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COLUMBIA RECOVERS IN Q4, SEES MORE NORMAL 2021

Net income slipped 16% in the final quarter to $95,756,000 from $114,025,000 on 4% lower revenues of $915,623,000 down from $954,867,000, a sequential improvement but one that was helped by Q3 wholesale orders that were pushed right. COLM shares surged over 10% on the better than expected results. The bottom line includes one-time charges of $18.1 million for retail impairments, as it permanently closed 13 stores in the U.S. and one in Europe, as well as a $17.5 million prAna trademark impairment. On the supply side, Covid-related challenges including vessel and container shortages are resulting in later spring 2021 receipts, affecting wholesale and DTC.

<u>Direct-to-consumer e-commerce was up 41% in the quarter, representing 23% of the top line, but sales in COLM's store fleet remained well below prior year levels, sending DTC down 3% overall to $469.7 million</u>. COLM launched its new X1 e-commerce platform in the quarter in North America for Columbia, Sorel and Mountain Hardwear. But government imposed store closures returned in Europe and Canada in Dec., and productivity remains lower in most markets, especially those that thrive on tourist traffic. Wholesale was down 5% to $446.0 million due to order cancellations. Columbia brand sales were responsible for the top line falloff, dropping 7% to $699.7 million, but Sorel was up 5% to $150.0 million, prAna gained 11% to $36.9 million, and Mountain Hardwear improved 7% to $29.1 million. Licensing income slipped 10% to $3.9 million.

<u>U.S. sales dropped 6% to $599.1 million with both wholesale and DTC off mid-single digits, as a high-30s gain in e-commerce was not enough to offset a high-20s decline in brick-and-mortar</u>. A warm start to winter slowed sales, but outerwear accelerated as colder weather arrived in Dec. Latin America/Asia Pacific was off 5% to $163.6 million, including a mid-single-digit gain in Japan and flat results in Korea, which were more than offset by a low-singles drop in China and distributor sales in other regions that were down in the low-50% range. EMEA fared worst, falling 14% to $85.6 million hurt by lockdowns in many markets. The results including a high-50s drop in distributor orders, partially offset by high-single-digit growth from Europe-direct sales. Canada was a bright spot, with 36% growth to $67.4 million, but the gains came mostly from later timing of fall shipments.

<u>Looking ahead at 2021, COLM is guiding for a return to near-2019 levels on the top and bottom lines, forecasting revenues of $2.95 to $3.00 billion and net income of $3.75 to $4.05 per share ($260 mm at the midpoint)</u>. The outlook assumed a gradual return to normalcy, especially at retail, where a post-pandemic resumption of normal store traffic is essential. The guidance is also supported by booked wholesale orders for spring and fall 2021, where the brand has visibility into how its accounts are planning for the recovery. COLM expects a fall boost from new, Omni-Heat Infinity product, which has a distinct appearance as well as improved performance. Inventories were down 8% at $556.5 million,

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affected by the later receipts of spring product, but there is still some work to do clearing aged merchandise, which increased year-over-year.

Meanwhile, gross margin in the final quarter was up 50 basis points to 50.6% helped by a favorable channel mix with more profitable DTC e-commerce sales along with lower promotions. A benefit from foreign currency hedges was offset by higher freight costs. SG&A was flat in dollars but deleveraged 140 b.p. on the lower sales, as cost containment and lower variable expenses were outweighed by the impairment charges.

For the full year, profits fell by two-thirds to $108,013,000 from $330,489,000 on an 18% sales decline to $2,501,554,000 from $3,042,478,000. Its own e-commerce accounted for 19% of sales, and COLM estimates that total digital sales, including those of wholesale accounts, were well over 30%. Gross margin narrowed 90 b.p. to 48.9%, while operating costs were reduced by 3% in dollars, hitting the $100 million in expense reductions goal, but jumping 660 b.p. on the lower top line. COLM's balance sheet remains a "fortress" at year end, boasting $791.9 million in cash and short-term investments and no borrowings. It also refinanced its credit agreement, providing a $500 million five year unsecured revolver.

SKECHERS' E-COMMERCE GAINS POWER FINAL QUARTER

Net income in the fourth quarter fell 10% $53,281,000 from $59,532,000 on revenues that inched down slightly to $1,324,711,000 from $1,330,732,000 lapping a record top line in 2019. Domestic wholesale was up 1% to $299.4 million on strength in athletic casual, walking and work footwear and a high-single-digit gain in men's. International wholesale gained 3% to $654.1 million as 30% growth in China led to 19% gains in the overall joint venture business and 23% gains in Europe pushed subsidiaries up 13%. These were partially offset by a 58% drop in the distributor business, hit hardest by Middle East downturns.

DTC sales fell 6% overall to $371.2 million in the quarter as stores comped down 13.4%. Domestic DTC was down 8% with comps falling 9.8% due to store traffic that was off 35% and operating hours losing 20%, and SKX projects the channel will continue to be impacted through H1. These impacts were partially offset by DTC e-commerce, which surged 143% domestically, benefitting from expanded BOPIS through the Holiday season. International DTC fell 4% as 17% of sales days were lost to closures, sending comps down 21.7%. Work is currently wrapping up on the ongoing POS and loyalty program improvements to boost omnichannel sales. International DTC will benefit from new Europe and South America websites.

