; and the Company's ability to declare a dividend. More information on potential factors that could affect the Company's financial results is included from time to time in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. All forward-looking statements included in this presentation are based upon information available to the Company as of the date of this presentation, and speak only as of the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this presentation.

WE INNOVATE & ACCELERATE

# “SUPER FAN” BRANDS

*What is a “Super Fan” brand?*

- Leading market share in at least one product
- History of innovation
- 100% brand awareness among core, activity-based consumer
- Untapped go-to-market potential

*What is our “Innovate & Accelerate” strategy?*

Develop next-generation, world-class products while driving brand awareness & expanding product categories & distribution without losing the core user.

# WHAT IS CLARUS?

## WHO WE ARE

Global company focused on Super Fan brands in the outdoor & consumer industries

## WHAT WE DO

Identify, acquire & grow Super Fan brands that have a long history with the core user, but have not reached full potential.

Enhance brand awareness across a wider user base, while protecting core identity.

## HOW WE DO IT (THE CLARUS PLAYBOOK)

Accelerate product innovation

Expand into new categories

Drive product awareness

Strengthen go-to-market strategies

Bring capital investment

Provide disciplined management

## WHAT WE DON'T DO

Create new brands

Buy brands to extract synergies

Acquire “copycat” brands

# EXECUTING ON OUR GOALS SINCE 2016

## OUR GOALS

- 1 Accelerate Brand Growth** Via Product Innovation, Increased Brand Awareness & Excellent Awareness

- 2 Improve Profitability** Via Gross Margin Expansion and Operating Expense Leverage

- 3 Deploy Capital** in Ways That Accelerate Our Growth & Drive Shareholder Returns

## STRONG RESULTS

**55%**

2016 – 2019 Revenue Growth

**1170 bps**

2016 – 2019 Adj. EBITDA Expansion

### Capital Deployed

**\$19.2M**

Share Repurchases Since 2016

**~\$80M**

Mergers & Acquisitions Since 2016

**\$0.025**

Quarterly Dividend Commenced in Aug 2018

# LARGE ADDRESSABLE MARKETS IN GROWING VERTICALS



**\$12.7B**

Global Outdoor Apparel Market

5.6% Projected Five-Year CAGR



**\$1.4B**

Global Rock Climbing Market

9.6% Projected Five-Year CAGR



**\$3.9B**

Global Hard Adventure Sports Market

2.5% Projected Five-Year CAGR



**\$4.0B**

Global Footwear Market

2.6% Projected Five-Year CAGR



**\$9.1B**

North American Hunting  
Equipment Market

1.3% Projected Five-Year CAGR



**\$125.8B**

Global Skincare Market

2.9% Projected Five-Year CAGR

# CLARUS BRANDS TODAY

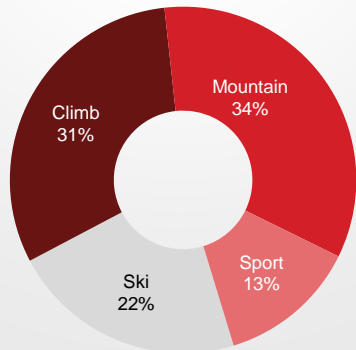
## GLOBAL LEADERS IN INNOVATIVE OUTDOOR PRODUCTS<sup>1</sup>



*Leading mountain activity-based equipment brand*

### Diversified Business Model

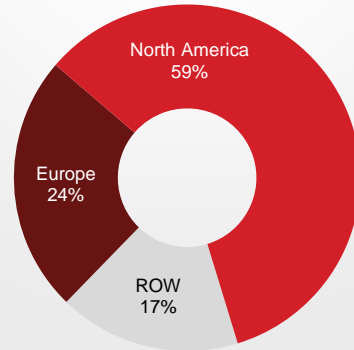
- 30+ product categories
- Footwear & Apparel ~14% of sales



*Go-to brand for target shooting, long-range hunting & reloading bullets*

### Significant Global Reach

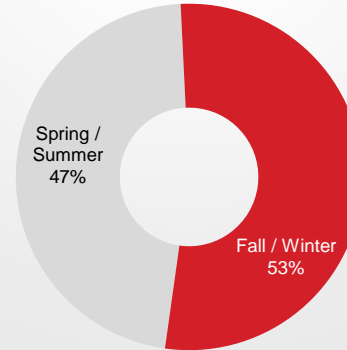
- Sold in 50+ countries
- >50% of sales outside U.S.



