

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

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

For the fiscal year ended March 31, 2025

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-13101

**Outdoor Holding Company**

(Exact name of registrant as specified in its charter)

**Delaware**  
State or other jurisdiction  
of incorporation or organization

**83-1950534**  
(I.R.S. Employer Identification  
No.)

**7681 E Gray Road, Scottsdale, AZ 85260**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number including area code: **(480) 947-0001**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	POWW	The Nasdaq Stock Market LLC
8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, \$0.001 par value	POWWP	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 such filing requirements for 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 Rule 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

☐ Yes ☒ No

The aggregate market value of the common stock of the registrant held by non-affiliates as of the last business day of the registrant's most recently completed second fiscal quarter (September 30, 2024) was \$122,262,535.

As of June 10, 2025, there were 116,814,159 shares outstanding of the registrant's common stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Definitive Proxy Statement on Schedule 14A to be furnished to stockholders in connection with its 2025 Annual Meeting of Stockholders are incorporated by reference in Part III, Items 10-14 of this Annual Report on Form 10-K.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are any statements that refer to our estimated or anticipated results, other non-historical facts or future events and include, but are not limited to, statements regarding our business strategy; anticipated future operating results and operating expenses, cash flow, capital resources, dividends and liquidity; competition; trends, opportunities and risks affecting our business, industry and financial results; future expansion or growth plans and potential for future growth, including our plan to expand our e-commerce platform; our ability to attract new customers and retain existing customers; our ability to accurately forecast future revenues and appropriately plan our expenses; our expectations regarding future revenues; our ability to attract and retain qualified employees and key personnel; future regulatory, judicial and legislative changes; and the sufficiency of our existing cash and cash equivalents to meet our working capital and capital expenditure needs over the next 12 months. In addition, forward-looking statements include statements involving trend analyses and statements including such words as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “should,” “will,” “would,” “hope” and similar expressions or the negative of such terms or other comparable terminology.

Forward-looking statements are neither historical facts nor assurances of future performance, and are based only on management’s current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- our ability to attract and retain an active and engaged community of buyers and sellers on our e-commerce platform;
- the intense competition in the markets in which we operate and our ability to compete within our markets;
- our ability to introduce new services and features that match consumer preferences;
- the effect of security breaches on our information systems and other disruptions;
- our ability to retain and grow our user base;
- our ability to develop and maintain our brand cost-effectively;
- our failure to adequately protect our intellectual property rights;
- the impact of lawsuits, including securities class action lawsuits, stockholder derivative suits and enforcement actions by regulatory authorities;
- our ability to maintain effective internal control over financial reporting;
- our reliance on relationships with third parties;
- the impact of adverse economic market conditions, including from social and political factors;
- our ability to meet our future capital requirements;
- our ability to maintain compliance with our debt obligations;
- our ability to retain and recruit key personnel;
- changes in laws, government regulations and policies and interpretations thereof;
- fluctuations in our financial results due to factors beyond our control; and
- the other factors set forth in Part I, Item 1A, “Risk Factors” of the Form 10-K/A and our other reports filed with the SEC.

Forward-looking statements speak only as of the date of this Form 10-K. We do not undertake any obligation to update or revise the forward-looking statements to reflect events that occur or circumstances that exist after the date on which such statements were made, except to the extent required by law.

## PART I

### ITEM 1. BUSINESS.

#### Introduction

Outdoor Holding Company ("Outdoor Holding," "we," "us," "our" or the "Company") began its operations in 2017 as a vertically integrated producer of high-performance ammunition and premium components. Following the acquisition of the GunBroker business ("GunBroker") in 2021, we conducted operations through two operating and reportable segments, Ammunition and Marketplace. The Ammunition segment engaged in the design, production and marketing of ammunition, ammunition components and related products. The Marketplace segment consists of the GunBroker e-commerce marketplace ("Marketplace"), which, in its role as an auction site, supports the lawful sale of firearms, ammunition, and hunting/shooting accessories. In addition, GunBroker helps provide the outdoors community with a state and federal compliant solution that connects buyers with sellers across the United States with local federally licensed firearm dealers. The Marketplace allows our base of approximately 8.4 million users to follow ownership policies and regulations through our network of over 32,000 federally licensed firearms dealers as transfer agents. The nature and operation of the Marketplace as an online auction and sales platform also affords our Company a view into the total domestic market for the purpose of understanding sales trends at a granular level across all elements of the outdoor and sports shooting space.

Prior to the Transaction (defined below), our Ammunition segment manufactured small arms ammunition and their components for the commercial, military, and law enforcement communities. Our manufacturing operations were based out of Manitowoc, Wisconsin ("WI"). We emphasized an American heritage by using predominantly American-made components and raw materials in our products that were produced, inspected, and packaged at our facility in Manitowoc, WI.

#### Discontinued Operations - Ammunition Segment

During the year ended March 31, 2025, our Board of Directors (the "Board of Directors") initiated a formal review of various strategic alternatives. This review resulted in the unanimous decision to sell the Ammunition segment. On January 20, 2025, after a competitive bidding process, we entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Olin Winchester, LLC (the "Buyer"), pursuant to which the Buyer agreed to (i) acquire all assets of our business of designing, manufacturing, marketing, distributing and selling ammunition and ammunition components (collectively, the "Ammunition Manufacturing Business") along with certain assets related to the Ammunition Manufacturing Business, including the Ammunition Manufacturing Business' dedicated manufacturing facility in Manitowoc, WI and (ii) assume certain liabilities related to the Ammunition Manufacturing Business, for a gross purchase price of \$75.0 million, subject to adjustments for estimated net working capital and real property costs and pro-rations (the "Transaction"). The Transaction closed on April 18, 2025. The net proceeds after all adjustments totaled approximately \$42.9 million. On April 21, 2025, the Company changed its name from "AMMO, Inc." to "Outdoor Holding Company." During the three months ended March 31, 2025, the Ammunition segment met the held for sale and discontinued operations accounting criteria. For information on discontinued operations, refer to Note 2 to our consolidated financial statements under the caption "Assets Held for Sale and Discontinued Operations" and Note 4, "Discontinued Operations".

Following the Transaction, we continue to operate our online Marketplace business. Unless otherwise noted, disclosures included in this Item 1, Business reflect only our continuing operations. Refer to Note 4, "Discontinued Operations" to the footnotes to the consolidated financial statements for additional details on discontinued operations.

#### GunBroker Marketplace

GunBroker is a leading online marketplace dedicated to firearms, hunting, shooting and related products. GunBroker does not hold any inventory, except for merchandise bearing its own branding, and instead facilitates transactions between third-party buyers and sellers. All transactions involving firearms are governed by federal and state laws and require the use of licensed firearms dealers, or Federal Firearms License holders ("FFLs"), to ensure legal compliance for transfer and delivery of regulated items. The Marketplace supports a robust compliance framework through a nationwide network of more than 32,000 active FFLs who assist in the lawful transfer of regulated items. As of March 31, 2025, GunBroker had approximately 8.4 million registered users and averaged 3.67 million daily listings, underscoring its scale and leadership position in the U.S. online marketplace for outdoor and shooting sports products.

