

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2026

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-34382



ROCKY BRANDS, INC.

(Exact name of Registrant as specified in its charter)

Ohio

(State or other jurisdiction of incorporation or organization)

No. 31-1364046

(I.R.S. Employer Identification No.)

39 East Canal Street, Nelsonville, Ohio 45764

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(740) 753-9100**

<u>Title of class</u>	<u>Trading symbol</u>	<u>Name of exchange on which registered</u>
Common Stock – No Par Value	RCKY	Nasdaq

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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.

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

There were 7,541,363 shares of the Registrant's Common Stock outstanding on April 30, 2026.

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PART I – FINANCIAL INFORMATION
ITEM 1 – FINANCIAL STATEMENTS

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

	March 31, 2026	December 31, 2025	March 31, 2025
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,667	\$ 2,902	\$ 2,557
Trade receivables – net	81,596	77,055	74,453
Other receivables	3,310	4,952	264
Inventories – net	172,638	181,134	175,508
Income tax receivable	1,158	1,050	-
Prepaid expenses	6,391	3,623	5,899
Total current assets	<u>266,760</u>	<u>270,716</u>	<u>258,681</u>
LEASED ASSETS	8,146	4,175	5,405
PROPERTY, PLANT & EQUIPMENT – net	50,234	49,929	49,585
GOODWILL	47,844	47,844	47,844
IDENTIFIED INTANGIBLES – net	102,336	103,033	105,126
OTHER ASSETS	1,872	1,791	1,582
TOTAL ASSETS	<u>\$ 477,192</u>	<u>\$ 477,488</u>	<u>\$ 468,223</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:			
CURRENT LIABILITIES:			
Accounts payable	\$ 60,730	\$ 52,958	\$ 64,560
Current portion of long-term debt	8,361	8,361	8,361
Accrued expenses and other liabilities	22,836	34,813	25,164
Total current liabilities	<u>91,927</u>	<u>96,132</u>	<u>98,085</u>
LONG-TERM DEBT	113,791	114,281	120,255
LONG-TERM LEASES	5,722	1,727	2,857
DEFERRED INCOME TAXES	12,381	12,381	10,044
DEFERRED LIABILITIES	827	879	769
TOTAL LIABILITIES	<u>224,648</u>	<u>225,400</u>	<u>232,010</u>
SHAREHOLDERS' EQUITY:			
Common stock, no par value; 25,000,000 shares authorized; issued and outstanding March 31, 2026 - 7,536,488; December 31, 2025 - 7,505,139; March 31, 2025 - 7,451,996	-	-	-
Additional paid-in-capital	76,456	76,090	74,070
Retained earnings	176,088	175,998	162,143
Total shareholders' equity	<u>252,544</u>	<u>252,088</u>	<u>236,213</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 477,192</u>	<u>\$ 477,488</u>	<u>\$ 468,223</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended	
	March 31,	
	2026	2025
NET SALES	\$ 124,401	\$ 114,073
COST OF GOODS SOLD	78,967	67,065
GROSS MARGIN	<u>45,434</u>	<u>47,008</u>
OPERATING EXPENSES	<u>41,799</u>	<u>38,302</u>
INCOME FROM OPERATIONS	3,635	8,706
INTEREST EXPENSE AND OTHER – net	<u>(2,034)</u>	<u>(2,356)</u>
INCOME BEFORE INCOME TAX EXPENSE	1,601	6,350
INCOME TAX EXPENSE	<u>342</u>	<u>1,409</u>
NET INCOME	<u>\$ 1,259</u>	<u>\$ 4,941</u>
INCOME PER SHARE		
Basic	\$ 0.17	\$ 0.66
Diluted	\$ 0.17	\$ 0.66
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic	<u>7,536</u>	<u>7,459</u>
Diluted	<u>7,616</u>	<u>7,493</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

Rocky Brands, Inc. and Subsidiaries
Condensed Consolidated Statements of Shareholders' Equity
(In thousands, except per share amounts)
(Unaudited)

	Common Stock and Additional Paid-in Capital		Retained	Total
	Shares Outstanding	Amount	Earnings	Shareholders' Equity
BALANCE - December 31, 2024	7,454	\$ 73,866	\$ 158,358	\$ 232,224
THREE MONTHS ENDED MARCH 31, 2025				
Net income			\$ 4,941	\$ 4,941
Dividends paid on common stock (\$0.155 per share)			(1,156)	(1,156)
Repurchase of common stock	(10)	\$ (201)	-	(201)
Stock issued for options exercised, including tax benefits	1	19	-	19
Stock-based compensation	7	386	-	386
BALANCE - March 31, 2025	7,452	\$ 74,070	\$ 162,143	\$ 236,213
BALANCE - December 31, 2025	7,505	\$ 76,090	\$ 175,998	\$ 252,088
THREE MONTHS ENDED MARCH 31, 2026				
Net income			\$ 1,259	\$ 1,259
Dividends paid on common stock (\$0.155 per share)			(1,169)	(1,169)
Restricted stock awards issued, net of tax withholding obligations	25	(89)	-	(89)
Stock-based compensation	6	455	-	455
BALANCE - March 31, 2026	7,536	\$ 76,456	\$ 176,088	\$ 252,544

See Notes to Unaudited Condensed Consolidated Financial Statements

Rocky Brands, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,259	\$ 4,941
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,480	2,382
Noncash lease expense	709	679
Stock compensation expense	457	386
Provision for bad debts	371	236
Amortization of debt issuance costs and loan fees	179	161
Change in assets and liabilities:		
Receivables	(3,269)	(1,942)
Inventories	3,531	(8,806)
Other current assets	(2,768)	(2,891)
Other assets	(30)	(14)
Accounts payable	6,826	5,589
Operating lease liability	(737)	(699)
Accrued and other liabilities	(7,014)	515
Income taxes	(108)	693
Net cash provided by operating activities	<u>1,886</u>	<u>1,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1,142)	(701)
Net cash used in investing activities	<u>(1,142)</u>	<u>(701)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facility	12,220	8,338
Repayments on revolving credit facility	(10,750)	(6,500)
Repayments on term loan	(2,090)	(2,090)
Payments of debt issuance costs and loan fees	(99)	(101)
Proceeds from stock options	-	19
Taxes paid related to net shares settlement of equity awards	(91)	-
Repurchase of common stock	-	(201)
Dividends paid on common stock	(1,169)	(1,156)
Net cash used in financing activities	<u>(1,979)</u>	<u>(1,691)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,235)	(1,162)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	2,902	3,719
END OF PERIOD	<u>\$ 1,667</u>	<u>\$ 2,557</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