*Global leader in alpine and snow safety hardgoods and equipment*

### Year-Round Product Portfolio

- Seasonal diversification of business
- Front & center with retailer & customer year round

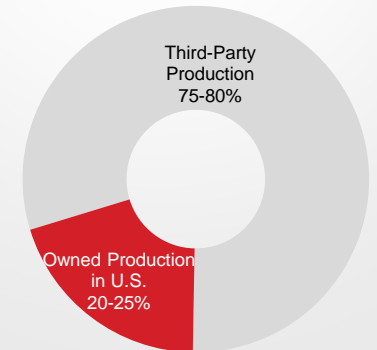


**skinourishment**  
RIDICULOUSLY GOOD SKINCARE™

*Niche leader in all-natural, performance skin care products*

### External Sourcing

- Successful shift to 75-80% outsourcing strategy in 2018 to improve gross margins



<sup>1</sup>Based on Black Diamond Equipment, PIEPS & Sierra Bullets 2019 sales.

HERITAGE:

**1957**

TARGET CUSTOMER:

**Climbers**  
**Backcountry Skiers**  
**Alpinists**  
**Trail Runners**  
**Snow Safety Pros**  
**Outdoor Enthusiasts**

# UNLEASHING THE BLACK DIAMOND BRAND

- **Iconic & leading** lifestyle & sport-defining brand
- **Rich history in the outdoor space** of technical innovation & sales growing at a 12% CAGR since 1989
- **Accelerating** industry-leading product innovation & development capabilities
  - Investing in new product categories – footwear & apparel
  - Differentiated product performance elements – stretch rainwear, ultra lightweight apparel
- **Significant** opportunities for continued global growth expected across wholesale & DTC



500+ AWARDS in the past 10 YEARS

# INDUSTRY-LEADING PRODUCT INNOVATION

2016-2019 AWARDS



Performance Footwear



Performance Lifestyle



Rechargeable Lighting



Forged Denim



Distance 4 Vest



Logowear



HERITAGE:

**1972**



# PIEPS – AVALANCHE TRANSCEIVER TECHNOLOGY FOUNDER & MARKET LEADER

- **Premium avalanche safety products** – transceivers & probes, shovels, packs & safety equipment
- **Semi-autonomous, discrete brand** but closely-linked to Black Diamond
- **IP, specifically avalanche technology**, supports Black Diamond’s focus on developing electronic technology & applications portfolio
  - Played key role in development of JetForce avalanche airbag technology
- **Expect to grow PIEPS’ sales** in markets & geographies covered by Black Diamond’s global distribution platform
- **Historically generated higher gross margin** than typical hard goods brands



HERITAGE:

1947

Diverse Customer Base

Green Box



OEM



# SIERRA – DEDICATED TO MANUFACTURING THE MOST ACCURATE BULLETS IN THE WORLD

- **SIERRA is an iconic** American manufacturer of bullets, 70-year operating history
- **Acquired Aug 2017**, attractive allocation of capital
- **Strong recurring revenue & ~95% free cash flow<sup>1</sup>** conversion
- **Adjacent outdoor brand** benefiting from our outdoor platform
- **Significant opportunities** to accelerate growth via product innovation, new category expansion, distribution, sales & marketing

<sup>1</sup>Defined as net cash provided by operating activities less capital expenditures.



# SKINOURISHMENT – PLANT-BASED, SYNTHETIC-FREE, SUSTAINABLE, PERFORMANCE SKINCARE

- Skin performance & protection: lotion (the original lotion bar), lip balm, muscle paste, insect repellent
- Superior efficacy & the highest clean ingredient standard
- New innovations: sunscreen, hand sanitizer & hand soap
- Incredible loyalty from both natural product lovers & athletes (running, cycling, skiing, climbing, lifting, hiking, etc.)
- Top athletes, strong social media, extensive story & content
- Led by consumer brand & marketing industry executive Taylor West (prior roles with KT Tape, Kodiak Cakes, General Mills)