Elsewhere in Q4, gross margin improved 100 b.p. to 48.9%, rising in all segments on a favorable mix of international and e-commerce sales and Archfit and Max Cushioning pushing ASP gains in domestic whole-sale. SG&A expenses increased 9% to $595.7 million, expanding as a percentage of sales by 380 b.p. to 45% from 41.2%, as lower marketing spend was more than offset by rising warehouse and distribution expenses. Inventory was down 5% at the end of the quarter on lower domestic and Europe inventories, partially offset by increases in China to support growth. Domestic store count stood at 523 at the end of Q4 over 497 in the prior year on 36 openings and 10 closings. Total count was 3,891, up from 3,547.

In 2021, SKX is planning a number of new investments to support growth, including a new DC in Columbia to serve the South American market, while a new DC is now online in the UK for the post-Brexit environment. Full automation of the 1.5-million-sq.-ft. China DC is expected by mid-year. The looming new U.S. DC will expand square footage to 2.6 million. CapEx is guided at $275 to $325 million for the full year. CapEx for Q4 was $96.7 million, led by $48.9 million to support the new domestic DC, $13.9 in investments in retail tech, $11.4 in new China DC investments, and $7 million for the new corporate offices in California.

Skechers did not provide formal guidance for 2021, though it said it expects a return to growth. Full year 2020 sales decreased 12% to $4,597,414,000 from $5,220,051,000, with the bottom line plunging 72% to $98,564,000 against $346,560,000. Gross margin inched down 10 b.p. to 46.7% as domestic wholesale and DTC improvements were offset by a decrease in international wholesale. SG&A ticked up 4% to $2,205,798,000 from $2,513,650,000, expanding as a percentage of sales by 690 b.p. to 45.1% from 38.2%, as lower marketing spend was offset by increased warehouse and distribution expenses, increased depreciation and amortization, including the Skechers Mexico acquisition, and a one-time, non-cash compensation charge related to the cancellation of restricted share grants in the third quarter.

DECKERS' UGG AND HOKA COMBINE FOR RECORD SALES

Net income soared in DECK's important third fiscal quarter ended Dec. 31, growing 29% to $263,204,000 from $203,287,000 on 15% higher sales of $1,077,759,000, up from $938,735,000 powered by solid growth from Ugg and another huge result from Hoka. Direct-to-consumer expanded 26% to $519.9 million including +33.8% DTC comps, reaching 48% of sales up from 44% last year, and wholesale was also higher, growing 6% to $557.9 million. DECK shares inched up after hours on the strong quarter.

Despite the blowout quarter, the first ever to top $1 billion in sales, DECK declined to offer up guidance for the full fiscal year that ends in Mar. It warned that temporary store closures that affected about 25% of stores in Q3 were continuing into Q4, and that other stores were being impacted by restrictions on store operations. The Moreno Valley, CA, distribution center and its other third-party DCs are up and running, however they are experiencing some capacity constraints. Nevertheless, total company inventory was down sharply, falling 17% to $305.3 million, with only Hoka higher to keep pace with its rapid growth. DECK

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noted that channel inventories were down everywhere, especially in Europe and Asia where there is an ongoing reset of Ugg brand distribution and positioning.

Ugg sales grew 12% to $876.8 million, with about 53% DTC and the rest wholesale, resonating with a fashion-forward, younger consumer in the U.S. that sent sales here up 20%, while international was down on the market reset. The brand is selling well through both wholesale and DTC channels, and collaborations with several designers also added to the Ugg brand heat. DECK has worked to reduce the dependence of Ugg on classic core styles, expanding the assortment into women's slippers and Fluff sandals with counter-seasonal appeal, as well as men's styles like the Neumel, and kids' takedowns. The Fluff franchise is expanding into men's, supported by a campaign featuring Dennis Rodman. China was called out as a particular focus for FY22, and DECK is planning a marketing push behind Fluff and fashion styles, in a market that has been dominated by classics. Ugg added two million new customers to its database in the past year.

Hoka One One surged 52% to $141.6 million, including a 92% gain in DTC to about 29% of sales, helped by an online push that has resulted in customer acquisition for both new purchases and replenishment, driving year-to-date DTC revenue to 30% of the total from 21% last year. Of course, that leaves plenty of room for wholesale, which was up 40% in the quarter and has grown 19% in run specialty despite lower overall channel sales. Hoka opened Dick's last year with a test in some stores, and will be expanding there this year. Elsewhere, Teva was down 9% to $15.7 million in a small quarter for the brands, while Sanuk slipped 17% to $7.0 million. Other brands, which primarily consists of the down-market Koolaburra brand, declined 6% to $36.7 million.

Gross margin in the quarter popped 290 basis points to 57.0%, helped by the pull market for Ugg reducing the need for promotional activity, channel mix favoring higher margin DTC sales, and lower wholesale closeouts. SG&A was up 13% in dollars, but leveraged 40 b.p. on the higher revenues. Spending was higher on variable marketing and logistics costs from the higher sales, as well as higher compensation, despite lower travel and retail expenses.