Rocky Brands, Inc. and Subsidiaries

**Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands, except per share amounts)**

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

We are a leading designer, manufacturer and marketer of premium quality footwear and apparel marketed under a portfolio of well recognized brand names including The Original Muck Boot Company ("Muck"), XTRATUF, Rocky, Durango, Georgia Boot, Lehigh, Ranger, and the licensed brand Michelin. Our brands have a long history of representing high quality, comfortable, functional and durable footwear and our products are organized around six target markets: work, outdoor, western, commercial military, duty, and military. In addition, as part of our strategy of outfitting consumers from head-to-toe, we market complementary branded apparel and accessories that we believe leverage the strength and positioning of each of our brands.

The accompanying Unaudited Condensed Consolidated Financial Statements reflect all adjustments that are necessary for a fair presentation of the financial results. All such adjustments reflected in the Unaudited Condensed Consolidated Financial Statements are considered to be of normal and recurring nature. The results of operations for the three months ended March 31, 2026 and 2025 are not necessarily indicative of the results to be expected for the whole year. The December 31, 2025 Unaudited Condensed Consolidated Balance Sheet data was derived from the audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). This Quarterly Report on Form 10-Q should be read in connection with our Annual Report on Form 10-K for the year ended December 31, 2025, which includes all disclosures required by GAAP.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

We have reclassified certain amounts in prior periods in [Note 8 - Accrued Expenses and Other Liabilities](#) to conform to current period presentation.

2. ACCOUNTING STANDARDS UPDATES

Recently Issued Accounting Pronouncements

Rocky Brands, Inc. is currently evaluating the impact of certain ASUs on its Unaudited Condensed Consolidated Financial Statements:

Standard	Description	Anticipated Adoption Periods	Effect on Consolidated Financial Statements
ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses	This pronouncement requires disclosure of disaggregated information about certain income statement expense line items within the notes to the consolidated financial statements.	Q4 2027 (fiscal year) Q1 2028 (interim period)	The Company is still assessing the impact of the new accounting standard on its consolidated financial statements.
ASU 2025-11, Interim Reporting (Topic 270) Narrow-Scope Improvements	This pronouncement improves the navigability of the required interim disclosure and provides clarification around the principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity.	Q4 2027 (fiscal year) Q1 2028 (interim period)	The Company is still assessing the impact of the new accounting standard on its consolidated financial statements.
ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software	This pronouncement modernizes the accounting for internal-use software costs by removing all references to prescriptive and sequential software development stages. The new standard requires entities to consider whether significant development uncertainty has been resolved before starting to capitalize software costs and enhances disclosure requirements.	Q4 2028 (fiscal year) Q1 2029 (interim period)	The Company is still assessing the impact of the new accounting standard on its consolidated financial statements.

Accounting Standards Adopted in the Prior Year

Standard	Description	Effect on Consolidated Financial Statements
ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures	This pronouncement requires expanded income tax disclosures primarily related to an entity's effective tax rate reconciliation and income taxes paid.	The Company has included all required disclosures within its Form 10-K for the year ended December 31, 2025. See Note 10 - Taxes for further information on income taxes.

3. FAIR VALUE

The fair value accounting standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard clarifies how to measure fair value as permitted under other accounting pronouncements.

The fair value accounting standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. This standard also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair values of cash and cash equivalents, receivables, and payables approximate their carrying values because of the short-term nature of these instruments. Receivables consist primarily of amounts due from our customers, net of allowances, and expected insurance recoveries. The carrying amounts of our long-term credit facilities and other short-term financing obligations also approximate fair value, as they are comparable to financing in the third-party marketplaces due to their variable interest rate terms. Our long-term credit facilities and short-term financing obligations are classified as Level 2.

We hold assets and liabilities in a separate trust in connection with deferred compensation plans. The deferred compensation assets are classified as trading securities within other assets and the deferred compensation liabilities are classified within deferred liabilities in the accompanying Consolidated Balance Sheet. The fair value of these assets is based on unadjusted quoted market prices for the funds in active markets with sufficient volume and frequency and are therefore classified as Level 1.

Some assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. These assets primarily include property, plant, and equipment, operating lease assets, definite-lived intangibles and goodwill and other indefinite-lived intangible assets that are reduced to fair value when impaired. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs. There was no impairment charge for such assets recorded during the three months ended March 31, 2026 and 2025.

4. REVENUE

Nature of Performance Obligations

Our products are distributed through three distinct channels, which represent our business segments: Wholesale, Retail, and Contract Manufacturing. In our Wholesale business, we distribute our products through a wide range of distribution channels representing over 10,000 retail store locations in the U.S., the U.K., and other international markets such as Europe. Our Wholesale channels vary by product line and include sporting goods stores, outdoor retailers, independent shoe retailers, hardware stores, catalogs, mass merchants, uniform stores, farm store chains, specialty safety stores, specialty retailers, and online retailers. Our Retail business includes direct sales of our products to consumers through our business-to-business web platform, e-commerce websites, third-party marketplaces, and our Rocky Outdoor Gear Store. Our Contract Manufacturing segment includes sales to the U.S. Military, private label sales, and any sales to customers in which we are contracted to manufacture or source a specific footwear product for a customer.

Significant Accounting Policies and Judgments

Revenue is recognized when the performance obligations under the terms of a contract with our customer are satisfied. The performance obligation is satisfied, and revenue is recorded when control passes to the customer, which is generally upon shipment to the customer or at the time of sale for our retail store customers. Revenue is measured as the amount of consideration we expect to receive in exchange for the transfer of our products, which is the net sales price.

The net sales price includes estimates of variable consideration for which reserves may be established. Components of variable consideration include discounts and allowances, customer rebates, markdowns and product returns. These reserves are based on the amounts earned, or to be claimed, on the related sales of our products.