## Platform Enhancements and Services

Throughout fiscal year 2025, we implemented a series of platform enhancements aimed at improving user engagement, streamlining transactions, and providing value-added services to both individual users and industry partners. The enhancements include the following:

- *Enhanced Shopping Cart Experience:* Buyers can now purchase multiple items from multiple sellers in a single checkout process, improving transaction flow and user convenience.
- *Improved Checkout for Auctions and Offers:* Won auctions, accepted offers, and add-on items now flow through the cart checkout system, providing a seamless purchasing experience.
- *Outdoor Analytics:* Formerly known as GunBroker Analytics, this tool provides participants, including sellers, manufacturers, and industry stakeholders, with access to actionable insights based on the platform's extensive transaction and listing data.
- *GunBroker Advertising:* Assists sellers, manufacturers and service providers in promoting their listings and businesses through targeted digital advertising. Offers include content development, promotional emails, and banner advertisements tailored to the outdoor and shooting sports communities.
- *New Homepage Redesign:* We launched a fully re-imagined GunBroker.com homepage to deliver a more modern, intuitive, and efficient user experience. The redesign features enhanced visual layout, simplified navigation, dynamic promotional banners, and configurable widgets.
- *Manufacturer Rebates and Buy Links:* GunBroker actively promotes manufacturer rebates through its website and email campaigns. Listings with qualifying Universal Product Codes are automatically included in these promotions. Additionally, we collaborate with manufacturers to feature direct purchase links on their websites, guiding customers to new items available on GunBroker.com.
- *Collector's Elite Platform:* This premium marketplace tier supports curated, high-value listings for rare and collectible firearms. Collector's Elite offers sellers specialized exposure, and an exclusive listing format tailored to discerning buyers.
- *Financing Tools for Sellers:* We introduced integrated financing options that enable sellers to offer flexible payment plans to qualified buyers, helping expand purchasing power and drive sales of higher-value items.

These enhancements reflect our ongoing investment in platform innovation and our strategic commitment to supporting both buyer satisfaction and seller success.

## Enhance Market Share, Brand Recognition, and Customer Loyalty

We benefit from strong brand recognition within the outdoor and shooting sports market, supported by a consistent focus on compliance, platform reliability, and user experience. Our commitment to personalized seller tools, promotional features, and curated product offerings has contributed to high levels of customer loyalty and repeat engagement across both buyer and seller communities.

## Our Growth Strategy

We are committed to expanding our market share, brand recognition, and customer loyalty by improving the user experience and expanding our merchandise and service offerings. Our strategy includes leveraging GunBroker's proprietary data to identify emerging market trends and refining our business model accordingly. We also plan to evaluate targeted investments and disciplined capital allocation.

## Marketing

We promote our Marketplace primarily through digital and platform-driven strategies aimed at both buyer acquisition and seller growth. Our marketing programs include targeted digital campaigns, social media engagement, email promotions, content marketing, and search engine optimization. We also offer sellers enhanced visibility tools such as video-enabled listings, promotional coupons, and customizable storefronts to support brand presence and conversion.

These initiatives are complemented by advertising solutions such as banner placements, curated product showcases, and manufacturer partnerships to drive shopper traffic and campaign performance. Our use of platform

data and behavioral insights enables personalized outreach that deepens engagement and drives return visits.

### **Technology and Product Development**

We are focused on advancing e-commerce capabilities that reflect marketplace best practices. In March 2024, we launched a multi-item cart and an integrated payment experience to streamline checkout, improve order accuracy, and support regulated/unregulated item fulfillment. These updates empower sellers and enhance the buyer experience, including FFL delivery and multi-address shipping.

We continue to invest in platform optimization, including listing tools, buyer-seller communication, and analytics-based enhancements. Our internal teams leverage transaction and behavioral data to fuel ongoing innovation in areas such as personalized recommendations, marketing automation, and seller support services. These initiatives are designed to support scalability, compliance, and long-term growth.

### **Customers**

We serve a broad ecosystem of customers, including:

- *Buyers:* Outdoor enthusiasts, sport shooters, collectors, and general consumers of firearms and related products.
- *Sellers:* Ranging from individual users and small businesses to large-scale retailers and manufacturers.
- *Industry Partners:* Includes FFLs, manufacturers, media and publishing organizations, and service providers who utilize our tools, analytics platforms, and advertising services to enhance their reach and operational efficiency.

As the platform expands, we are positioned to support not just buyer-seller transactions but also value-added services across advertising, analytics, and market visibility for brands operating in the outdoor category.

### **Competition**

We operate in a highly competitive and evolving e-commerce landscape for firearms, shooting sports, and outdoor gear. Our competition spans across multiple channels and business models:

- *Peer-to-Peer Marketplaces:* We face direct competition from other online platforms facilitating firearms transactions between individual users, including marketplaces and other models that offer classified listings and fixed-price selling options.
- *E-commerce-Enabled Dealers:* Chains and independent firearms dealers increasingly utilize third-party e-commerce platforms or their own integrated point-of-sale websites to list and sell inventory. These dealer-driven platforms compete for traffic, price competitiveness, and fulfillment flexibility, often leveraging in-store pickup or localized promotions as advantages.
- *Manufacturers with Direct-to-Consumer Capabilities:* Certain manufacturers, including Palmetto State Armory and Freedom Munitions, market and sell their products directly to consumers through their own online storefronts. This model allows them to bypass intermediaries, manage pricing directly, and retain higher margins, presenting competitive pressure on marketplaces.
- *Online Auction Transitions:* A number of traditional firearms auction houses that previously operated exclusively through in-person bidding events now have established online auction platforms, expanding their reach and introducing new digital buying formats that compete with GunBroker.com's auction-style model.

### **Human Capital**

As of June 10, 2025, we had a total of 81 employees. Of these employees, 33 were in sales, marketing and customer service, 20 in software engineering, and 28 in various corporate and administrative functions (information technology, accounting, executives, etc.). None of our employees are represented by a union in a collective bargaining arrangement with us. We believe that our employee relations are good.

We foster a collaborative culture focused on accountability, innovation, and market responsiveness. Our workforce strategy emphasizes the attraction and retention of talent aligned with our mission of expanding our reach

and relevance. Diversity, professional growth, and performance-driven engagement are central to our human capital philosophy.

### **Seasonality**

We experience moderate seasonality, with elevated sales activity typically occurring in the second half of the fiscal year, driven by the fall hunting season and year-end holidays. Year-over-year trends show consistent performance peaks in the third and fourth quarters, with comparatively softer demand in the spring and summer months, reflecting stable seasonal patterns and supporting the platform's ability to plan around cyclical purchasing behavior.

### **Intellectual Property**

We rely on a combination of trademarks, trade names, domain names, service marks, and trade secrets to support brand recognition and operational integrity. Our intellectual property portfolio includes proprietary platform features, analytics tools, and content assets that distinguish GunBroker.com in the market. We also license select technologies and content to support compliance and customer experience initiatives.

### **Regulatory Matters**

We operate in a highly regulated industry. There are a number of federal, state and local laws and regulations that affect our business. Because we facilitate the sale of firearms and ammunition, we must ensure compliance with regulations of the Bureau of Alcohol, Tobacco, Firearms and Explosives (the "ATF"). We must also ensure compliance with federal, state and local laws and regulations, including the National Firearms Act of 1934 (the "NFA"), the Gun Control Act of 1968 (the "GCA"), the Arms Export Control Act of 1976 and provisions of the Internal Revenue Code of 1986, applicable to the Firearms and Ammunition Excise Tax, all of which have been amended from time to time. The NFA and GCA require the GunBroker.com platform to facilitate compliant transactions by ensuring that third-party buyers and sellers complete the transfer of regulated items by utilizing dealers that maintain FFLs and perform a pre-transfer background check in connection with each firearm purchase. These background checks are completed using either the FBI-managed National Instant Criminal Background Check System ("NICS"), or a comparable state government-managed system that relies on NICS and any additional information collected by the state. These background check systems either confirm that a transfer can be made, deny the transfer or require that the transfer be delayed for further review, and provide transaction numbers for the proposed transfer. Our sellers are required to record the transaction number on an ATF Form 4473 and retain this form in their records for auditing purposes. We, or our sellers, are also subject to numerous other federal, state and local laws and regulations regarding firearm sale procedures, record keeping, inspection and reporting, including adhering to minimum age restrictions regarding the acquisition, purchase or possession of firearms or ammunition, residency requirements, applicable waiting periods, importation regulations and regulations pertaining to the shipment and transportation of firearms.