VISTA OUTDOOR MOMENTUM CONTINUES THROUGH HOLIDAY

Net income more than quintupled to $78,879,000 from $14,648,000 in the fiscal third quarter ended Dec. 27 on 35% higher revenues of $574,679,000 from $424,770,000 including a 41% gain in shooting sports and a 24% improvement in outdoor products. Strong consumer demand for ammunition, shooting accessories, and outdoor gear was sustained in what is usually a slower quarter, helped by higher participation in most categories. VSTO also saw big gains in digital, as e-commerce sales surged 56%, helped by a good performance on Black Friday and growing sales across all online channels. E-commerce represents about 20% of sales year-to-date, and overall site traffic is up 91 % from last year,

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partially attributed to its digital platform that enables quickly pivoting between targeted marketing campaigns.

Shooting sports sales jumped 41% to $401.6 million from $285.4 million, driven by a 42% gain in ammunition sales to $287.9 million and a 37% improvement in hunting and shooting sales to $113.7 million. A banner year for firearms ended with an estimated eight million new gun owners and one million new and re-activated hunters, expanding the market for ammo and accessories. VSTO landed a "significant" five-year contract to supply training ammo to the government that starts next quarter, also noting that the higher volumes it's now seeing have already offset the loss of the Lake City contract to Winchester. In addition to ammunition, sights and holsters were called out as Holiday sales leaders. Segment gross margin expanded to 28% from 18%, boosted by volume, pricing actions and manufacturing leverage.

The outdoor products segment grew 24% to $173.2 million from $139.3 million, powered by a 32% gain in outdoor recreation sales to $84.3 million led by Camp Chef and Bushnell golf products. Participation growth was the key, as half of all camping trips last year included first time or re-activated campers. Action sport sales lagged a bit behind, but were still up a solid 18% to $88.9 million helped by continued strength in bicycling that drove gains at Bell and Giro. A CamelBak collaboration with Peloton is starting with a hydration bottle, then extending to other items later this year. Gross margin was 29%, up from 27%, helped by strong growth in DTC sales.

Looking ahead at the final fiscal quarter, VSTO sees sales coming in at $510 to $530 million including about $30 million from Remington, driving earnings of $0.55 to $0.65 per share ($36 mm). The Remington integration is ahead of schedule, and the brand is expected to be accretive to earnings starting with FQ1 '22. After the end of the quarter, on Jan. 13, VSTO closed a $16 million, tuck-in acquisition of Hevi-Shot Ammunition, which specializes in high-end, lead-free bullets and shot shells for hunting. Hevi-Shot will start contributing to the bottom line within 12 months, it said.

Overall gross margin was up 750 basis points, while SG&A was up 38% in dollars, deleveraging slightly as a share of sales. The bottom line benefitted from $18.5 million in one-time income from the divestiture of its non-lethal training business, but also included several million in transition costs related to the acquisition of Remington ammunition. The company used up about $6 million of its tax valuation allowance to reduce Q3 income taxes. VSTO benefitted from interest expense that was lower by a third, a result of its aggressive prioritizing of debt retirement that reduced net debt by half in the past year to $254 million. Its remaining outstanding notes and revolver don't mature until Oct. and Nov. of 2023.

PELOTON TOPS $1 BILLION IN HOLIDAY QUARTER

Net income at the connected fitness powerhouse swung to a $63.6 million

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profit in the fiscal second quarter ended Dec. 31 from a loss of $55.4 million last year on total revenues that crossed the billion-dollar threshold, hitting $1,064.8 million against $466.3 million. Product revenues jumped 124% to $870.1 million, still largely from bikes, though the Tread treadmill had its first sales in the U.K. at the end of the quarter. Gross margin narrowed by 380 basis points to 35.3%, hurt by higher expedited shipping costs as well as the price reduction on the original Peloton bike to make way for the new Bike+ premium model.

Subscription revenue was 153% higher at $194.7 million as connected fitness subscriptions grew 134% to 1.67 million and paid digital subscriptions, for those without Peloton hardware, grew 472% to 625,000. Usage metrics also improved, with members averaging 21.1 monthly workouts up from 12.6 a year ago, and the 12-month retention rate was 92%. Gross profitability on subscriptions continued to improve, expanding 240 b.p. to 60.3%. Operating expenses increased by just 41%, leveraging tremendously as the business scales.

Peloton enthused about the acquisition of Precor from Amer Sports, reiterating its plan to be producing bikes in the company's North Carolina factory by the end of 2021, and pledged to build a large domestic manufacturing footprint over time. Precor will also give Peloton a foot in the door with commercial customers, including not only gyms, but also hospitality facilties, multiunit residential buildings, corporate campuses and colleges and universities. It promised more details on its plans for Precor after the deal closes later in Q1.