Elements of variable consideration including discounts and allowances and rebates are determined at contract inception and are reassessed at each reporting date, at a minimum, to reflect any change in the types of variable consideration offered to the customer. We determine estimates of variable consideration based on evaluations of each type of variable consideration and customer contract, historical and anticipated trends, and current economic conditions. Overall, these reserves reflect our best estimates of the amount of consideration to be earned on the related sales. Actual amounts of consideration ultimately received may differ from our estimates. If actual results in the future vary from our estimates, we will adjust these estimates, which would affect net revenue and earnings in the period such variances become known.

Our estimated sales returns are based on historical customer return data and known or anticipated returns not yet received from customers. Actual returns in any future period are inherently uncertain and thus may differ from estimates recorded. If actual or expected future returns are significantly higher or lower than the established reserves, a reduction or increase to net revenues is recorded in the period in which the determination is made.

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From time to time, we enter into non-cancellable contracts with the U.S. Military and other customers with a duration of one year or less. The contractual minimum payments under such contracts may result in current contract receivable balances.

Current contract liabilities are performance obligations that we expect to satisfy or relieve within the next twelve months, advance consideration obtained prior to satisfying a performance obligation, or unconditional obligations to provide goods or services under non-cancellable contracts before the transfer of goods or services to the customer has occurred.

As of March 31, 2026, December 31, 2025 and March 31, 2025, there were no contract receivable or contract liability balances outstanding.

Disaggregation of Revenue

All revenues are recognized at a point in time when control of our products pass to the customer at point of shipment or point of sale for retail store customers. Because all revenues are recognized at a point in time and are disaggregated by channel, our segment disclosures are consistent with disaggregation requirements. See [Note 13 - Segment Information](#) for segment disclosures.

5. TRADE RECEIVABLES

We maintain an allowance for credit losses resulting from the inability of our customers to make required payments. We calculate the allowance based on historical experience, the age of the receivables, receivable insurance status, and identification of customer accounts that are likely to prove difficult to collect due to various criteria including pending bankruptcy. Estimates of the allowance in any future period are inherently uncertain and actual allowances may differ from these estimates. If actual or expected future allowances were significantly greater or less than established reserves, a reduction or increase to bad debt expense would be recorded in the period this determination was made. Our credit policy generally provides that trade receivables will be deemed uncollectible and written-off once we have pursued all reasonable efforts to collect on the account. Trade receivables are presented net of the related allowance for credit losses of approximately \$0.8 million, \$0.7 million, and \$0.9 million at March 31, 2026, December 31, 2025, and March 31, 2025, respectively.

6. INVENTORY

Inventories are comprised of the following:

<i>(\$ in thousands)</i>	March 31, 2026	December 31, 2025	March 31, 2025
Finished goods	\$ 153,616	\$ 161,770	\$ 156,939
Raw materials	18,057	18,776	17,629
Work-in-process	965	588	940
Total	<u>\$ 172,638</u>	<u>\$ 181,134</u>	<u>\$ 175,508</u>

The asset associated with our returns reserve included within inventories was approximately \$1.0 million, \$1.1 million, and \$0.9 million as of March 31, 2026, December 31, 2025, and March 31, 2025, respectively.

7. GOODWILL & IDENTIFIED INTANGIBLE ASSETS

There was no change in goodwill during the three months ended March 31, 2026.

Intangible assets other than goodwill at the respective balance sheet dates consisted of the following:

<i>(\$ in thousands)</i>	March 31, 2026			
	Gross Amount	Accumulated Amortization	Accumulated Impairment ⁽¹⁾	Carrying Amount
<u>Indefinite-lived intangible assets</u>				
Trademarks	\$ 78,654	-	\$ (4,000)	\$ 74,654
<u>Intangible assets subject to amortization</u>				
Patents	895	\$ (877)	-	18
Customer relationships	41,659	(13,995)	-	27,664
Total intangible assets other than goodwill	<u>\$ 121,208</u>	<u>\$ (14,872)</u>	<u>\$ (4,000)</u>	<u>\$ 102,336</u>

⁽¹⁾ Relates to the impairment of the Muck brand for the year ended December 31, 2024.

<i>(\$ in thousands)</i>	December 31, 2025			
	Gross Amount	Accumulated Amortization	Accumulated Impairment ⁽¹⁾	Carrying Amount
<u>Indefinite-lived intangible assets</u>				
Trademarks	\$ 78,654	-	\$ (4,000)	\$ 74,654
<u>Intangible assets subject to amortization</u>				
Patents	895	\$ (875)	-	20
Customer relationships	41,659	(13,300)	-	28,359
Total intangible assets other than goodwill	<u>\$ 121,208</u>	<u>\$ (14,175)</u>	<u>\$ (4,000)</u>	<u>\$ 103,033</u>

⁽¹⁾ Relates to the impairment of the Muck brand for the year ended December 31, 2024.

<i>(\$ in thousands)</i>	March 31, 2025			
	Gross Amount	Accumulated Amortization	Accumulated Impairment ⁽¹⁾	Carrying Amount
<u>Indefinite-lived intangible assets</u>				
Trademarks	\$ 78,654	-	(4,000)	\$ 74,654
<u>Intangible assets subject to amortization</u>				
Patents	895	\$ (865)	-	30
Customer relationships	41,659	(11,217)	-	30,442
Total intangible assets other than goodwill	<u>\$ 121,208</u>	<u>\$ (12,082)</u>	<u>(4,000)</u>	<u>\$ 105,126</u>

⁽¹⁾ Relates to the impairment of the Muck brand for the year ended December 31, 2024.

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The weighted average remaining life of patents and customer relationships is 2.2 years and 10.0 years, respectively.

Amortization expense for intangible assets subject to amortization for each of the three months ended March 31, 2026 and 2025 was \$0.7 million.