On September 13, 1994, the Federal Assault Weapons Ban (the "AWB"), which prohibited the manufacture of certain firearms defined as "assault weapons," restricted the sale or possession of "assault weapons," except those that were manufactured prior to the law's enactment, and placed restrictions on the sale of new high-capacity ammunition feeding devices. In September 2004, Congress declined to renew the AWB. In the years following the expiration of the AWB, various states and local jurisdictions, including California, Colorado, New York and Washington (states in which we operate), have adopted their own versions of the AWB or high capacity ammunition feeding device restrictions, some of which apply to the products our sellers may hold for sale in other states. If a statute similar to the AWB were to be enacted or re-enacted at the federal level, it would impact our ability to facilitate the sale of certain products. Additionally, state and local governments have enacted laws and regulations that place additional restrictions on the manufacture, transfer, sale, purchase, possession and use of firearms, ammunition and shooting-related products. For example, several states, such as California, Colorado, Connecticut, Florida, Illinois, Maryland, Minnesota, New Jersey, New York, Oregon, Virginia and Washington have enacted laws and regulations that are more restrictive than federal laws and regulations that limit access to and sale of certain firearms and ammunition. California, Connecticut and New York impose mandatory screening of ammunition purchases, some other states require the presentation of a firearms ownership identification card or permit in order to acquire ammunition products; Florida, Washington, and most recently, Colorado have passed legislation that, among other things, raises the minimum age to purchase certain firearms to 21 from 18 and imposes a multi-day waiting period on all gun purchases. California also raised the minimum age to purchase certain firearms to 21 and enacted several restrictions, including background checks on ammunition sales. Some states prohibit the sale of guns without internal

or external locking mechanisms. Several states and the United States Congress have introduced microstamping legislation (that is, engraving the handgun's serial number on the firing pin of new handguns) for certain firearms. Other state or local governmental entities may also explore similar legislative or regulatory initiatives that may further restrict the manufacture, sale, purchase, possession or use of firearms, ammunition and shooting-related products. We must ensure that our platform complies with these regulations. We believe that we are in substantial compliance with the terms of such regulations and that we have no liabilities under such laws that we expect could have a material adverse effect on our business, results of operations or financial condition. State, local, and federal laws and regulations relating to products for sale on our platform may change, sometimes significantly, as a result of political, economic or social events.

Our e-commerce business is subject to the Mail or Telephone Order Merchandise Rule and related regulations promulgated by the Federal Trade Commission (the "FTC"). FTC regulations, in general, govern the solicitation of orders, the information provided to prospective customers and the timeliness of shipments and refunds. In addition, the FTC has established guidelines for advertising and labeling many of the products for sale on our e-commerce platform. We are also subject to a variety of state laws and regulations relating to, among other things, advertising and product restrictions. Some of these laws prohibit or limit the sale, in certain states and locations, of certain items. We administer various restriction codes and other software tools to prevent the sale of such jurisdictionally restricted items. Additionally, we are required to ensure compliance with federal and state laws governing the secure shipment of regulated items.

We believe current laws have not materially impacted our platform usage; however, changes in regulation or consumer sentiment may affect future operations. We continuously monitor legal developments and maintain policies to ensure adherence to applicable laws.

### **Data Privacy**

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, "process") personal data, such as consumer information. Accordingly, we are subject to numerous data privacy and security obligations, including federal, state, and local laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements and other obligations related to data privacy and security. These frameworks are evolving and may impose potentially conflicting obligations. Such obligations may include, without limitation, the Federal Trade Commission Act, the California Consumer Privacy Act of 2018 (the "CCPA"), industry standards, such as the Payment Card Industry Data Security Standard ("PCI DSS"). The CCPA is an example of the increasingly stringent and evolving regulatory frameworks related to personal data processing that may increase our compliance obligations and exposure for any noncompliance. For example, the CCPA applies to personal data of consumers, business representative, and employees who are California residents, imposes specific obligations on covered businesses, provides for fines and allows private litigants affected by certain data breaches to recover significant statutory damages. In addition, numerous other U.S. states have enacted comprehensive data privacy laws, and similar laws are being considered at the federal, state, and local levels.

### **Available Information**

You can find reports we file with the U.S. Securities and Exchange Commission (the "SEC"), including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, free of charge on our website *outdoorholding.com* under the "Investor Relations" heading. These reports may also be found by accessing the SEC's website (<https://www.sec.gov>).

Investors and others should note that we announce material financial information using the "Investor Relations" section of our website. We use our website, press releases, as well as social media to communicate with our investors, customers and the general public about our company, our services and other issues. While not all of the information that we post on our website or on social media is of a material nature, some information could be material. Therefore, we encourage investors, the media, and others interested in our Company to review the information we post on the Investor Relations section of our website and on our social media. We are providing the address of our website solely for the information of investors and the information on our website is not a part of or incorporated into this or any report that we file with the SEC.



## ITEM 1A. RISK FACTORS

*The risk factors noted in this section and other factors noted throughout this Annual Report on Form 10-K (this "Annual Report"), including those risks identified in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," describe examples of risks, uncertainties and events that may cause our actual results to differ materially from those contained in any forward-looking statement. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual outcomes may vary materially from those included in this Annual Report.*

### **Risk Related to Our Business**

#### **Our business, financial performance, and growth depends on our ability to attract and retain an active and engaged community of buyers and sellers on our e-commerce platform.**

Our financial performance has been and will continue to be significantly determined by our success in attracting and retaining active buyers and active sellers on the GunBroker Marketplace. Our ability to attract and retain buyers and sellers is impacted by a variety of factors, including customer experience, platform usability and brand perception, as well as external influences such as the political environment, regulation and economic conditions.

If buyers do not find our platform appealing, for example, because of a negative experience, inadequate customer service, dissatisfaction with FFL transfer fees or marketplace fees, lack of buyer-friendly features, lack of desirable product listings, lack of product listing variety, lack of competitive shipping charges, delayed shipping times, or other factors, they may make fewer purchases and they may not refer others to us. Likewise, if sellers are dissatisfied with their experience on our platform, or feel they have more attractive alternatives, they may stop listing items in our Marketplace and using our services and may stop referring others to us, which could negatively impact our financial performance.

Additionally, our brand and reputation are critical to our success, as they influence our ability to attract and retain buyers and sellers. A perception that our levels of responsiveness and support for our buyers and sellers are inadequate could damage our reputation and reduce our sellers' willingness to sell and buyers' willingness to shop on our Marketplace. Although we are focused on enhancing customer service, our efforts may be unsuccessful, and our buyers and sellers may be disappointed in their experience and not return.