PTON raised its full-year revenue guidance to $4.075 billion, but left its adjusted EBITDA guidance unchanged at $300 million "or more," warning that it is still experiencing supply chain pressures that are causing long order-to-delivery timeframes. Despite increases in manufacturing capacity from its new Shin Ji factory in Taiwan, shipping bottlenecks and other pandemic impacts are still causing headaches. It will make substantial additional investments in the near term on air shipments and expedited ocean freight to address delivery times. PTON sees vaccine distribution ramping up over the next several months providing a tailwind for its efforts, though broader vaccine availability also means more competition from health clubs. The company's shares had jumped over 10% in regular trading, but pulled back after hours.

JD SPORTS EXPANDS URBAN EMPIRE WITH DTLR VILLA

The U.K. retail conglomerate accelerated its expansion in the U.S. with its second major acquisition here in the past two months, buying Baltimore, MD-based sneaker and streetwear retailer DTLR Villa for $495 million. The seller is private equity firm Bruckmann, Rosser, Sherrill & Co., which acquired DTLR, then called Downtown Locker Room, when it was just 43 stores. DTLR then merged with Philadelphia-based Sneaker Villa in 2017, and currently operates 247 stores across 19 north- and south-eastern states. Villa's former owner Goode Partners is also selling its stake. The acquisition is expected to close before the

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end of Q1 after the Hart-Scott-Rodino waiting period expires. About $100 million of the purchase price will be used to retire debt. JD Sports shares jumped about 7% on news of the DTLR deal.

DTLR's Co-CEOs Glenn Gaynor and Scott Collins will continue to lead the retailer under JD ownership, and will retain about 1.4% of its equity. JD said that it will maintain the existing DTLR Villa fascia, citing the brand strength and deep connections the retailer has with consumers in the communities where stores are located. DTLR had EBITDA of $45.6 million for the fiscal year just ended, but after depreciation and amortization of $24.7 million and net funding costs of $19.3 million, profit before tax was just $1.6 million. The gross assets on DTLR's balance sheet were $293.7 million as of Feb. 1.

With DTLR's east coast strength and the recent acquisition of Shoe Palace adding 167 stores in the west and southwest, JD has added over 50% to its existing 810-store footprint of Finish Line. It has now moved considerably closer to Foot Locker's 2,000-plus U.S. stores, but Shoe Palace and DTLR add more urban off-mall and neighborhood locations. Both acquisitions will benefit from Finish Line's well-developed e-commerce platform and logistics. With the increase in scale, JD becomes an even more important customer to all of its vendors, but of course most importantly, Nike. Its buying power will also likely improve the availability of allocated product that is the lifeblood of sneaker retailers.

Later in the week, JD announced that it had raised £464 million ($635 mm) in a private placement, selling a total of 58.4 million shares at 795 pence apiece, which expanded its float by about 6%. The funds will give it more firepower in its acquisition spree after the two nine-figure deals in the past two months. For a large and profitable retailer like JD, the pandemic's pressure on smaller and less well-capitalized competitors has created a virtual smorgasbord. JD's appetite has shown no sign of being sated, and this capital raise comes just in time to finance more courses.

SPORTSMAN'S WAREHOUSE ACQUISITION CLEARS HURDLES

Great Outdoors Group's planned acquisition of Sportsman's Warehouse is set to pass a key deadline today, with the expiration of the Hart-Scott-Rodino waiting period, according a SPWH proxy filing. If the DoJ's Antitrust Division or the FTC have any anti-trust concerns about the deal, they either have to raise them during the one-month waiting period, or extend that period. The 2017 acquisition of Cabela's by Bass Pro Shops parent transpired without any HSR interference, though the deal was held up by the need to divest Cabela's owned World's Foremost Bank. If a $5.5 billion merger didn't raise regulators' eyebrows, the $785 million SPWH purchase probably won't either.

Already ended on Jan. 31 is the "go-shop" period, during which SPWH financial advisor Robert W. Baird contacted 39 other potential buyers to see if they were willing to engage in discussions about a competing offer for the retailer. According to the proxy, none of those contacted were

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interested, and no other suitors contacted the firm. Now the companies are bound by a "no-shop" period through Feb. 20, with no solicitation of alternative acquisition proposals or changes in the board's recommendations permitted. Then, a special meeting of shareholders will be held to vote on the acquisition at a yet-to-be determined date.

CANADA GOOSE GAINS ON DIGITAL, WHOLESALE STRENGTH

Net income dropped 7% to C$107.0 million ($82.1 mm) in fiscal Q3 ended Dec. 27 from C$114.7 million on revenues that were up 5% to C$474.0 million ($363.8 mm) from C$452.1 million, coming in above expectations in what is the outerwear maker's seasonally largest quarter. E-commerce saved the quarter, expanding 39% and partially shoring up declines due to peak season brick-and-mortar closures of 30 to 35 trading days in its top performing Canadian and European stores. DTC revenue inched down to C$299.4 million from C$301.8 million as those markets posted double-digit e-commerce growth, with UK sales nearly doubling. The results sent GOOS shares up low-teens.