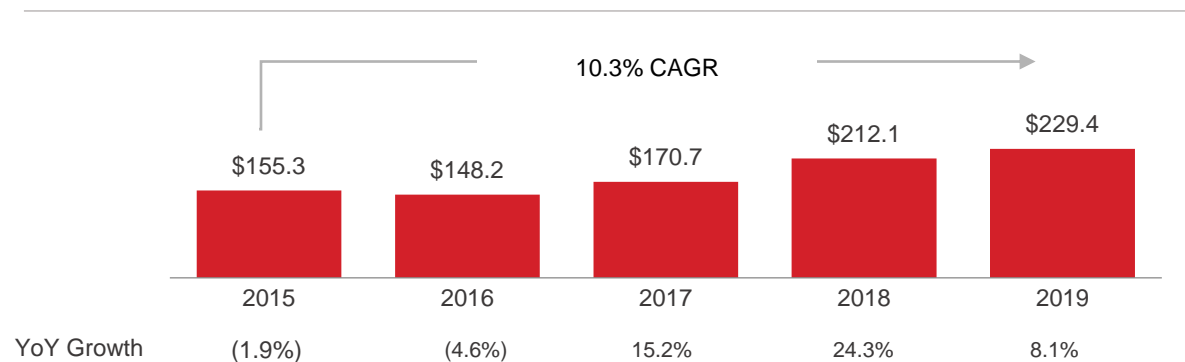
**TOMMY CALDWELL**  
ON THE DAWN WALL

“Out of the hundreds of pounds of gear it took to climb The Dawn Wall, the most crucial was my 1oz. tin of climbOn.”