In addition, GunBroker's revenue is concentrated in our most active buyers and sellers. If we lose a significant number of buyers or sellers, or our buyers or sellers do not maintain their level of activity for any reason, our financial performance would be harmed. Even if we are able to attract new buyers and sellers to replace the ones that we may lose, we may not be able to do so at comparable levels, they may not maintain the same level of activity, and the revenue generated from new buyers and sellers may not be as high as the revenue generated from the ones who leave, or reduce their activity level on our Marketplace. If we are unable to attract and retain buyers and sellers, or our buyers or sellers do not maintain their level of activity, our business and financial performance could be harmed.

Furthermore, the demand for the products listed in our Marketplace is dependent on consumer preferences and available discretionary spending, which can and do change quickly. A shift in consumer interests away from outdoor sports, hunting, sport shooting or firearms could also make it more difficult to attract new buyers and sellers. Under any of these circumstances, we may have difficulty attracting new buyers and sellers without incurring additional expense. In addition, a change in applicable federal or state law and restrictions that prohibits GunBroker from providing its facilitative auction platform services would have a direct substantial financial impact on our operations that would cause an adverse effect on the continuity of our operations.

#### **Substantial competition may harm our business.**

We operate in a highly competitive and evolving market for firearms, shooting sports, and outdoor gear. Our competitors, some of which are well-established brands with greater resources and larger customer bases than our own, provide similar products to consumers and span across multiple channels and business models. We currently and potentially compete with a wide variety of peer-to-peer marketplaces, e-commerce-enabled dealers, manufacturers with direct-to-consumer capabilities, online auction platforms from traditional firearms auction houses, big box retailers and brick and mortar stores.

We compete as a two-sided, peer-to-peer marketplace, and we must attract both buyers and sellers to use our platform. Consumers who purchase products through us have many alternatives, and we face increased competitive pressure online and offline. Competitors with an e-commerce presence may increase the expected level of e-commerce

service in a variety of aspects such as improved user experience, greater ease of buying goods, lower (or no) shipping costs, faster shipping times and more favorable return policies. Manufacturers with direct-to-consumer capabilities, such as Palmetto State Armory, Ammunition Depot, Vista Outdoors, and Freedom Munitions, have the ability to bypass intermediaries, manage pricing directly, and retain higher margins. We may not be able to successfully expand our e-commerce business to respond to shifting consumer traffic patterns and direct-to-consumer buying trends. In addition, we compete with brick and mortar and big box retailers that provide alternatives to e-commerce. As e-commerce evolves, offline retailers such as Sportsman's Warehouse, Bass Pro Shops, Cabela's, and Academy Sports have the ability to attract our customers through incentives such as in-store pick up and no FFL transfer fees.

Competitors with other revenue sources or greater resources may also be able to devote more resources to marketing and promotional campaigns and buyer acquisition, adopt more aggressive pricing policies and devote more resources to website, mobile platforms and applications and systems development than we can. Other competitors may find ways to offer faster and/or free shipping, same-day delivery, more favorable return policies and other superior transaction-related services that improve the user experience on their sites, which could be impractical or inefficient for our sellers to match. We face competitive pressure to offer promotional discounts, which could impact our gross margin and increase our marketing expenses or overhead. We are limited, however, in our ability to fully respond to competitor price discounting because we cannot market our products at prices that may produce adverse relationships with our customers that operate brick and mortar locations as they may perceive themselves to be at a disadvantage based on lower e-commerce pricing to end consumers.

We may not be able to compete effectively with and adapt to changes made by our competitors, and our business, financial performance and ability to attract and retain an active and engaged community of buyers and sellers could suffer.

**Breaches of our information systems could adversely affect our reputation, disrupt our operations, and result in increased costs and loss of sales.**

There have been an increasing number of cybersecurity incidents affecting companies around the world, which have caused operational failures or compromised sensitive corporate data. Although we do not believe that our systems are at a greater risk of cybersecurity incidents than other similar organizations, any such cybersecurity incidents may result in the loss or compromise of customer, financial, or operational data, disruption of billing, collections, or normal operating activities, disruption of electronic monitoring and control of operational systems, and delays in financial reporting and other management functions.

Although we have integrated a variety of processes, technologies, and controls to assist in our efforts to assess, identify, and manage material cybersecurity-related risks, these efforts are not exhaustive, and our efforts may not be adequate to prevent or detect service interruption, system failure, data loss or theft, or other material adverse consequences, directly or through our vendors. Additionally, these measures have not always been in the past, and in the future may not be, sufficient to prevent or detect a cyberattack, system failure, or security breach particularly given the increasingly sophisticated tools and methods used by hackers, state actors, organized cyber criminals, and cyber terrorists. Possible impacts associated with a cybersecurity incident may include, among others, remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cybersecurity protection costs, reputational damage, and adverse effects on our compliance with applicable privacy and other laws and regulations.

If we experience, or are perceived to experience, security breaches that result in Marketplace performance or availability problems or the loss, compromise or unauthorized disclosure of personal data or other sensitive information, or if we fail to respond appropriately to any security breaches that we may experience, or are perceived to do so, people may become unwilling to provide us the information necessary to set up an account with us to become a new seller or buyer. Existing sellers and buyers may also stop listing new items for sale on the Marketplace, decrease their purchases, or close their accounts altogether. We could also face damage to our reputation, potential liability, regulatory investigations in multiple jurisdictions, and costly remediation efforts and litigation, which may not be adequately covered by, and which may impact our future access to, insurance. Any of these results could harm our growth prospects, our business, and our reputation for maintaining a trusted Marketplace.

In addition, the costs and effort to respond to a security breach and/or to mitigate any security vulnerabilities that may be identified could be significant, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service, negative publicity, negative seller or buyer sentiment, and other harm to our business and our competitive position. We could be required to fundamentally

change our business activities and practices in response to a security breach or related regulatory actions or litigation, which would have an adverse effect on our business.

**We and the third parties with whom we work are subject to stringent and evolving obligations related to data privacy and security, and our actual or perceived failure to comply with such obligations (or such failure by the third parties with whom we work) could lead to adverse business consequences.**

In the ordinary course of business, we process personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third-party data, business plans, transactions, and financial information (collectively, sensitive data). These processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). Numerous U.S. states have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the CCPA imposes obligations on covered businesses regarding their processing of personal data and provides for fines and a private right of action for certain data breaches. Similar laws are being considered in several other states, as well as at the federal and local levels, and we expect more states to pass similar laws in the future.

Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. Our inability or failure to do so could result in adverse consequences, such as threats of class-action litigation alleging violations of wiretapping laws. In addition to data privacy and security laws, we are contractually subject to industry standards adopted by industry groups, such as the PCI DSS, and we are, and may become in the future subject to such obligations. We rely on vendors to process payment card data, and those vendors are subject to PCI DSS, and our business may be negatively affected if our vendors are fined or suffer other consequences as a result of PCI DSS noncompliance.

We are also bound by other contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. We publish privacy policies, marketing materials, and other statements concerning data privacy and security. Regulators in the United States are increasingly scrutinizing these statements, and if these are found to be deficient, lacking in transparency, deceptive, unfair, misleading, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

Obligations related to data privacy and security (and consumers' data privacy expectations) are quickly changing, becoming increasingly stringent, creating regulatory uncertainty, and may be subject to differing applications and interpretations. Preparing for and complying with these obligations requires us to devote significant resources and may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf.

