

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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 24, 2021

ROCKY BRANDS, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

001-34382
(Commission
File Number)

31-1364046
(IRS Employer
Identification No.)

39 East Canal Street, Nelsonville, Ohio 45764
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (740) 753-1951

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

| Title of class | Trading symbol | Name of exchange on which registered |
|-----------------------------|----------------|--------------------------------------|
| Common Stock – No Par Value | RCKY | Nasdaq |

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

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition

On February 24, 2021, Rocky Brands, Inc. (the "Company") issued a press release entitled "Rocky Brands, Inc. Announces 2020 Fourth Quarter Results" regarding its consolidated financial results for the quarter ended December 31, 2020. A copy of the Company's press release is furnished as Exhibit 99 to this Form 8-K and is incorporated herein by reference.

The information in this Form 8-K and accompanying press release is being furnished under Item 2.02 and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

The information contained or incorporated by reference in this Form 8-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Those statements include, but may not be limited to, all statements regarding intent, beliefs, expectations, projections, forecasts, and plans of the Company and its management. These forward-looking statements involve numerous risks and uncertainties, including, without limitation, the various risks inherent in the Company's business as set forth in periodic reports filed with the Securities and Exchange Commission, including the Company's annual report on Form 10-K for the year ended December 31, 2019 (filed March 6, 2020), and quarterly reports on Form 10-Q for the quarters ended March 31, 2020 (filed May 7, 2020), June 30, 2020 (filed August 6, 2020) and September 30, 2020 (filed November 5, 2020). One or more of these factors have affected historical results, and could in the future affect the Company's businesses and financial results in future periods and could cause actual results to differ materially from plans and projections. Therefore, there can be no assurance that the forward-looking statements included in this Form 8-K will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the Company, or any other person should not regard the inclusion of such information as a representation that the objectives and plans of the Company will be achieved. All forward-looking statements made in this Form 8-K are based on information presently available to the management of the Company. The Company assumes no obligation to update any forward-looking statements.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| | |
|-------------|---|
| Exhibit 99* | Press Release dated February 24, 2021 entitled "Rocky Brands, Inc. Announces 2020 Fourth Quarter Results" . |
| Exhibit 104 | Cover Page Interactive Data File (imbedded within the Inline XBRL document) |

* Such press release is being "furnished" (not filed) under Item 2.02 of this Current Report on Form 8-K

SIGNATURES

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

Date: February 24, 2021

Rocky Brands, Inc.

/s/ Thomas D. Robertson

Thomas D. Robertson

Executive Vice President, Chief Financial Officer and Treasurer



ROCKY BRANDS, INC.
Rocky Brands, Inc. Announces 2020 Fourth Quarter and Full Year 2020 Results
Fourth Quarter Revenue Increased 16.3% to \$87.6 Million
Fourth Quarter Gross Margins Increased 370 Basis Points
Fourth Quarter Diluted Earnings Per Share Increased 95.6% to \$1.33

NELSONVILLE, Ohio, February 24, 2021 – Rocky Brands, Inc. (NASDAQ: RCKY) today announced financial results for its fourth quarter and year ended December 31, 2020.

Fourth Quarter 2020 Sales and Income

Fourth quarter net sales increased 16.3% to \$87.6 million versus net sales of \$75.3 million in the fourth quarter of 2019. Fourth quarter net income increased 91.1% to \$9.7 million, or \$1.33 per diluted share, compared to \$5.1 million, or \$0.68 per diluted share in the year ago period. Adjusted net income for the fourth quarter of 2020, which excludes acquisition related expenses, was \$10.3 million, or \$1.41 per diluted share.

Fiscal Year 2020 Sales and Income

For fiscal year 2020, net sales increased 2.6% to \$277.3 million versus net sales of \$270.4 million in fiscal year 2019. Net income increased 20.1% to \$21.0 million, or \$2.86 per diluted share, for fiscal year 2020, compared with a net income of \$17.5 million, or \$2.35 per diluted share, for fiscal 2019. Adjusted net income for fiscal 2020 was \$23.1 million, or \$3.14 per diluted share, compared to an adjusted net income of \$16.9 million, or \$2.27 per diluted share in 2019. (See below for a reconciliation of GAAP financial measures to non-GAAP financial measures).