Mainland China, GOOS' fastest growing region, led the DTC channel overall with a 42% jump in sales in brick-and-mortar returning to returning to pre-pandemic performance and the addition of two stores. While travel restrictions in destination stores are still limiting sales to the critical Chinese tourist customers, the company touted the success in converting more of the usual 50/50 tourist-local market split into local sales in Mainland China. Wholesale channel sales gained 11% to C$160.8 million from C$145.3 million attributed to later shipment timing resulting from in-season requests from partners and international distributors. PPE sales pushed the Other segment up 176% to C$13.8 million from C$5.0 million, but those sales are tapering off once current contracts expire.

The company currently faces 7 of its 28 owned retail stores closed due to pandemic restrictions and, while formal guidance is still suspended, GOOS said that wholesale is expected to see a low double-digit dip in FQ4, its seasonally smallest quarter. While retail traffic has been lower quarter-to-date on renewed pandemic restrictions, digital is expected to moderate those impacts. The fiscal year's C$45 million CapEx goal remains on track, meaning SG&A is pegged to increase at a rate similar to Q3 on brand- and demand-building investments. Following Q3's success in Mainland China, plans are to continue expanding the DTC retail footprint there in tier 1 and tier 2 cities. The entry into footwear, which is still on track for a fall '21 launch, was talked up as a very important category for the company long-term.

Meanwhile in Q3, gross margin improved 80 b.p. to 66.8% on revenue growth and C$4.8 million of government subsidies were partially offset by a negative 6.5% margin in the expanded Other segment, due to selling PPE at cost. SG&A expense increased 17% to C$144.7 million from C$123.6 million, expanding as a percentage of sales by 320 b.p. to 30.5% from 27.3%.

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GOPRO SEES RESULTS TUMBLE ON DTC PIVOT

Net income was cut 54% to $44,413,000 from $95,820,000 in the final quarter on revenues that lost 32% to $357,772,000 from $528,345,000 reflecting the action camera maker's change in business model to a lower volume DTC focus. The shift toward higher end cameras was reflected in a 14% gain in street ASP to $323, while models retailing over $300 announced for 91% of the quarter's revenue. Camera unit sell-through topped 1.2 million units for Q4, helping to reduce channel inventory by about 10% sequentially and more than 50% for the full year.

<u>The digital channel hit a record $116 million in revenue from gopro.com for Q4, up 43% sequentially and 91% over the prior year</u>. DTC sales there hit 33% of total revenue, up from 12% in Q4 '10, including combined camera, accessory and subscription sales. Both the retail and DTC channels saw weakness in Europe and Asia Pacific due to pandemic restrictions, partially offset by North American strength. Gross margin contracted 20 b.p. to 38%. SG&A expense dropped 28% for the quarter to $53,213 from $74,046 on a $20 million cut to sales and marketing and on lower employee related costs.

<u>The year closed with 761,000 GoPro subscribers, up 145% year-over-year, inline with the shift to a more subscription-centric consumer-direct model, which it sees as a boost to profitability and better material cash generation</u>. Full year 2020 net loss expanded 356% to $66,783,000 from 2019's loss of $14,642,000 as revenues fell 25% to $891,925,000 from $1,194,651,000. Full year GoPro.com revenue doubled over the prior year to $283 million. Full year 2021 DTC sales are expected to grow more than 50% to 38% to 42% of overall revenue. GoPro subscribers are guided to hit 1 million by Q2 and 2 million by the end of 2021. The year-end goal would mean $100 million of annual recurring revenue at an operating margin of over 50%.

RETAIL

CLUB CHAMPION has hired Tumi and Tommy Hilfiger veteran Adam Levy as its new CEO, succeeding Joe Lee who will move to chairman of the board. Levy will manage the 80-door golf club fitting studio operator's rapid expansion, with 12 more stores already set to open in 2021. In addition to Levy, Club Champion hired Rob Baumaister as chief stores officer, and added Scott Pastor as its fourth regional general manager, focused on the West Coast. Six others employees have recently been added at the Chicago headquarters, in marketing, customer service, and personnel.

LIPSEY'S elevated 33-year company veteran and current SVP & general manager Flint Virgets to president. He succeeds CEO Laurie Lipsey Aronson in the post, and will continue to report to her. Lipsey Aronson's father, Richard Lipsey, founded the Baton Rouge, LA-based firearms distributor in 1953.

NICS FBI background checks, as adjusted by the NSSF, started the

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New Year with a record for Jan. of 2,052,130, up 75% from 1,171,478, helped by some restocking by retailers which allowed a bit of pent-up demand to be realized. While the market is still strictly supply limited, we may also be seeing some effect from fear of increased gun control efforts by the Biden Administration. The current firearms boom did not get started last year until the pandemic struck in Mar., so the gun business has one more month of easy comparisons. NSSF's adjusted NICS checks back out background checks for concealed carry weapons permits and checks from active CCW permit databases to more accurately reflect gun sales. Unadjusted NICS checks grew 62% to 4,288,240 up from 2,652,263 for the month.