We may at times be unsuccessful (or be perceived to have been unsuccessful) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties with whom we work may be unsuccessful in complying with such obligations, which could negatively impact our business operations. If we or the third parties with whom we work are unsuccessful, or are perceived to have been unsuccessful, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims); additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our

products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

**A failure of our information technology systems, or an interruption in their operation due to internal or external factors including cyberattacks, could have a material adverse effect on our business, financial condition or results of operations.**

Our operations depend on our ability to protect our information systems, computer equipment, and information databases from systems failures. We rely on our information technology systems generally to manage the day-to-day operations of our business, operate the Marketplace, manage relationships with our customers, facilitate customer orders, and maintain our financial and accounting records.

Failure of our information technology systems could be caused by internal or external events, such as incursions by intruders or hackers, computer viruses, cyber-attacks, break-ins, intentional or accidental actions or inaction by employees or others with authorized access to our networks, failures in hardware or software, or power or telecommunication fluctuations or failures.

Our information technology systems rely on internal technology, along with cloud services and software provided by our third-party service providers. In the event of a cyber-related incident or other service disruption, even partial unavailability of our systems could impair our ability to serve our customers, manage transactions, or operate the Marketplace. We have implemented disaster recovery mechanisms, including systems to back up key data and production systems, but these systems may be inadequate or incomplete. For example, these disaster recovery systems may be susceptible to cyber-related events if insufficiently separated from primary systems, not comprehensive, or not at a scale sufficient to replace our primary systems. Insufficient production and disaster recovery systems could, in the event of a cyber-related incident, harm our growth prospects, our business, and our reputation for maintaining a trusted marketplace.

We rely on third-party service providers to perform services, including, credit card processing, payment disbursements, identity verification, and fraud analysis and detection. As a result, we are subject to a number of risks related to our dependence on third-party service providers. If any or some of these service providers fail to perform adequately or if any such service provider were to terminate or modify its relationship with us unexpectedly, our sellers' ability to use the Marketplace to receive orders or payments could be adversely affected, which could increase our costs, drive sellers away from our marketplaces, result in potential legal liability, and harm our business. In addition, we and our third-party service providers may experience service outages from time to time that could adversely impact payments made on our platform. Additionally, any unexpected termination or modification of those third-party services could lead to a lapse in the effectiveness of certain fraud prevention and detection tools.

Our third-party service providers may increase the fees they charge us in the future, which would increase our operating expenses. This could, in turn, require us to increase the fees we charge and cause some buyers or sellers to reduce purchases or listings on the Marketplace or to leave our platform altogether by closing their accounts.

We also rely on the security practices of our third-party service providers, which may be outside of our direct control. Our third-party service providers may not have adequate security and privacy controls, may not properly exercise their compliance, regulatory or notification requirements, including as to personal data, or may not have the resources to properly respond to an incident. The failure of our or our third-party service providers' information technology systems to perform as anticipated for any reason or any significant breach of security could disrupt our business and result in numerous adverse consequences, including reduced effectiveness and efficiency of operations, increased costs, or loss of important information, any of which could have a material adverse effect on our business, operating results, and financial condition. Any technology and information security processes and disaster recovery plans we use to mitigate our risk to these vulnerabilities may not be adequate to ensure that our operations will not be disrupted should such an event occur.

**Generative artificial intelligence may have a significant impact on our business.**

We expect generative artificial intelligence ("Gen AI") to have a significant impact on the future of e-commerce, as artificial intelligence technologies become increasingly important for consumers buying and selling goods online. If we are unable to identify appropriate Gen AI providers and artificial intelligence technologies, or if we fail to utilize those technologies or develop our own technologies, our business may be harmed. For example, consumers may increasingly search for products using chatbots, virtual assistants or other Gen AI technologies powered by large language models instead of using traditional search engines. If current and future artificial

intelligence technologies do not send referrals to GunBroker at the rate of traditional search engines for any reason, the amount of buyer and seller traffic using our platform could decrease, which could negatively impact on our business and results of operations.

**Operations and continued development of our payments system and financial services offerings require ongoing investment, are subject to evolving laws, regulations, rules, and standards, and involve risk, including risks related to our dependence on third-party providers.**

We have invested and plan to continue to invest internal resources into our payments tools in order to maintain existing availability, expand into additional markets and offer new payment methods and other types of financial services to our buyers and sellers. If we fail to invest adequate resources into payments on our platform, or if our investment efforts are unsuccessful, unreliable or result in system failure, our payments and financial services may not function properly or keep pace with competitive offerings, which could negatively impact their usage and our platform. Future errors, failures or outages could cause our buyers and sellers to lose confidence in our payments system and could cause them to cease using our Marketplace.

If we transition to new third-party payment service providers for any reason, we may be required to invest significant financial and personnel resources to support such transition or could be unable to find a suitable replacement service provider. As we offer new payment methods and financial services to our sellers and buyers, we are now subject to additional regulations and compliance requirements, and exposed to heightened fraud and regulatory risk, which could lead to an increase in our operating expenses.

Payments and other financial services are governed by complex and continuously evolving laws and regulations that are subject to change and vary across different jurisdictions in the United States. As a result, we are required to spend significant time and effort to determine whether various licensing and registration laws as well as privacy and secrecy laws relating to payments and other financial services we offer apply to us and to comply with applicable laws and licensing and registration regulations. In addition, we may be unable to obtain or retain any necessary licenses or registrations. Any failure or claim of failure by us or our third-party service providers to comply with applicable laws and regulations relating to payments or financial services could require us to expend significant resources, result in liability, limit or preclude our ability to enter or continue to operate in certain markets and harm our reputation. In addition, changes in payment regulations, or other financial regulation, including changes to the credit or debit card interchange rates, could adversely affect payments on our platform and make our payments systems less profitable.

Further, we are indirectly subject to payment card association operating rules and certification requirements pursuant to agreements with our third-party payment processors. These rules and requirements, including the PCI DSS and rules governing electronic funds transfers, are subject to change or reinterpretation, making it difficult for us to comply. Any failure to comply with these rules and certification requirements could impact our ability to meet our contractual obligations to our third-party payment processors and could result in potential fines. In addition, changes in these rules and requirements, including any change in our designation by major payment card providers, could require a change in our business operations and could result in limitations on or loss of our ability to accept payment cards or other forms of payment, any of which could negatively impact our business. Such changes could also increase our costs of compliance, which could lead to increased fees for us or our sellers and adversely affect payments on our platform or usage of our payments services and platform.

Our third-party payments system may be susceptible to illegal uses, including money laundering, terrorist financing, fraud and payments to sanctioned parties. If our compliance program and internal controls to limit such illegal activity are ineffective, government authorities could bring legal action against us or our third-party payments system provider or otherwise suspend our ability to offer payments or financial services.

**Changes to our policies to protect buyers and sellers could increase our costs and loss rate, and failure to manage such programs effectively can result in harm to our reputation.**

We maintain policies intended to compensate users who believe that they have not received the item that they purchased or have received an item different from what was described. We expect to continue to receive communications from users requesting reimbursement or threatening or commencing legal action against us if no reimbursement is made. Litigation, legislation, or regulation involving liability for any seller fraud or non-performance could result in increased costs of doing business, lead to adverse judgments or settlements or otherwise harm our business. In addition, affected users may complain to regulatory agencies that could take action against us, including imposing fines or seeking injunctions.

**Our performance is influenced by a variety of economic, social, and political factors.**

Our performance is influenced by a variety of economic, social, and political factors. In times of economic uncertainty, consumers tend to defer expenditures for discretionary items, which affects demand for our products. Economic conditions also affect governmental political and budgetary policies. As a result, economic conditions also can have an adverse effect on the sale of our products to law enforcement, government, and military customers.