“We had an incredible fourth quarter with strong sales across our business leading to record revenue and profitability,” said Jason Brooks, President and Chief Executive Officer. “The solid foundation we’ve built at Rocky Brands over the past several years allowed the Company to successfully weather the initial challenges created by COVID-19 last spring, and more recently capitalize on the opportunities that emerged as the economy reopened and consumers returned to shopping at brick and mortar retail. Our performance during the second half of 2020 reflects the strong appeal of our brands and products, the advantages of our internal manufacturing, and our enhanced fulfillment capabilities. Our execution amidst the challenging operating environment has strengthened our customer and consumer relationships and provided us with great momentum to start 2021. We believe we have the right strategies in place to continue expanding our market share both organically and through our proposed acquisition of the performance and lifestyle footwear business of Honeywell that is on track to close in March. I am extremely proud of our organization’s many recent accomplishments and I am confident that we are on course to deliver even greater value to shareholders in the years to come.”

Pending Acquisition

On January 25, 2021, Rocky Brands announced that it has entered into a definitive agreement to acquire the performance and lifestyle footwear business of Honeywell International, Inc. including The Original Muck Boot Company and XTRATUF footwear brands, for a purchase price of \$230 million. For more information on the definitive agreement, please click [Rocky Brands, Inc. To Acquire Leading Brand Portfolio From Honeywell](#)

Fourth Quarter and Full Year Review

Wholesale sales for the fourth quarter increased 21.7% to \$59.9 million compared to \$49.3 million for the same period in 2019. Retail sales for the fourth quarter increased 13.1% to \$23.5 million compared to \$20.8 million for the same period last year. Military segment sales for the fourth quarter were \$4.2 million compared to \$5.3 million in the fourth quarter of 2019.

Gross margin in the fourth quarter of 2020 increased 27.8% to \$36.1 million, or 41.2% of sales, compared to \$28.3 million, or 37.5% of sales, for the same period last year. The 370 basis point increase was primarily attributable to higher wholesale margins driven by increased full priced selling along with higher retail margins.

Operating expenses were \$23.2 million, or 26.5% of net sales, for the fourth quarter of 2020 compared to \$21.6 million, or 28.7% of net sales, a year ago.

Income from operations for the fourth quarter of 2020 increased 93.8% to \$12.9 million, or 14.7% of net sales compared to \$6.7 million for the same period a year ago, or 8.8% of net sales. Adjusted operating income for the fourth quarter of 2020 was \$13.6 million, or 15.5% of net sales.

For 2020, wholesale sales increased 3.4% to \$185.6 million compared to \$179.5 million for 2019. Retail sales increased 12.4% to \$72.9 million compared to \$64.8 million for the same period last year. Military segment sales declined 27.6% to \$18.9 million compared to \$26.1 million in 2019.

Gross margin for 2020 increased 7.2% to \$104.7 million, or 37.8% of sales, compared to \$97.7 million, or 36.1% of sales, for the same period last year. Adjusted gross margin for 2020, which excludes approximately \$2.0 million in expenses related to the temporary closure of the Company’s manufacturing facilities due to COVID-19, was \$106.7 million, or 38.5% of sales, while adjusted gross margin for 2019, which excluded hurricane related expense reimbursement, was \$97.0 million, or 35.9%. The 260 basis point increase was driven by a higher percentage of retail sales, which carry higher gross margins than wholesale and military sales, and higher wholesale and retail segment margins versus the same period last year.

Operating expenses were \$77.6 million, or 28.0% of net sales, for 2020 compared to \$75.6 million, or 28.0% of net sales, a year ago.

Income from operations for 2020 increased 23.0% to \$27.2 million, or 9.8% of net sales compared to \$22.1 million for the same period a year ago, or 8.2% of net sales. Adjusted operating income for 2020 was \$29.8 million, or 10.8% of net sales, compared to adjusted operating income of \$21.4 million, or 7.9% for 2019.

Balance Sheet Review

Cash and cash equivalents increased \$12.8 million or 82.7% to \$28.4 million at December 31, 2020 compared to \$15.5 million on the same date a year ago.

Inventory at December 31, 2020 increased 1.1% to \$77.6 million compared to \$76.7 million on the same date a year ago.

Use of Non-GAAP Financial Measures

In addition to GAAP financial measures, we present the following non-GAAP financial measures: “non-GAAP adjusted gross margin,” “non-GAAP adjusted operating expenses,” “non-GAAP adjusted other- net,” “non-GAAP adjusted net income,” and “non-GAAP adjusted net income per share.” Adjusted results exclude the impact of

items that management believes affect the comparability or underlying business trends in our consolidated financial statements in the periods presented. We believe that these non-GAAP measures are useful to investors and other users of our consolidated financial statements as an additional tool for evaluating operating performance. We believe they also provide a useful baseline for analyzing trends in our operations. Investors should not consider these non-GAAP measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. See “Reconciliation of GAAP Measures to Non-GAAP Measures” accompanying this press release.