PGA TOUR SUPERSTORE plans to open six more stores in 2021, aiming to reach 50 locations by the end of the year, and just opened a new door in Natick, MA. While not revealing any specifics, the big-box golf retailer said that new golfers and especially youth and women drove sales gains in the pandemic year, with an 84% jump in women's club sets, and higher sales of youth club sets and women's apparel. The gains included a 50% overall increase in sales of packaged club sets, as well as growth in pull/push carts (+200%), stand bags (+55%) and practice gear (+100%). It noted NGF figures showing that 400,000 women took up or returned to golf last year and 630,000 youth aged 6-17 began playing golf in 2020.

RACK ROOM SHOES hired Funko and Lowe's veteran Molly Hartney as VP and chief marketing officer, succeeding Jan Mauldin who is retiring after nearly 20 years with Rack Room. In addition, Rack Room elevated Scott Baldt to VP, digital sales and experience from his previous role as senior director of omni-channel, and promoted Brenda Christmon to senior director of brand communications from director of corporate communications. The Charlotte, NC-based, 515-door family footwear retailer sells an assortment of athletic brands under its own banner and at Off Broadway Shoe Warehouse, which it also owns.

ON THE MOVE: Stio is opening its fourth store this spring on Pearl St. in Boulder, CO.++++**Bass Pro Shops** is launching the Johnny Morris Bass Pro Shops U.S. Open National Bass Fishing Amateur Team Championships in Nov. 2021 with $4.3 million in prizes.++++**Academy Sports** donated $150,000 from Holiday t-shirt sales to St. Jude Children's Research Hospital.++++**Nike**'s former VP of global brand marketing for Nike Sportswear, Sophie Bambuck, has joined Everlane as chief marketing officer.++++**L.L. Bean**'s Canadian partner Jaytex Group will open a 15,000-sq.-ft. location at Dartmouth Crossing in Nova Scotia later this year.++++**BSN Sports** is partnering with Under Armour to launch a fundraising campaign through its Women of Will Program, with all donated funds going to Good Sports to support at-need youth athletic programs.++++**Famous Footwear** is launching a new private label credit card for its 22 million Famously You Rewards program members with Alliance Data.++++**Black Diamond Equipment** is opening two CO stores this spring, on Pearl St. in Boulder, and on Market St. in Denver, bringing its total retail footprint to seven stores.++++**Swix** opened its first U.S. Concept Store at the Mt. Van Hoevenberg Ski Stadium in Lake

Placid, NY, which will also carry the Ulvang and Lundhags brands, also owned by Swix parent BRAV Group.

COMPANIES

AMER SPORTS hired Lululemon and J.Crew veteran Stuart Haselden as CEO of Arc'teryx Equipment to replace outgoing president Jon Hoerauf, who has decided to leave the company to pursue other plans after eight years with the group. Hoerauf's departure follows closely the resignation of Michael White as CEO of Salomon, another Amer subsidiary. In his new role, Haselden will lead global business strategy, focusing on building new vertical capabilities and accelerating regional expansion of the Vancouver, Canada-based company. Amer is, of course, part-owned by LULU founder Chip Wilson. Haselden left J.Crew after nine years there to join the lulunatics in 2015 as CFO, then added the COO role two years later and was COO and EVP of international when he departed early last year. Some thought he would succeed Laurent Potdevin at LULU's helm after the former CEO resigned over misconduct charges, but ultimately outsider Calvin McDonald got the nod. Most recently, Haselden was appointed CEO of luggage and travel accessories company, Away in Jan. 2020 just in time to see the entire travel segment torpedoed by the pandemic.

BOARDRIDERS hired former TNF chief Arne Arens as its new CEO. He will succeed Dave Tanner at the helm of the Oaktree Capital Management-owned active sports company, which counts the Quiksilver, Billabong, ROXY, DC Shoes, RVCA, Element, and VonZipper brands in its portfolio. Arens departed VF Corp. last fall as part of a management restructuring after more than three years running The North Face, which followed a rapid rise at the company fueled by success driving the brand's growth in EMEA. Prior to joining VF, he held various roles at Nike in Europe. Tanner, who led the restructuring and turnaround of Boardriders predecessor Quiksilver and the 2018 acquisition of Billabong, will transition to a role on the company's board.

TARIFFS are the target of The Americans for Free Trade coalition, which sent a letter to members of the 117th Congress, urging them to consider the negative impact the $85 billion in additional, punitive tariffs have had on American families. It asks Congress to reinstate and improve the section 301 product exclusion process, and automatically extend exclusions for Covid-related items like PPE. Further, the letter implores Congress to resolve ongoing trade disputes and reduce barriers and open markets to free trade. Over 166 organizations and companies signed the letter, including the SFIA, AAFA, NSGA, NSSRA, SIA and other trade groups in the sporting goods and apparel industries.

UNDER ARMOUR's latest cost-cutting move sees it terminate early its on-field licensing deal with the National Football League that allows players to wear logo-ed accessories including gloves, the *Financial Times* reported. The value of the sponsorship, which also covered the NFL Combine where UA was a prominent sponsor, was estimated to be $10-$15 million. The *FT* reported that Under Dog is exploring other,

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presumably less costly, sponsorship options with the league, likely hoping to keep Buccaneers quarterback Tom Brady and its other NFL athletes repping the UA mark in some capacity. Brady and his wife, model Gisele Bündchen, both have long-term endorsement deals with UA.