Political and other factors also can adversely affect our performance. Concerns about presidential, congressional, and state elections and legislature and policy shifts resulting from those elections can adversely affect the demand for our products. In addition, uncertainty surrounding the control of firearms and firearm products at the federal, state, and local level and heightened fears of terrorism and crime can adversely affect consumer demand for our services. Often, such concerns result in an increase in near-term consumer demand and subsequent softening of demand when such concerns subside.

In addition, federal and state legislatures frequently consider legislation relating to the regulation of firearms, including amendment or repeal of existing legislation. Existing laws may also be affected by future judicial rulings and interpretations. If restrictive changes to legislation develop, we could find it difficult, expensive, or even impossible to comply with such changes, impeding new product development and distribution of existing products.

The health of the global economy, the credit markets and the financial services industry, in particular, as well as the stability of the social fabric of our society, affects our business and operating results. If the credit markets are not favorable, we may be unable to raise additional financing when needed or on favorable terms. Our customers may experience financial difficulties or be unable to borrow money to fund their operations, which may adversely impact their ability to purchase our products or to pay for our products on a timely basis, if at all.

**War, terrorism, other acts of violence, or natural, or manmade disasters, may affect the markets in which the Company operates, the Company's customers, and the Company's customer service, and could have a material adverse impact on our business, results of operations, or financial condition.**

The Company's business could be adversely affected by instability, disruption or destruction in a geographic region in which it operates, regardless of cause, including war, terrorism, riot, civil insurrection or social unrest, and natural or manmade disasters, including famine, food, fire, earthquake, storm or pandemic events, and spread of disease.

Such events may cause customers to suspend their decisions on using the Company's services and give rise to sudden significant changes in regional and global economic conditions and cycles that could interfere with purchases of goods or services on our Marketplace and commitments to develop new products and services. These events also pose significant risks to the Company's personnel and to physical facilities, transportation and operations, which could materially adversely affect the Company's financial results.

**If we are unable to protect our intellectual property, we may lose a competitive advantage or incur substantial litigation costs to protect our rights.**

Our future success depends upon our proprietary technology. Our protective measures, including patent and trade secret protection, may prove inadequate to protect our proprietary rights. The right to stop others from misusing our trademarks, service marks, and patents in commerce depends to some extent on our ability to show evidence of enforcement of our rights against such misuse in commerce. Our efforts to stop improper use, if insufficient, may lead to loss of trademark and service mark rights, brand loyalty, and notoriety among our customers and prospective customers. The scope of any patent that we have or may obtain may not prevent others from developing and selling competing products. The validity and breadth of claims covered in technology patents involve complex legal and factual questions, and the resolution of such claims may be highly uncertain, and expensive. In addition, our patents may be held invalid upon challenge, or others may claim rights in or ownership of our patents.

**We may be subject to intellectual property infringement claims, which could cause us to incur litigation costs and divert management attention from our business.**

Any intellectual property infringement claims against us, with or without merit, could be costly and time-consuming to defend and divert our management's attention from our business. If our products were found to infringe a third party's proprietary rights, we could be required to enter into costly royalty or licensing agreements to be able to sell our products. Royalty and licensing agreements, if required, may not be available on terms acceptable to us or at all.

**We are engaged in legal proceedings that could cause us to incur unforeseen expenses and could occupy a significant amount of our management's time and attention.**

We have been and are currently engaged in legal proceedings that have caused the Company to dedicate significant resources to defend. Litigation or claims that may be made against the Company or its officers or directors, from time to time, could negatively affect our business, operations, or financial position. As we grow, we may see a rise in the number of litigation matters against us. These matters may include employment and labor claims, as well as consumer and securities class actions, each of which are typically expensive to defend. Litigation and other disputes could cause us to incur unforeseen expenses and otherwise occupy a significant amount of our management's time and attention, any of which could negatively affect our business operations and financial position.

**Seasonality and weather conditions may cause our operating results to vary from quarter to quarter.**

Because many of our products are used for seasonal outdoor sporting activities, our operating results may be significantly impacted by unseasonable weather conditions. Accordingly, our operating results could suffer when weather patterns do not conform to seasonal norms.

Shipments of firearms and ammunition for hunting are highest during the months of June through September to meet consumer demand for the fall hunting season and holidays. The seasonality of our sales may change in the future. Seasonal variations in our operating results may reduce our cash on hand, increase our inventory levels, and extend our accounts receivable collection periods. This in turn may cause us to increase our debt levels and interest expense to fund our working capital requirements.

#### **Risks Related to the Restatement and Failure to Timely File Required Reports**

**The matters relating to the restatement of our financial statements have required, and may continue to require, a significant amount of management time and accounting, financial and legal resources, which could adversely affect our business, financial condition and results of operations.**

On May 20, 2025, we filed Amendment No. 2 to our Annual Report on Form 10-K for the fiscal year ended March 31, 2024 to restate our financial statements for the fiscal years ended March 31, 2022, March 31, 2023, and March 31, 2024 and the quarters within the year ended March 31, 2024. We also filed an amendment to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. The restatement of our financial statements occurred following an investigation ("Special Committee Investigation") conducted by a special committee of the Board of Directors of the Company. The restatement process was highly time and resource-intensive and involved substantial attention from management and significant legal and accounting costs. Furthermore, as a result of the circumstances giving rise to the restatement, we have become subject to a number of additional risks and uncertainties, including unanticipated costs for accounting and legal fees in connection with or related to the restatement and a pending investigation by the SEC's Division of Enforcement (the "SEC Investigation"). The SEC Staff has significant discretion in conducting investigations, and therefore, we cannot predict the scope or outcome of the SEC Investigation. Based upon document subpoenas to the Company and other communications, it appears that the SEC Staff is investigating and likely will recommend that the SEC bring an enforcement action relate to the Company's (i) valuation of, and accounting for share-based compensation awards to employees, non-employee directors and other service providers, and issued in exchange for goods and services; (ii) capitalization of certain share issuance costs; (iii) disclosure of perquisites and the valuation of equity-based compensation paid to certain executives; (iv) disclosure of certain executive officers and related party transactions; and (v) disclosure concerning the calculation of Adjusted EBITDA. The SEC Staff have not issued a Wells Notice to the Company in the SEC Investigation. If the SEC Staff issues a Wells Notice, the Company will have the opportunity to present factual evidence, legal arguments and mitigating circumstances to the SEC why an enforcement action is not warranted. If, notwithstanding the Company's Wells submission, the SEC authorizes a civil enforcement action the agency may seek injunctions, civil penalties or other relief, and the Company may incur additional legal and other professional fees in defending such action or negotiating a resolution. Management's attention and resources have been, and may continue to be, diverted from the operation of our business as a result of the ongoing impact of the restatement, the Special Committee Investigation, the SEC Investigation, potential litigation, and efforts to remediate material weaknesses. This diversion could adversely impact our operations, strategic initiatives, and ability to execute our business plans and could materially adversely affect our business, financial condition, and results of operations.

**We are and may continue to be subject to litigation, regulatory proceedings, and government enforcement actions arising from the restatement of our financial statements and related matters, which could result in significant judgments, settlements, penalties, and legal expenses.**

The restatement of our previously issued financial statements, along with the findings of the Special Committee Investigation and the SEC Investigation, exposes us to various legal and regulatory challenges. These challenges could include securities class action lawsuits, stockholder derivative suits, and enforcement actions by regulatory authorities such as the SEC and the Nasdaq Stock Market LLC ("Nasdaq"). Such proceedings may allege violations of federal securities laws, deficiencies in our disclosure controls and procedures, or other corporate governance issues. Defending against these matters is time-consuming and costly and will divert management's attention from our business operations. Adverse outcomes could result in substantial monetary damages, penalties, injunctive, or other relief, and even if resolved favorably, we may incur significant legal expenses. These potential liabilities and costs could materially and adversely impact our business, financial condition, and results of operations.