Conference Call Information

The Company’s conference call to review fourth quarter 2020 results will be broadcast live over the internet today, Wednesday, February 24, 2021 at 4:30 pm Eastern Time. Investors and analysts interested in participating in the call are invited to dial (877) 705-6003 (domestic) or (201) 493-6725 (international). The conference call will also be available to interested parties through a live webcast at www.rockybrands.com. Please visit the website and select the “Investors” link at least 15 minutes prior to the start of the call to register and download any necessary software.

About Rocky Brands, Inc.

Rocky Brands, Inc. is a leading designer, manufacturer and marketer of premium quality footwear and apparel marketed under a portfolio of well recognized brand names including Rocky®, Georgia Boot®, Durango®, Lehigh®, and the licensed brand Michelin®.

Safe Harbor Language

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Those statements include, but may not be limited to, all statements regarding intent, beliefs, expectations, projections, forecasts, and plans of the Company and its management and include statements in this press release regarding the Company's ability to strategically expand market share (paragraph 4), successfully close on the acquisition of the performance and lifestyle footwear business of Honeywell in March 2021 as targeted (paragraph 4), deliver increased value to shareholders in the years to come (paragraph 4). These forward-looking statements involve numerous risks and uncertainties, including, without limitation, the various risks inherent in the Company's business as set forth in periodic reports filed with the Securities and Exchange Commission, including the Company's annual report on Form 10-K for the year ended December 31, 2019 (filed March 6, 2020) and quarterly reports on Form 10-Q for the quarters ended March 31, 2020 (filed May 7, 2020), June 30, 2020 (filed August 6, 2020) and September 30, 2020 (filed November 5, 2020). One or more of these factors have affected historical results, and could in the future affect the Company's businesses and financial results in future periods and could cause actual results to differ materially from plans and projections. Therefore there can be no assurance that the forward-looking statements included in this press release will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the Company, or any other person should not regard the inclusion of such information as a representation that the objectives and plans of the Company will be achieved. All forward-looking statements made in this press release are based on information presently available to the management of the Company. The Company assumes no obligation to update any forward-looking statements.

Company Contact: Tom Robertson
Chief Financial Officer
(740) 753-9100

Investor Relations: Brendon Frey
ICR, Inc.
(203) 682-8200

Rocky Brands, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share amounts)

| | December 31, 2020 | December 31, 2019 |
|---|----------------------|----------------------|
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 28,353 | \$ 15,518 |
| Trade receivables – net | 48,010 | 45,585 |
| Contract receivables | 5,170 | 4,746 |
| Other receivables | 364 | 366 |
| Inventories – net | 77,576 | 76,731 |
| Deferred income taxes | - | 150 |
| Prepaid expenses | 3,713 | 3,030 |
| Total current assets | 163,186 | 146,126 |
| LEASED ASSETS | 1,572 | 1,743 |
| PROPERTY, PLANT & EQUIPMENT – net | 33,750 | 27,423 |
| IDENTIFIED INTANGIBLES – net | 30,209 | 30,240 |
| OTHER ASSETS | 374 | 294 |
| TOTAL ASSETS | \$ 229,091 | \$ 205,826 |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | 20,090 | 15,776 |
| Contract liabilities | 5,582 | 4,746 |
| Accrued expenses: | | |
| Salaries and wages | 4,463 | 3,044 |
| Taxes - other | 893 | 967 |
| Accrued freight | 911 | 867 |
| Commissions | 712 | 608 |
| Accrued duty | 4,270 | 3,824 |
| Income tax payable | 1,019 | - |
| Other | 2,043 | 1,702 |
| Total current liabilities | 39,983 | 31,534 |
| LONG-TERM TAXES PAYABLE | 169 | 169 |
| LONG-TERM LEASE | 944 | 1,158 |
| DEFERRED INCOME TAXES | 8,271 | 8,108 |
| DEFERRED LIABILITIES | 219 | 201 |
| TOTAL LIABILITIES | 49,586 | 41,170 |
| SHAREHOLDERS' EQUITY: | | |
| Common stock, no par value; | | |
| 25,000,000 shares authorized; issued and outstanding December 31, 2020 - 7,247,631; December 31, 2019 - 7,354,970 | 65,971 | 67,993 |
| Retained earnings | 113,534 | 96,663 |
| Total shareholders' equity | 179,505 | 164,656 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 229,091 | \$ 205,826 |