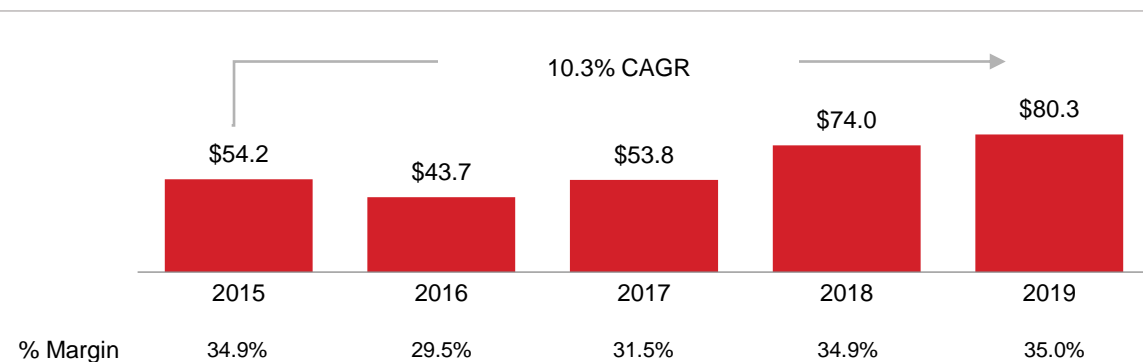
**climbOn**  
All Natural Skin Repair

# CLARUS FINANCIAL SUMMARY

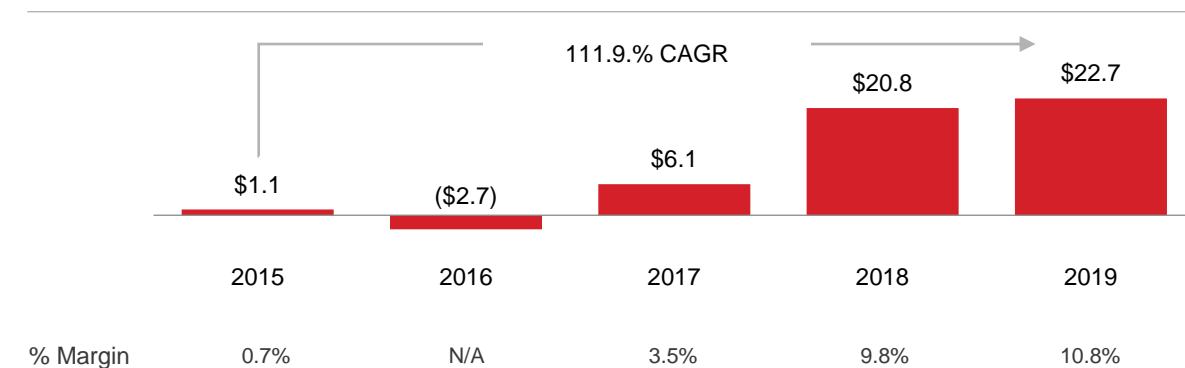
## TOTAL SALES



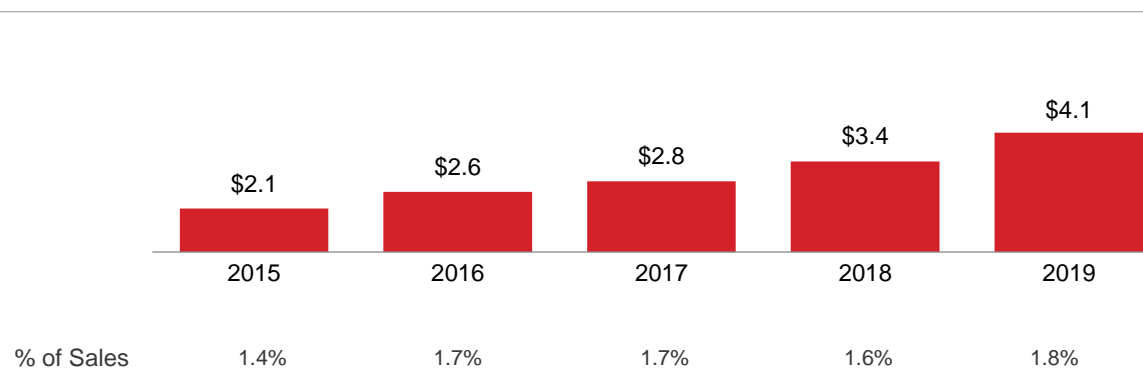
## GROSS PROFIT



## ADJUSTED EBITDA<sup>1</sup>



## CAPITAL EXPENDITURES



Note: Results are not pro forma for acquisitions or divestitures.  
<sup>1</sup>See appendix for a reconciliation to this non-GAAP measure.

# COVID-19 ACTION PLAN & PRIORITIES

## 1 OUR PEOPLE

- #1 priority is the health & safety of our employees
- Work-at-home mandates for office employees
- Enhanced safety & health protocols for employees in work functions deemed essential
- “Top Rope Fund” to help with employees experiencing hardships

## 2 PRESERVATION OF BRAND EQUITY

- Represents our lifeblood
- Maintaining product pricing integrity
- Our supply chain is operating well
- Direct-to-consumer business remains strong (sales up 16% in Q1 2020)

## 3 LIQUIDITY

- ~\$13M in cash at 3/31/20
- Total available liquidity of ~\$28M
- Modest long-term debt of ~\$32M (LIBOR+150-225 bps)
- \$13M of cash preservation activities identified in 2020
  - ✓ Re-allocated & eliminated ~\$9M in SG&A
  - ✓ Postponed ~\$2M of non-essential capex
  - ✓ Temporarily replaced quarterly cash dividend with stock dividend

<sup>1</sup>Net debt to trailing 12-month adj. EBITDA of ~1.4 vs. 3.1 covenant.

# KEY TAKEAWAYS

- Our brands have generated significant momentum through a focus on product innovation & increased brand awareness, targeted investments & management execution
- Our growth opportunities are expected to be significant thanks to an expanding addressable market, authentic brands & commitment to innovation
- Key financial metrics showing strong improvement
- Financial strength allows for various long-term value-enhancing actions – M&A, dividends & buybacks



# CONTACT US

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**CLARUS**

# APPENDIX

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# Clarus Adjusted EBITDA Reconciliation

	Year Ended December 31,				
	2019	2018	2017	2016	2015
Net income (loss)	\$ 18,972	\$ 7,301	\$ (673)	\$ (8,978)	\$ (88,106)
Income tax benefit	(8,991)	(828)	(5,087)	665	47,692
Other, net	93	359	(343)	(533)	(434)
Interest expense, net	1,358	1,339	1,288	2,876	2,767
Operating income (loss)	11,432	8,171	(4,815)	(5,970)	(38,081)
Depreciation	4,550	4,423	2,883	2,264	3,039
Amortization of intangibles	3,552	3,873	2,376	1,075	1,245
EBITDA	\$ 19,534	\$ 16,467	\$ 444	\$ (2,631)	\$ (33,797)
Restructuring charge	13	137	160	1,395	3,375
Merger and integration	-	-	82	-	946
Transaction costs	166	503	2,088	290	-
Arbitration award	-	-	-	(1,967)	-
Inventory fair value of purchase accounting	-	1,049	2,098	-	29,507
Stock-based compensation	2,949	2,652	1,181	227	1,094
Adjusted EBITDA	\$ 22,662	\$ 20,808	\$ 6,053	\$ (2,686)	\$ 1,125