**We expect to incur substantial costs in connection with remediation efforts following the restatement, which could adversely affect our results of operations.**

We are undertaking significant efforts to remediate material weaknesses in our internal control over financial reporting and to enhance our disclosure controls and procedures. These efforts have required and will continue to require significant management time and financial resources. We expect to incur substantial costs in connection with these remediation activities, including consulting fees, audit and professional service fees, and upgrades to our financial reporting systems and controls. These additional expenses could materially adversely affect our results of operations and financial condition.

**We may be required to indemnify our current and former directors, officers and employees in connection with litigation and other actions which could result in significant legal expenses and other costs to us.**

Our corporate governance documents and applicable indemnification agreements require us to defend and indemnify our current and former directors and officers, and certain employees and contractors against enumerated liabilities and expenses incurred as a result of legal proceedings and investigations, including the pending SEC Investigation and potential litigation arising out of the matters related to the restatement. As a result, we may be obligated to advance and ultimately pay substantial legal costs, settlement amounts, or judgments on behalf of these individuals. These indemnification obligations could significantly increase our legal expenses and could materially adversely affect our financial condition and cash flows.

**We may suffer adverse tax consequences in connection with our historical share-based compensation practices, which could have a negative impact on our results of operations and financial condition.**

The Special Committee Investigation and restatement identified errors related to the valuation and accounting for share-based compensation awards issued to our directors, officers, employees, and other service providers. As a result, we may face adverse tax consequences, including the potential loss of tax deductions previously claimed, the requirement to amend prior tax returns, the payment of additional taxes, penalties, and interest, and exposure to potential Internal Revenue Service audits or inquiries. Any such adverse tax consequences could materially negatively impact our results of operations, cash flows, and financial condition in future periods.

**Our failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital, impacts our ability to obtain alternative financing, and could have negative consequences under the terms of our existing credit agreements.**

Our failure to timely file our periodic reports with the SEC restricts our ability to use a registration statement on Form S-3, which limits our ability to access the public markets quickly and efficiently. It may also restrict our ability to raise capital through traditional private placements, as potential investors may be reluctant to invest in a company that is not current or has a history of not being current in its SEC filings. In addition, our failure to file periodic reports could constitute a default under certain covenants in existing or future credit facilities, which could lead to the acceleration of outstanding indebtedness or other adverse consequences. The combined effect of these factors could materially and adversely affect our liquidity, financial condition, and results of operations.

**Our reputation may be harmed by the Special Committee Investigation, the SEC Investigation, and the restatement, making it more difficult to attract business opportunities, employees, and investors.**

The restatement of our financial statements, the impact of the Special Committee Investigation and the SEC Investigation into historical matters, and any resulting litigation, SEC enforcement action or other regulatory proceedings, or negative publicity could damage our reputation with investors, customers, suppliers, business partners, and regulators. Any reputational harm could adversely affect our relationships with existing and prospective stakeholders, diminish our ability to attract and retain key personnel, reduce the confidence of investors in our company, and limit our access to capital markets. Reputational damage may also make it more difficult to pursue



business opportunities, negotiate favorable terms in future commercial relationships, and achieve our strategic objectives, any of which could materially adversely affect our business, financial condition, results of operations, and prospects.

**The restatement and related matters could cause increased volatility in the trading price of our securities.**

The restatement of our financial statements, the results of the Special Committee Investigation, any future findings, and related legal proceedings or regulatory actions could result in increased volatility in the price of our Common Stock and Series A Preferred Stock. We may also experience reduced analyst coverage and diminished interest from institutional investors, which could adversely impact the trading volume, liquidity, and market price of our securities.

**Investors may view our historical financial statements as less reliable following the restatement, which could adversely effect our access to capital markets and our stock price.**

As a result of the restatement of our historical financial statements and the identification of material weaknesses in our internal control over financial reporting, investors may view our historical financial information as less reliable. This perception could impact investor confidence, adversely affect the market price of our securities, impair our ability to access capital markets, and result in greater difficulty in achieving strategic or financial objectives.

**Our management has concluded that we have material weaknesses in our internal control over financial reporting and that our disclosure controls and procedures are not effective. If we fail to develop or maintain an effective system of internal control, we may not be able to accurately report our financial results or prevent financial fraud. As a result, current and potential stockholders could lose confidence in our financial reporting.**

As a public company, we are required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Section 404 requires us to include management's assessment of the effectiveness of our internal control over financial reporting as of the end of the fiscal year in this Annual Report on Form 10-K. This report must also include disclosure of any material weaknesses in internal control over financial reporting that we have identified.

Based on the results of the Special Committee Investigation, our review of our financial records, and other work completed by our management, the Special Committee has concluded that there were material misstatements in the previously filed consolidated financial statements as of and for the fiscal years ended March 31, 2024, 2023 and 2022. Accordingly, our Board of Directors and management concluded that our consolidated financial statements for these periods should no longer be relied upon and that such financial statements required restatement. Based upon an evaluation of our disclosure controls and procedures, our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of March 31, 2025.

In addition, as further described in this Annual Report in Item 9A "Controls and Procedures", as of March 31, 2025, management identified material weaknesses in our internal control processes that involve the control environment, information and communication, monitoring activities, and control activities components of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework.

These material weaknesses, if not remediated, create an increased risk of misstatement of the Company's financial results, which, if material, may require future restatement thereof.

While we are actively engaged in remediation efforts as of the filing of this Annual Report, including the implementation of new policies, procedures, and controls, these efforts may not be successful, we may not be able to remediate all identified material weaknesses in a timely manner, and additional material weaknesses may be identified in the future. Failure to maintain effective internal control over financial reporting could result in additional errors or misstatements in our financial statements, impair our ability to accurately and timely report financial results, harm our reputation and investor confidence, limit our ability to access capital markets, subject us to additional regulatory scrutiny, and adversely affect our business, financial condition, and results of operations.

Effective internal control over financial reporting and related controls and procedures are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we could be subject to regulatory action or other substantial litigation and our business and operating results could be materially harmed.

## **Risks Related to Regulation**

**Current and future government regulations, particularly regulations relating to the sale of firearms and ammunition, may negatively impact the demand for products held for sale on our platform.**

We operate in a complex regulatory and legal environment that could negatively impact the demand for our products and services and expose us to compliance and litigation risks, which could materially affect our operations and financial results. We are required to comply with a wide variety of laws, rules, and regulations that impose significant compliance requirements on our business, and more restrictive laws, rules and regulations may be adopted in the future. We are subject to the rules and regulations of the ATF, particularly with FFL compliance. If we fail to comply with ATF rules and regulations, the ATF may limit our growth or business activities, levy fines against us or revoke our license to do business. Our business and the business of all marketers of ammunition and firearms are also subject to numerous federal, state, local, and foreign laws, regulations, and protocols.

These laws may, and do, change, sometimes significantly, as a result of political, economic or social events. For instance, Colorado and Washington passed legislation that, among other things, raises the minimum age to purchase certain firearms from 18 to 21 and imposes multi-day waiting period on gun purchases. In addition, Florida has also raised the minimum age for firearms purchases to 21 with some exceptions, and in November 2022, the State of Oregon passed a ballot measure that bans purchases of magazines with a capacity of over ten rounds, and that, among other things, imposes complex permitting and training requirements for the purchases of firearms.