As of March 31, 2026, a schedule of approximate expected remaining amortization expense related to intangible assets for the years ending December 31 is as follows:

<i>(\$ in thousands)</i>	Year	Amortization Expense
	2026	\$ 2,091
	2027	2,785
	2028	2,781
	2029	2,779
	2030	2,778
	2031+	14,469
	Total	<u>\$ 27,682</u>

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Amounts reported in "Accrued expenses and other liabilities" within the accompanying Unaudited Condensed Consolidated Balance Sheets were:

<i>(\$ in thousands)</i>	March 31, 2026	December 31, 2025	March 31, 2025
Accrued expenses and other liabilities:			
Accrued tariffs and duties	\$ 8,718	\$ 15,272	\$ 9,889
Operating lease liability	2,600	2,651	2,808
Salaries and wages	1,989	5,336	2,198
Returns liability	1,825	2,123	1,716
Income taxes payable	-	-	1,254
Other	7,704	9,431	7,299
Total accrued expenses and other liabilities	<u>\$ 22,836</u>	<u>\$ 34,813</u>	<u>\$ 25,164</u>

9. LONG-TERM DEBT

On April 26, 2024, we refinanced our previous term debt and asset-based lending credit facilities by amending and restating our credit agreement with Bank of America, N.A., as agent, sole lead arranger and sole bookrunner and other lenders party thereto (the "ABL Agreement"). The ABL Agreement consists of a \$175.0 million asset-based lending credit facility (the "ABL Facility") and a \$50.0 million term loan facility (the "Term Facility"). The ABL Agreement is collateralized by a first-lien on substantially all of the Company's domestic assets. The ABL Facility includes a separate first in, last out (FILO) tranche, which allows the Company to borrow at higher advance rates on eligible accounts receivable and inventory balances. As of March 31, 2026, we had borrowing capacity of \$48.5 million under the ABL Facility. The Term Facility provides for monthly principal payments until the date of maturity, at which date the remaining principal balance is due.

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Loans under the ABL Agreement bear interest at a variable rate equal to either (i) the Base Rate (as calculated in the ABL Agreement) or (ii) Term SOFR (as calculated in the ABL Agreement), plus in each case an interest margin determined by the Company's average daily availability as a percentage of the aggregate amount of revolving commitments for revolving loans and term loans, with a range of Base Rate margins and term SOFR margins, as set forth of the following chart:

Revolver Pricing Level	Average Availability as a Percentage of Commitments	Term SOFR Term Loan	Base Rate Term Loan	Term SOFR Revolver Loan	Base Rate Revolver Loan	Term SOFR FILO Loan	Base Rate FILO Loan
I	> 66.7%	2.75%	1.50%	1.25%	0.00%	1.75%	0.50%
II	>33.3% and < or equal to 66.7%	3.00%	1.50%	1.50%	0.00%	2.00%	0.50%
III	< or equal to 33.3%	3.25%	1.75%	1.75%	0.25%	2.25%	0.75%

In connection with the ABL Agreement, we paid certain fees that were capitalized and will be amortized over the life of such agreement.

Current and long-term debt under the ABL Agreement consisted of the following:

<i>(\$ in thousands)</i>	March 31, 2026	December 31, 2025	March 31, 2025
Term Facility that matures in 2029 with an effective interest rate of 7.00% as of March 31, 2026, 7.50% as of December 31, 2025 and 7.97% as of March 31, 2025, respectively	\$ 24,671	\$ 26,762	\$ 33,032
ABL Facility that matures in 2029:			
SOFR borrowings with an effective interest rate of 5.57% as of March 31, 2026, 5.62% as of December 31, 2025 and 6.23% as of March 31, 2025, respectively	97,100	94,300	96,300
Prime borrowings with an effective interest rate of 7.06% as of March 31, 2026, 7.16% as of December 31, 2025 and 7.80% as of March 31, 2025, respectively	1,991	3,321	1,416
Total debt	123,762	124,383	130,748
Less: Unamortized debt issuance costs	(1,610)	(1,741)	(2,132)
Total debt, net of debt issuance costs	122,152	122,642	128,616
Less: Debt maturing within one year	(8,361)	(8,361)	(8,361)
Long-term debt	\$ 113,791	\$ 114,281	\$ 120,255

A schedule of debt payments for the next five years is as follows:

<i>(\$ in thousands)</i>	Year	Debt Payment Schedule
	2026	\$ 8,361
	2027	8,361
	2028	8,361
	2029	98,679
	Total	\$ 123,762

Credit Facility Covenants

Our ABL Facility and Term Facility require us to maintain a minimum fixed charge coverage ratio, as defined in the ABL Agreement. The ABL Facility and Term Facility also contain restrictions on the amount of dividend payments and share repurchases. As of March 31, 2026, we were in compliance with all credit facility covenants.

10. TAXES

The effective tax rate for the three months ended March 31, 2026 and 2025 was 21.4% and 22.2%, respectively. The effective tax rate used for interim reporting purposes is based on management's best estimate of factors impacting the effective tax rate, including projected income from our domestic and international businesses, for the full fiscal year and includes the impact of discrete items recognized in the quarter. There can be no assurance that the effective tax rate estimated for interim financial reporting purposes will approximate the effective tax rate determined at fiscal year-end.

The Company files income tax returns in the U.S. for federal, state, and local purposes, and in certain foreign jurisdictions. The Company's tax years 2019 through 2025 remain open to examination by most taxing authorities.

Our policy is to accrue interest and penalties on any uncertain tax position as a component of income tax expense. No such expenses were recognized during the three months ended March 31, 2026 and 2025. We do not believe there will be any material changes in our uncertain tax positions over the next 12 months.

11. EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing net income applicable to common shareholders by the weighted average number of common shares outstanding during each period. The diluted EPS computation includes common share equivalents, when dilutive.

A reconciliation of the shares used in the basic and diluted income per common share computation is as follows:

<i>(shares in thousands)</i>	Three Months Ended March 31,	
	2026	2025
Basic - weighted average shares outstanding	7,536	7,459
Dilutive restricted share units	48	24
Dilutive stock options	32	10
Diluted - weighted average shares outstanding	7,616	7,493
Anti-dilutive securities	50	152

12. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information for the three months ended March 31, 2026 and 2025 is as follows:

<i>(\$ in thousands)</i>	Three Months Ended March 31,	
	2026	2025
Interest paid	\$ 1,933	\$ 2,276
Federal, state, and local income taxes paid, net	\$ 450	\$ 469
Property, plant, and equipment purchases in accounts payable	\$ 946	\$ 902
Right-of-use assets obtained in exchange for operating lease liabilities, net of terminations	\$ 4,680	\$ 57

13. SEGMENT INFORMATION

Reportable Segments - We have identified three reportable segments: Wholesale, Retail, and Contract Manufacturing.