STOCKS & EARNINGS

361 DEGREES successfully completed its tender offer for about half of its remaining $266.1 million of 7.25% senior unsecured notes, leaving a balance of about $127.8 million. The most recent of several buybacks has allowed The Chinese sportswear company to cut its total indebtedness considerably from $400 million, and reduced its interest burden. However, Standard & Poor's maintained the company's issuer credit rating and rating on its senior unsecured notes at B-, saying that 361° still faces debt repayment risk until June 3, when the remainder of the notes come due. After the partial tender offer, S&P forecast that the company's leverage would be 3.0x-3.5x in 2021 and 2022, down from its previous forecast of 4.0x-4.5x.

CARBITEX, which supplies carbon composites to Adidas, DC Shoes and Scott Sports, among others, said that revenues soared 505% last year driven by the popularity of carbon fiber midsole plates, with 2021 bookings set to nearly double sales again. Excelsior Venture Capital, led by former Crocs CEO Ron Snyder, has taken an unspecified stake in Carbitex, and is now the principal investor. Excelsior was joined in the latest round, which closed late last year, by previous investors WRVI Capital and BOA Fit System inventor Gary Hammerslag. The Kennewick, WA-based company was founded in 2012, producing composites with uniquely flexible characteristics through a patented process.

CLARUS said that its top line was up 23% to about $75.0 million in the final quarter from $61.0 million, driven by gains at Sierra and an incremental $6.5 million in sales from Barnes bullets. The Black Diamond and Sierra bullets parent acquired high-end bullet maker Barnes from Remington's bankruptcy at the beginning of the quarter. Adjusted EBITDA is expected to be about $10.5 million in Q4, up 50% compared to $7.0 million in 2019. Ammunition sales also powered full-year revenues, which declined to $223.0 million in 2020 from $229.4 million, pulled down by weakness from Black Diamond during the first two quarters. CLAR avoided discounting Black Diamond during the downturn to preserve its brand equity. Adjusted EBITDA for the year is seen coming in at about $22.0 million down from $22.7 million in 2019.

DOREL suitor Cerberus Capital Management is now offering C$16.00 per share for DII, up from its initial offer of C$14.50, in the hopes of winning approval for the acquisition from non-insiders. The C$14.50 price received a cool reception from some institutional shareholders, and the upgrade is the result of "exchanges and discussions" between the company, Cerberus, and shareholders holding more than 50% of Dorel's class B subordinate voting shares. However, two large institutional DII shareholders, Letko, Brosseau & Associates and Brandes Investment Partners, said that the sweetened offer still significantly undervalues

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the company, *Bloomberg* reported. Letko, Brosseau owns about 12.2% of Dorel's shares and Brandes another 7% on behalf of clients. Both companies essentially said they were bullish on Dorel's prospects in the post-pandemic world, also noting that Dorel's controlling Schwartz family—who presumably know the future potential of the company better than anybody—isn't selling its shares. A special meeting of shareholders is scheduled for Feb. 16, and a majority of non-insider shareholders must approve the deal for it to get the OK from regulators.

JOHNSON OUTDOORS net income more than doubled to $19,847,000 in the fiscal first quarter ended Jan. 1 from $6,430,000 last year on 29% higher sales of $165,667,000 up from $128,054,000. Gross margin expanded 340 basis points to 45.3% on higher fixed cost absorption and SG&A, while 10% higher in dollars, leveraged 550 b.p. on the soaring top line. Fishing sales gained 28% to $127.0 million with strength in both new and core product lines, driving an 85% improvement in operating income to $27.8 million. Camping was up 62% to $12.2 million and was much more profitable at $2.8 million up from barely breakeven last year. Watercraft Recreation sales jumped 159% to $12.4 million and had an operating profit of $1.1 million against a loss. Diving was JOUT's one segment that is facing Covid headwinds due to travel restrictions, falling 14% to $14.1 million and swinging to a $0.3 million loss.

KOHL'S fourth quarter revenues were down about 10%, including a -11% comp, but a better-than-expected gross margin rate and strong SG&A expense management should drive earnings of $1.00 to $1.05 per share ($162 mm) down from $265 million prior. Gross margin was boosted by better inventory management and promotional strategies, and costs were down on reductions in store, marketing, and technology expenses. KSS did not provide any color on the important active category, but noted that digital sales were up more than 20%, and accounted for more than 40% of the total.

RAD POWER BIKES received a $150 million equity investment from five new funds, along with existing investors Durable Capital Partners and Vulcan Capital. Morgan Stanley Counterpoint Global, Fidelity, The Rise Fund, TPG's global impact investing platform, and T. Rowe Price funds participated in the round. The e-bike company will use the new funding to expand sales, drive innovation, and improve its retail and service network that is already projected to cover 75% of the U.S. by the end of 2021. The company counts over 200,000 customers in more than 30 countries as well as thousands of commercial operators.