Rocky Brands, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(In thousands, except share amounts)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|-----------------|-------------------------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| NET SALES | \$ 87,618 | \$ 75,341 | \$ 277,309 | \$ 270,408 |
| COST OF GOODS SOLD | 51,497 | 47,089 | 172,574 | 172,723 |
| GROSS MARGIN | 36,121 | 28,252 | 104,735 | 97,685 |
| OPERATING EXPENSES | 23,221 | 21,596 | 77,565 | 75,600 |
| INCOME FROM OPERATIONS | 12,900 | 6,656 | 27,170 | 22,085 |
| OTHER INCOME (EXPENSES) | (95) | (13) | (205) | 146 |
| INCOME BEFORE INCOME TAXES | 12,805 | 6,643 | 26,965 | 22,231 |
| INCOME TAX EXPENSE | 3,084 | 1,557 | 6,001 | 4,769 |
| NET INCOME | <u>\$ 9,721</u> | <u>\$ 5,086</u> | <u>\$ 20,964</u> | <u>\$ 17,462</u> |
| INCOME PER SHARE | | | | |
| Basic | \$ 1.34 | \$ 0.69 | \$ 2.87 | \$ 2.36 |
| Diluted | \$ 1.33 | \$ 0.68 | \$ 2.86 | \$ 2.35 |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | | | | |
| Basic | <u>7,248</u> | <u>7,372</u> | <u>7,304</u> | <u>7,387</u> |
| Diluted | <u>7,296</u> | <u>7,426</u> | <u>7,337</u> | <u>7,439</u> |

Rocky Brands, Inc. and Subsidiaries
Reconciliation of GAAP Measures to Non-GAAP Measures
(In thousands, except share amounts)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|------------------|-------------------------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| GROSS MARGIN | | | | |
| GROSS MARGIN, AS REPORTED | \$ 36,121 | \$ 28,252 | \$ 104,735 | \$ 97,685 |
| ADD: MANUFACTURING EXPENSES RELATED TO COVID-19 CLOSURES/SUPPLIES* | - | - | 1,974 | - |
| LESS: HURRICANE RELATED EXPENSE REIMBURSEMENT** | - | - | - | (725) |
| ADJUSTED GROSS MARGIN | <u>\$ 36,121</u> | <u>\$ 28,252</u> | <u>\$ 106,709</u> | <u>\$ 96,960</u> |
| OPERATING EXPENSES | | | | |
| ADD: EXPENSES TIED TO DEFINITIVE ACQUISITION AGREEMENT ENTERED INTO WITH HONEYWELL INTERNATIONAL, INC.*** | 705 | - | 705 | - |
| ADJUSTED OPERATING EXPENSES | <u>22,516</u> | <u>21,596</u> | <u>76,860</u> | <u>75,600</u> |
| INCOME FROM OPERATIONS, ADJUSTED | <u>\$ 13,605</u> | <u>\$ 6,656</u> | <u>\$ 29,849</u> | <u>\$ 21,360</u> |
| NET INCOME | | | | |
| NET INCOME, AS REPORTED | \$ 9,721 | \$ 5,086 | \$ 20,964 | \$ 17,462 |
| ADD: MANUFACTURING EXPENSES RELATED TO COVID-19 CLOSURES/SUPPLIES, AFTER TAX | - | - | 1,570 | - |
| ADD: EXPENSES TIED TO DEFINITIVE ACQUISITION AGREEMENT ENTERED INTO WITH HONEYWELL INTERNATIONAL, INC., AFTER TAX | 535 | - | 535 | - |
| LESS: HURRICANE RELATED EXPENSE REIMBURSEMENT, AFTER TAX | - | - | - | (579) |
| ADJUSTED NET INCOME | <u>\$ 10,256</u> | <u>\$ 5,086</u> | <u>\$ 23,069</u> | <u>\$ 16,883</u> |
| NET INCOME PER SHARE, AS REPORTED | | | | |
| BASIC | \$ 1.34 | \$ 0.69 | \$ 2.87 | \$ 2.36 |
| DILUTED | \$ 1.33 | \$ 0.68 | \$ 2.86 | \$ 2.35 |
| ADJUSTED NET INCOME PER SHARE | | | | |
| BASIC | \$ 1.42 | \$ 0.69 | \$ 3.16 | \$ 2.29 |
| DILUTED | \$ 1.41 | \$ 0.68 | \$ 3.14 | \$ 2.27 |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | | | |
| BASIC | <u>7,248</u> | <u>7,372</u> | <u>7,304</u> | <u>7,387</u> |
| DILUTED | <u>7,296</u> | <u>7,426</u> | <u>7,337</u> | <u>7,439</u> |

* Adjustment related to the overhead, payroll expenses and supplies incurred during the temporary closure of our manufacturing facilities due to COVID-19.

** Adjustment related to reimbursements of expenses associated with the temporary closure of our Puerto Rican manufacturing facility as a result of Hurricane Maria in 2017

*** Adjustment related to expense tied to entering the definitive agreement to acquire the performance and lifestyle footwear business of Honeywell International, Inc.