Wholesale. In our Wholesale segment, our products are offered in over 10,000 retail locations representing a wide range of distribution channels in the U.S., the U.K. and other international markets, mainly in Europe. These distribution channels vary by product line and target market and include sporting goods stores, outdoor retailers, independent shoe retailers, hardware stores, catalogs, mass merchants, uniform stores, farm store chains, specialty safety stores, specialty retailers, and online retailers.

Retail. In our Retail segment, we market directly to consumers through our Lehigh business-to-business platform, consumer e-commerce websites, third-party marketplaces, and our Rocky Outdoor Gear Store. Through our outdoor gear store, we generally sell first quality or discontinued products in addition to a limited amount of factory damaged goods, which typically carry lower gross margins.

Contract Manufacturing. In our Contract Manufacturing segment, we include sales to the U.S. Military, private label sales, and any sales to customers in which we are contracted to manufacture or source a specific footwear product for a customer.

Net sales to foreign countries represented approximately 2.0% of net sales for the three months ended March 31, 2026 and 2025.

Our Chief Operating Decision Maker ("CODM") is our Chief Executive Officer (CEO), who evaluates operating results and performance based on net sales and gross margin. Our CODM also uses results of net sales and gross margin to evaluate segment performance and allocate resources as the primary metrics for overall segment evaluation. Operating expenses such as warehousing, distribution, marketing, and other key activities supporting our operations are integrated to maximize efficiency and productivity; therefore, we do not include these expenses within our segment results but instead review them at the consolidated level.

The following is a summary of segment results for the Wholesale, Retail, and Contract Manufacturing segments for the three months ended March 31, 2026 and 2025:

(\$ in thousands)	Three Months Ended March 31,	
	2026	2025
NET SALES:		
Wholesale	\$ 78,391	\$ 74,784
Retail	42,699	36,641
Contract Manufacturing	3,311	2,648
Total Net Sales	<u>\$ 124,401</u>	<u>\$ 114,073</u>
COST OF GOODS SOLD:		
Wholesale	\$ 51,431	\$ 44,674
Retail	24,528	19,896
Contract Manufacturing	3,008	2,495
Total Cost of Goods Sold	<u>\$ 78,967</u>	<u>\$ 67,065</u>
GROSS MARGIN:		
Wholesale	\$ 26,960	\$ 30,110
Retail	18,171	16,745
Contract Manufacturing	303	153
Total Gross Margin	<u>\$ 45,434</u>	<u>\$ 47,008</u>

Segment asset information is not prepared or used to assess segment performance.

14. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is involved in legal proceedings in the ordinary course of business. Unless otherwise stated, we believe that the likelihood of the resolution being materially adverse to our financial statements is remote and as such have not recorded any contingent liabilities within the accompanying Unaudited Condensed Consolidated Financial Statements.

Gain Contingency

In June 2022, we became aware of a misclassification of Harmonized Tariff Schedule (HTS) codes filed with the U.S. Customs and Border Protection (U.S. Customs) on certain products imported into the U.S. during 2021 and 2022 associated with brands acquired through an acquisition in the first quarter of 2021. As a result of the misclassification of HTS codes on these products, we believe that we have paid duties in excess of the expected amount due. We have the potential to recover the total amount of overpaid duties resulting in an estimated potential refund of approximately \$7.9 million, of which we have received \$5.1 million to date. No refunds were received for the three months ended March 31, 2026. We are accounting for these post summary corrections as a gain contingency, and as such have not recorded these potential refunds within the accompanying Unaudited Condensed Consolidated Balance Sheet due to uncertainty of collection. Refunds received will be recognized as a reduction to the cost of goods sold when, and if, the refunds are received.

15. SUBSEQUENT EVENTS

Subsequent to March 31, 2026, we repurchased 26,537 shares of common stock under our authorized share repurchase program. The shares were purchased at an aggregate cost of \$1.0 million and an average price of \$37.32 per share.

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

We are a leading designer, manufacturer and marketer of premium quality footwear and apparel marketed under a portfolio of well recognized brand names including Muck, XTRATUF, Rocky, Durango, Georgia Boot, Lehigh, Ranger, and the licensed brand Michelin. Our portfolio of brands is organized into three reportable segments in which our product is distributed: Wholesale, Retail and Contract Manufacturing. The reportable segments are targeted around six distinct product lines: work, outdoor, western, duty, commercial military and military. We frequently experience significant seasonal fluctuations in our business as many of our footwear products and product lines are used by consumers in adverse weather conditions. Accordingly, average inventory levels have been highest during the second and third quarters of each year and sales have been highest in the last two quarters of the year.

Our business is subject to a highly evolving and everchanging macroeconomic environment, including changes in tariffs, taxes and industry changes. We continue to monitor changes in policy impacting global trade, including tariffs, which have been dynamic, unpredictable, and subject to ongoing modification. Beginning in early 2025, pursuant to the International Emergency Economic Powers Act ("IEEPA"), significant additional tariffs were imposed on products imported from various countries, including those countries where we primarily source our products. In February 2026, the U.S. Supreme Court invalidated certain tariffs imposed under the IEEPA and in March 2026, the U.S. Court of International Trade ordered the U.S. Customs and Border Protection Agency ("CBA") to suspend collection of the invalidated tariffs and to establish a process to refund IEEPA tariffs previously collected. As a result of this ruling, we may be eligible to receive refunds of tariffs previously paid on qualifying imports. We have paid approximately \$20.5 million in tariffs for products that were subject to the invalidated IEEPA tariffs. Beginning in April 2026, we began filing refund claims with CBP related to eligible IEEPA tariff payments made. There can be no guarantee that a refund, if received, will equal the full amount of IEEPA tariffs paid, and any refund may be subject to further legal and regulatory developments. As a result of the uncertainty, we have not recorded a receivable related to the potential recovery of IEEPA tariffs paid as of March 31, 2026.

Additionally, following the Supreme Court's ruling invalidating the IEEPA tariffs, the U.S. imposed a temporary 10% general tariff under Section 122 of the Trade Act of 1974. There remains substantial uncertainty regarding the potential changes or pauses to existing and newly announced tariffs, tariff levels, and whether additional tariffs or other reciprocal actions may be imposed, modified, or suspended. We have implemented, and plan to continue to implement, as needed, various mitigation strategies including adjusting the prices of our products, adjusting the countries from which we source our products and further leveraging our own manufacturing facilities in the Dominican Republic and Puerto Rico. Proposed or enacted tariffs and changes to U.S. trading policies may be restituted, paused, removed, or changed at any time and to the extent we are unable to successfully mitigate any negative resulting impacts it could adversely affect our business, financial condition, and results of operation.