SHOE CARNIVAL's recovery from the pandemic continues to accelerate, as sales increased by 6% in the final quarter to $253.9 million from $239.9 million including a 6.4% gain in comp store sales, lapping a 3.2% positive comp last year. The family shoe retailer expects Q4 net income to come in at $0.50 to $0.52 per share ($7.2 mm), up from $0.24 in 2019. It currently has no debt on its balance sheet, and cash and cash equivalents were up to $106 million at the end of the quarter.

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LEGAL

CALLAWAY faces three new lawsuits, two by individual shareholders and the other a putative class action, that were filed in federal court in Los Angeles and New Jersey last month, adding to the first three actions filed in Dec. As with the earlier suits, the latest batch argues that several omissions of key information from the Topgolf acquisition registration statement constitute a violation of the Securities Exchange Act of 1934. The statement leaves out critical information, including financial projections for Callaway and the pro forma merged company, details on the underlying data used in the valuation analysis and Goldman Sachs' fairness opinion, and disclosure of Goldman Sachs' conflicts of interest, according to the complaints. All three suits, like the earlier actions, ask the court to enjoin the companies from proceeding with the merger until they provide the missing information, presumably in an updated S-4. They ask the court to find that defendants violated the Exchange Act, and award the plaintiffs attorneys' fees and costs.

DICK'S GameChanger Media is suing Sports Reference, LLC, in Western PA federal court for infringing on its mark with the "Game Changer" baseball-viewing app on its Baseball Reference website. DKS acquired GameChanger Media and its youth baseball and softball tracking app in 2016, and it owns the federal trademark registration for the name for "computer application software for mobile phones," according to the complaint. The suit asks for findings of trademark infringement and false designation of origin, among other charges, and wants an injunction against the defendant, damages, and fees.

FAMILY FOOTWEAR CENTER, the five-door New England retailer, is suing Canadian Footwear, Ltd., asking for a declaratory judgment of non-infringement over the use of the phrase "We Fit You Best." Canadian Footwear has threatened litigation, according to the complaint, accusing the plaintiff of infringing on its "Fit You" trademarks, which it used in the slogan "We Fit You." FFC claims the trademark is highly descriptive of services provided by everyone in the footwear industry, and is asking the VT federal court to declare that it is not violating the defendant's rights. It wants an injunction against Canadian Footwear and an award of attorneys' fees and costs.

UPDATE

NIKE responded to last week's European tax probe story with the following comments: "Nike is subject to and rigorously ensures that it complies with all the same tax laws as other companies operating in the Netherlands. We believe the European Commission's investigation is without merit. The reference in your recent article to Nike using a strategy called the Double Irish Dutch Sandwich is factually incorrect and has never been the case."

SHORT STOPS

Crocs hired former VP and GM of Nike women's, North America, Emma

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Minto, as SVP and GM for the brand's Americas region.++++**Deckers** appointed general partner of VC firm Canaan Partners, Maha S. Ibrahim—a DTC and digital specialist—to its board to its board of directors.++++**SRAM** promoted West Coast account manager Rick Wilks to OE sales director for the Americas.++++**National Shooting Sports Foundation** added two industry executives to its board of governors: Daniel Defense CEO, Marty Daniel, and Chairwoman and CEO of Lipsey's, Laurie Lipsey Aronson.++++**Riton Optics** elevated Tony Tarantino to director of marketing.++++**KAVU** signed Himalaya Trading Co. as the outdoor lifestyle apparel brand's distributor in China.++++**FIIDO Technology**, the Chinese e-bike maker, has secured warehouse space in NY and CA for e-commerce order fulfillment and after-sales service in the U.S.++++**Pure Archery Group** hired Todd Wade as Appalachian territory manager, covering PA, DE and MD.++++**Seirus** tapped the Mothership Project sales agency as its rep for the Lake Tahoe region.++++**Light & Motion** added John Gerritsen and Daren Alspaugh as its sales reps for CO, UT and NM.++++**SCL Footwear Group** has licensed the 123-year-old Outdoor Life brand for men's, women's and children's footwear from brand owner Camden Media.++++**Keen** is ramping up capacity at its Portland, OR, production facility by 26% to meet demand for its "American Built" boots and hikers, and also expanded its partnership with Nestor Hosiery to make its Keen-branded socks in Mount Airy, NC.++++**Nike** is partnering with the NFL to donate a total of $5 million in product towards growing girls' high school flag football, in a multi-year initiative.++++**New Balance** is pledging to support the Black Talent in Design & Fashion Fund one of its Black History Month initiatives, and is partnering with Kawhi Leonard to donate 12,000 pairs of his signature shoe, the Kawhi 1, to Soles4Souls.++++**Grassroots Outdoor Alliance** cancelled its spring Connect buying show, originally scheduled for Jun. 7-10 in Knoxville, TN, due to the pandemic, but is still planning to hold its fall show in Kansas City on Nov. 8-11.++++**Fila** extended its sponsorship of WTA #1 ranked tennis player Ashleigh Barty, and introduced a new "AB" logo for her apparel.++++**Arc'teryx** signed former Olympic and X Games snowboarder Elena Hight to its roster.