During the first quarter of 2026, we experienced an increase in net sales over the first quarter of 2025. This increase was attributable to an increase in net sales across all three of our reportable segments, Wholesale, Retail, and Contract Manufacturing. We continue to benefit from the strength and growth of our Retail segment with the third consecutive quarter of growth in our Retail segment net sales. Growth in our Retail segment was driven by increases across all of our Retail selling channels. The increase in net sales on our e-commerce websites and third-party marketplace platforms was driven by a continued focus on our digital marketing and expansion into new marketplaces. The increase in net sales in our Lehigh CustomFit business was attributed to expanding our customer base and product offerings. We saw a decrease in gross margin as a percentage of sales in our Wholesale and Retail segments as a result of increased product costs due to elevated tariff costs recognized during the quarter partially offset by tariff-related price increases.

Our operating expenses as a percentage of net sales for the three months ending March 31, 2026 was consistent with that of the prior year period.

Interest expense declined for the three months ending March 31, 2026 compared to the same period in 2025 due to continued debt repayments over the past twelve months, which have reduced the overall outstanding principal balances, as well as a decrease in interest rates.

The decrease in inventory as of March 31, 2026 compared to March 31, 2025 was primarily due to our efforts to optimize our inventory position by reducing our discontinued inventory levels throughout the year.

FIRST QUARTER 2026 FINANCIAL HIGHLIGHTS COMPARED TO FIRST QUARTER 2025

- **Net sales increased 9.1% to \$124.4 million**
- **Gross margin decreased 470-basis points to 36.5%**
- **Inventories decreased 1.6% to \$172.6 million**
- **Total debt decreased 5.0% to \$122.2 million**

RESULTS OF OPERATIONS

The following tables set forth, for the periods indicated, information derived from our Unaudited Condensed Consolidated Financial Statements. The discussion that follows each table should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements as well as our Annual Report on Form 10-K for the year ended December 31, 2025.

(\$ in thousands)	Three Months Ended	
	March 31,	
	2026	2025
Net sales	\$ 124,401	\$ 114,073
Cost of goods sold	78,967	67,065
Gross margin	45,434	47,008
Operating expenses	41,799	38,302
Income from operations	\$ 3,635	\$ 8,706

Net sales increased to \$124.4 million in the first quarter of 2026 compared to \$114.1 million in the first quarter of 2025. The increase in net sales in the current year quarter compared to the prior year quarter was due to an increase in net sales across all of our reportable segments: Wholesale, Retail, and Contract Manufacturing.

Gross margin in the first quarter of 2026 was \$45.4 million, or 36.5% of net sales, compared to \$47.0 million, or 41.2% of net sales, in the first quarter of 2025. The 470-basis point decrease in gross margin was primarily driven by increased sourcing variances, mainly higher tariffs, in the first quarter of 2026 compared to the first quarter of 2025.

Operating expenses for the first quarter of 2026 were \$41.8 million, or 33.6% of net sales, compared to \$38.3 million, or 33.6% of net sales, for the first quarter of 2025.

Income from operations for the first quarter of 2026 was \$3.6 million, or 2.9% of net sales, compared to \$8.7 million, or 7.6% of net sales, in the year ago period. The decrease in income from operations was primarily driven by the decrease in gross margin for the three months ended March 31, 2026, compared to the year ago period.

Three Months Ended March 31, 2026 compared to Three Months Ended March 31, 2025

<i>(\$ in thousands)</i>	Three Months Ended March 31,			
	2026	2025	Inc./ (Dec.)	Inc./ (Dec.)
NET SALES:				
Wholesale	\$ 78,391	\$ 74,784	\$ 3,607	4.8%
Retail	42,699	36,641	6,058	16.5
Contract Manufacturing	3,311	2,648	663	25.0
Total Net Sales	\$ 124,401	\$ 114,073	\$ 10,328	9.1%

Wholesale net sales for the three months ended March 31, 2026 were \$78.4 million compared to \$74.8 million for the three months ended March 31, 2025. The increase in Wholesale net sales was due to increased demand across several key styles and brands coupled with a tariff-related price increase. Additionally, as part of a strategic initiative, we continued to build upon the lifestyle component of our outdoor category to broaden our distribution and consumer reach.

Retail net sales for the three months ended March 31, 2026 were \$42.7 million compared to \$36.6 million for the three months ended March 31, 2025. The increase was attributed to increases in our owned e-commerce website net sales, our Lehigh CustomFit business, and third-party marketplace net sales. We upgraded our e-commerce platform during the third quarter of 2025 and have increased our investments in digital advertising, driving more traffic to our website and increasing our net sales in the first quarter of 2026 compared to the prior year period. We experienced an increase in our Lehigh CustomFit business as we continue to expand our customer base and increase product offerings. The increase in third-party marketplace platforms was attributed to increased presence within the marketplace space as well as price increases.

Contract Manufacturing net sales for the three months ended March 31, 2026 were \$3.3 million compared to \$2.7 million for the three months ended March 31, 2025. The increase in Contract Manufacturing net sales was due to increased sales to the U.S. Military.

(\$ in thousands)	Three Months Ended March 31,		
	2026	2025	Inc./ (Dec.)
GROSS MARGIN:			
Wholesale Margin \$'s	\$ 26,960	\$ 30,110	\$ (3,150)
Margin %	34.4%	40.3%	(5.9)%
Retail Margin \$'s	\$ 18,171	\$ 16,745	\$ 1,426
Margin %	42.6%	45.7%	(3.1)%
Contract Manufacturing Margin \$'s	\$ 303	\$ 153	\$ 150
Margin %	9.2%	5.8%	3.3%
Total Margin \$'s	\$ 45,434	\$ 47,008	\$ (1,574)
Margin %	36.5%	41.2%	(4.7)%

Wholesale gross margin for the three months ended March 31, 2026 was \$27.0 million, or 34.4% of net sales, compared to \$30.1 million, or 40.3% of net sales, for the three months ended March 31, 2025. The lower Wholesale gross margin in the first quarter of 2026 compared to the first quarter 2025 was due to higher tariff-related costs offset by tariff-related price increases and mitigation actions taken over the past twelve months to diversify our sourcing and leverage our own manufacturing facilities. The unfavorable tariff costs were also partially offset by an on-going favorable shift in our branded sales mix, with our rubber boot brands delivering stronger growth relative to the rest of the brands in our portfolio. Our rubber boots products typically yield higher gross margins than other products within our brand portfolio.

Retail gross margin for the three months ended March 31, 2026 was \$18.2 million, or 42.6% of net sales, compared to \$16.7 million, or 45.7% of net sales, for the three months ended March 31, 2025. The decrease in Retail gross margin as a percentage of net sales was attributable to higher tariff-related costs offset by price increases. The unfavorable tariff costs were also partially offset by an on-going favorable shift in our branded sales mix, with our rubber boot brands delivering stronger growth relative to the rest of the brands in our portfolio. Our rubber boots product typically yield higher gross margins than other products within our brand portfolio.

Contract Manufacturing gross margin for the three months ended March 31, 2026 was \$0.3 million, or 9.2% of net sales, compared to \$0.2 million, or 5.8% of net sales, for the three months ended March 31, 2025. The increase in gross margin was driven by increased economies of scale at our Puerto Rico manufacturing facility as we increased production there.

(\$ in thousands)	Three Months Ended March 31,			
	2026	2025	Inc./ (Dec.)	Inc./ (Dec.)
OPERATING EXPENSES	\$ 41,799	\$ 38,302	\$ 3,497	9.1%
% of Net Sales	33.6%	33.6%	0.0%	

Operating expenses for the three months ended March 31, 2026 and March 31, 2025 were \$41.8 million and \$38.3 million, respectively, or 33.6% of sales. The increase in operating expenses was due to higher logistics costs associated with the increase in Retail sales.

(\$ in thousands)	Three Months Ended March 31,			
	2026	2025	Inc./ (Dec.)	Inc./ (Dec.)
INTEREST EXPENSE AND OTHER - net	\$ (2,034)	\$ (2,356)	\$ 322	(13.7)%

Interest Expense and Other - net for the three months ended March 31, 2026 was \$2.0 million compared to \$2.4 million in the year ago period. The decrease in interest expense was due to lower debt levels as well as a decrease in interest rates.

(\$ in thousands)	Three Months Ended March 31,			
	2026	2025	Inc./ (Dec.)	Inc./ (Dec.)
INCOME TAXES:				
Income Tax Expense	\$ 342	\$ 1,409	\$ (1,067)	(75.7)%
Effective Tax Rate	21.4%	22.2%	(0.8)%	

The decrease in our effective tax rate in the first quarter of 2026 compared to the year ago period was primarily due to the mix of earnings between the United States and our international subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES**Overview**

Our principal sources of liquidity are our income from operations, as well as access to the borrowing capacity under our ABL Facility. We believe that we have sufficient liquidity to support our ongoing operations and to re-invest in our business to drive future growth. As of March 31, 2026, we maintained cash and cash equivalents of \$1.7 million and had \$48.5 million of availability under our ABL Facility. Our primary ongoing operating cash flow requirements are for inventory purchases and other working capital needs, capital expenditures, and payments on our credit facilities.

Our working capital consists primarily of trade receivables and inventory, offset by short-term debt and accounts payable. Our working capital fluctuates throughout the year as a result of our seasonal business cycle and is generally lowest in the months of January through March of each year and highest during the months of May through October of each year. Our cash generated from operations throughout the year is typically sufficient to fund our seasonal working capital requirements; however, we have the ability to borrow on our ABL Facility as needed and, as such, its balance may fluctuate significantly throughout any given year.

In addition to our ABL Facility with outstanding borrowings of \$99.1 million as of March 31, 2026, we also have a Term Facility with outstanding borrowings of \$24.7 million as of March 31, 2026. Our ABL Facility and Term Facility require us to maintain a minimum fixed charge coverage ratio, as defined in the ABL Agreement. Additionally, the ABL Facility and Term Facility contain restrictions on the amount of dividend payments and the amount of share repurchases of common stock. As of March 31, 2026, we were in compliance with such covenants and restrictions under the ABL Facility and Term Facility. We may utilize portions of our excess cash to prepay certain amounts of long-term debt prior to maturity.

Our capital expenditures primarily relate to investments in information technology, molds and equipment associated with our manufacturing and distribution operations, merchandising fixtures, and projects related to our corporate offices. In 2025, we purchased land for the future expansion of our distribution center in Logan, Ohio and as such it is possible that a significant portion of future capital expenditures may relate to this expansion.

We lease certain machinery, equipment, and manufacturing facilities under operating leases that generally provide for renewal options.

As of March 31, 2026, our material cash requirements from known contractual obligations and commitments relate primarily to our long-term debt and operating leases commitments. See [Note 9 - Long-Term Debt](#) to the Unaudited Condensed Consolidated Financial Statement for more information. Based on our current expectations and forecasts of future earnings, we believe our cash generated from operations will provide sufficient liquidity to fund our operations and debt and lease obligations for the next twelve months and beyond.

Cash Flows

<i>(\$ in millions)</i>	Three Months Ended	
	March 31,	
	2026	2025
Operating activities	\$ 1.9	\$ 1.2
Investing activities	(1.1)	(0.7)
Financing activities	(2.0)	(1.7)
Net change in cash and cash equivalents	<u>\$ (1.2)</u>	<u>\$ (1.2)</u>

Operating Activities. Net cash provided by operating activities was \$1.9 million and \$1.2 million for the three months ended March 31, 2026 and 2025, respectively. Adjusting for noncash items, net income provided a cash in-flow of \$5.5 million and \$8.8 million for the three months ended March 31, 2026 and 2025, respectively. The net change in working capital and other assets and liabilities resulted in cash used by operating activities of \$3.6 million and \$7.6 million for the three months ended March 31, 2026 and 2025, respectively.

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During the three months ended March 31, 2026, the net change in working capital was primarily impacted by an increase in accounts payable and a decrease in accrued expenses. The increase in accounts payable resulted in a source of cash of \$6.8 million and the decrease in accrued expenses resulted in a use of cash of \$7.0 million. The increase in accounts payable for the three months ended March 31, 2026 was a result of the timing of payments to suppliers and an increase in inventory purchases in the first quarter of 2026 compared to fourth quarter of 2025. The decrease in accrued expenses for the three months ended March 31, 2026 was a result of the tariff reductions imposed during the first quarter of 2026. During the three months ended March 31, 2025, the net change in working capital was primarily impacted by an increase in inventory and accounts payable. An increase in inventory resulted in a use of cash of \$8.8 million and an increase in accounts payable resulted in a source of cash of \$5.6 million. The increase in inventory and accounts payable was the result of a strategic move to accelerate inventory receipts in March to avoid higher tariffs that did not go into effect until April 2025.

Investing Activities. Net cash used in investing activities for the three months ended March 31, 2026 and 2025 was \$1.1 million and \$0.7 million, respectively. The use of cash in both periods was a result of capital expenditures for our manufacturing operations and information technology.

Financing Activities. Net cash used in financing activities for the three months ended March 31, 2026 and 2025 was \$2.0 million and \$1.7 million, respectively. The net use of cash for both periods primarily related to the payment of dividends of \$1.2 million for the three months ended March 31, 2026 and 2025.

On February 24, 2026, we announced a share repurchase program of up to \$7,500,000 of the Company's outstanding common stock, no par value per share.

We are contingently liable with respect to lawsuits, taxes and various other matters that routinely arise in the normal course of business. See [Note 14 - Commitments and Contingencies](#) of our Unaudited Condensed Consolidated Financial Statements for further discussion of legal matters. We do not have off-balance sheet arrangements, financings, or other relationships with unconsolidated entities, also known as "Variable Interest Entities." Additionally, we do not have any related party transactions that materially affect the results of operations, cash flow or financial condition.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company's Unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates these estimates. Estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Historically, actual results have not been materially different from the Company's estimates. However, actual results may differ materially from these estimates under different assumptions or conditions.

We have identified the critical accounting policies used in determining estimates and assumptions in the amounts reported in our Management Discussion and Analysis of Financial Conditions and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2025.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES REFORM ACT OF 1995

This report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, 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 our and management's intent, belief, and expectations, such as statements concerning our future profitability and our operating and growth strategy. Words such as "believe," "anticipate," "expect," "will," "may," "should," "intend," "plan," "estimate," "predict," "potential," "continue," "likely," "would," "could" and similar expressions are intended to identify forward-looking statements. Investors are cautioned that forward-looking statements involve risk and uncertainties including, without limitations, dependence on sales forecasts, changes in consumer demand, seasonality, impact of weather, competition, reliance on suppliers, risks inherent to international trade, increases or changes in duties and tariffs in countries of import and export, changing retail trends, the loss or disruption of our manufacturing and distribution operations, cybersecurity breaches or disruption of our digital systems, fluctuations in foreign currency exchange rates, economic changes, as well as other factors set forth under the caption "Item 1A, Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025 (filed March 11, 2026) and other factors detailed from time to time in our filings with the Securities and Exchange Commission. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included herein will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. We assume no obligation to update any forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, our management, with the participation of our chief executive officer and chief financial officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 and 15d-15 promulgated under the Exchange Act. Based upon this evaluation, our chief executive officer and our chief financial officer concluded that, as of March 31, 2026, our disclosure controls and procedures were (1) designed to ensure that material information relating to our Company is accumulated and made known to our management, including our chief executive officer and chief financial officer, in a timely manner, particularly during the period in which this report was being prepared, and (2) effective, in that they provide reasonable assurance that information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

Management believes, however, that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Controls There have been no material changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act) during our fiscal quarter ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION**ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS****Unregistered Sales of Equity Securities**

None.

Use of Proceeds

Not applicable.

Repurchases of Common Stock

The following table sets forth information concerning the Company's purchases of common stock for the periods indicated:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid Per Share (or Unit)	Approximate Dollar Value of Maximum Number of Shares that May Yet be Purchased Under Plans or Programs (1)
January 1, 2026 - January 31, 2026	-	-	\$ 7,299,140
February 1, 2026 - February 28, 2026	-	-	7,500,000
March 1, 2026 - March 31, 2026	-	-	7,500,000
Total	-	-	\$ 7,500,000

(1) The number shown represents, as the end of such period, the maximum aggregate approximate dollar value of Common Stock that may yet be purchased under publicly announced stock repurchase authorizations. The shares may be purchased, from time-to-time, depending on market conditions.

On February 24, 2026, Rocky Brands announced a \$7,500,000 share repurchase plan that is in effect until February 23, 2027. This program is replacing the \$7,500,000 share repurchase plan that was announced on February 25, 2024, and expired on February 24, 2026.

ITEM 5 - OTHER INFORMATION**Trading Plans**

During the three months ended March 31, 2026, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1*	Certification Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Principal Executive Officer.
31.2*	Certification Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Principal Financial Officer.
32**	Section 1350 Certification of Principal Executive Officer/Principal Financial Officer.
101*	Attached as Exhibits 101 to this report are the following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2026 formatted in Inline XBRL ("eXtensible Business Reporting Language"): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Shareholders' Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) related notes to these financial statements.
104*	Cover Page Interactive Data File, formatted in Inline XBRL and contained in Exhibit 101

* Filed with this Report.

** Furnished with this Report.

SIGNATURE

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 thereunto duly authorized.

Date: May 5, 2026

ROCKY BRANDS, INC.

By: /s/ Thomas D. Robertson
Thomas D. Robertson
Chief Operating Officer, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) OF THE PRINCIPAL EXECUTIVE OFFICER

I, Jason Brooks, certify that:

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

Date: May 5, 2026

/s/ Jason Brooks

Jason Brooks

Chief Executive Officer (Principal Executive Officer)

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) OF THE PRINCIPAL FINANCIAL OFFICER

I, Tom Robertson, certify that:

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

Date: May 5, 2026

/s/ Thomas D. Robertson

Thomas D. Robertson

Chief Operating Officer, Chief Financial Officer
and Treasurer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO RULE 13a - 14(b) AND
SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE
UNITED STATES CODE AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Rocky Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to Section 1350 of Title 18 of the United States Code as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Jason Brooks
Jason Brooks
Chief Executive Officer (Principal Executive Officer)
Date: May 5, 2026

/s/ Thomas D. Robertson
Thomas D. Robertson
Chief Operating Officer, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)
Date: May 5, 2026