Over the past several years, bills have been introduced in the United States Congress that would restrict or prohibit the manufacture, transfer, importation or sale of certain calibers of handgun ammunition, impose a tax and import controls on bullets designed to penetrate bullet-proof vests, impose a special occupational tax and registration requirements on manufacturers of handgun ammunition and increase the tax on handgun ammunition in certain calibers. Because we carry these products, such legislation could, depending on its scope, materially harm sales on the Marketplace.

Additionally, state and local governments have proposed laws and regulations that, if enacted, would place additional restrictions on the manufacture, transfer, sale, purchase, acquisition, possession and use of firearms, ammunition and shooting-related products. For example, in response to mass shootings and other incidents in the United States, several states, such as California, Colorado, Connecticut, Florida, Illinois, Maryland, Minnesota, New Jersey, New York, Oregon, Virginia and Washington have enacted laws and regulations that limit access to and sale of certain firearms in ways more restrictive than federal laws. Other state or local governmental entities may continue to explore similar legislative or regulatory restrictions that could prohibit the manufacture, sale, purchase, possession or use of firearms and ammunition. In California, Connecticut and New York, mandatory screening of ammunition purchases is now required, as well as electronic record keeping that will be audited by the state. In addition, several states and the United States Congress have introduced microstamping legislation (that is, engraving the handgun's serial number on the firing pin of new handguns) for certain firearms. Lastly, some states prohibit the sale of firearms without internal or external locking mechanisms, and several states are considering mandating certain design features on safety grounds, most of which would be applicable only to handguns. Other state or local governmental entities may also explore similar legislative or regulatory initiatives that may further restrict the manufacture, sale, purchase, acquisition, possession or use of firearms, ammunition and shooting-related products.

The regulation of firearms, ammunition and shooting-related products may even become more restrictive in the future. Changes in these laws and regulations or additional regulations, particularly new laws or increased regulations regarding sales and ownership of firearms and ammunition, could cause the demand for and sales of products held for sale on our platform to decrease and could materially adversely impact our revenue and profitability. Sales of firearms represent a significant percentage of our transaction-fee based revenue. Substantial reduction in sales

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on our platform due to the establishment of new regulations could harm our operating results. Moreover, complying with increased or changed regulations could cause our operating expenses to increase.

**Changes in government policies and firearms legislation could adversely affect our financial results.**

The sale, purchase, ownership, and use of firearms are subject to numerous and varied federal, state, and local governmental regulations. Federal laws governing firearms include the National Firearms Act, the Federal Firearms Act, the Arms Export Control Act, and the Gun Control Act of 1968. These laws generally govern the manufacture, import, export, sale, and possession of firearms and ammunition.

Currently, the federal legislature and several state legislatures are considering additional legislation relating to the regulation of firearms and ammunition. These proposed bills are extremely varied. If enacted, such legislation could effectively ban or severely limit the sale of affected firearms and ammunition. In addition, if such restrictions are enacted and are incongruent, we could find it difficult, expensive, or even practically impossible to comply with them, which could impede new product development and the distribution of existing products. We cannot assure you that the regulation of our business activities will not become more restrictive in the future and that any such restriction will not have a material adverse effect on our business.

Any adverse change to the interpretations of the Second Amendment (Right to Bear Arms) could impact our ability to conduct business by restricting the ownership and use of firearms in the United States.

**General Risk Factors**

**Our operating results may experience significant fluctuations.**

Many factors can contribute to significant fluctuations in our results of operations. These factors include the following:

- the cyclicity of the markets we serve;
- the timing and size of new orders;
- the cancellation of existing orders;
- the volume of orders relative to our capacity;
- product introductions and market acceptance of new products or new generations of products;
- timing of expenses in anticipation of future orders;
- changes in product mix;
- availability of production capacity;
- changes in cost and availability of labor and raw materials;
- timely delivery of products to customers;
- pricing and availability of competitive products;
- new product introduction costs;
- changes in the amount or timing of operating expenses;
- introduction of new technologies into the markets we serve;
- pressures on reducing selling prices;
- excess inventory levels;
- our success in serving new markets;
- adverse publicity regarding the safety, performance, and use of our products;
- the institution and adverse outcome of any litigation;
- political, economic, or regulatory developments;
- changes in economic conditions; and
- natural and manmade disasters, including health emergencies such as the recent COVID-19 pandemic.

As a result of these and other factors, we believe that period-to-period comparisons of our results of operations may not be meaningful in the short term, and our performance in a particular period may not be indicative of our performance in any future period.

**We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.**

In the future, we may require additional capital to fund the planned expansion of our business and to respond to business opportunities, challenges, potential acquisitions, or unforeseen circumstances. We could encounter unforeseen difficulties that may deplete our capital resources rapidly, which could require us to seek additional financing in the near future. The timing and amount of any additional financing that is required to continue the expansion of our business and the marketing of our products will depend on our ability to improve our operating results and other factors. We may not be able to secure additional debt or equity financing on a timely basis or on favorable terms, or at all. Further, such financing, if obtained, could result in substantial dilution of the equity interests of existing stockholders. If we are unable to secure any necessary additional financing, we may need to delay expansion plans, conserve cash, and reduce operating expenses. There is no assurance that any additional financing will be sufficient, that the financing will be available on terms favorable to us or to existing stockholders and at such times as required, or that we will be able to obtain the additional financing required for the continued operation and growth of our business.

**Our charter documents and Delaware law could make it more difficult for a third party to acquire us and discourage a takeover.**

Our certificate of incorporation, bylaws, and Delaware law contain certain provisions that may have the effect of deterring or discouraging, among other things, a non-negotiated tender or exchange offer for shares of Common Stock, a proxy contest for control of our company, the assumption of control of our company by a holder of a large block of Common Stock, and the removal of the management of our company. Such provisions also may have the effect of deterring or discouraging a transaction which might otherwise be beneficial to stockholders. Our certificate of incorporation also authorizes our Board of Directors, without stockholder approval, to issue one or more series of preferred stock, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of Common Stock. Delaware law also imposes conditions on certain business combination transactions with “interested stockholders.” Further, our Bylaws authorize our Board of Directors to fill vacancies on the Board of Directors, including as a result of newly created directorships. A majority of the remaining directors may elect a successor to fill any vacancies or newly created directorships. Such provisions could limit the price that investors might be willing to pay in the future for shares of our Common Stock and impede the ability of the stockholders to replace management.

The elimination of monetary liability against our directors under Delaware law pursuant to our certificate of incorporation and the existence of indemnification rights to our directors and officers under Delaware law and our certificate of incorporation and bylaws, may result in substantial expenditures by us and may discourage lawsuits against our directors, officers, and employees. We also entered into contractual indemnification obligations under employment agreements with our executive officers. The foregoing indemnification obligations could result in our incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which we may be unable to recoup. These provisions and resultant costs may also discourage us from bringing a lawsuit against our directors and officers for breaches of their fiduciary duties and may similarly discourage the filing of derivative litigation by our stockholders against our directors and officers even though such actions, if successful, might otherwise benefit our company and our stockholders.

**Our certification of incorporation designates the Court of Chancery in the State of Delaware as the sole and exclusive forum for actions or proceedings that may be initiated by our stockholders, which could discourage claims or limit stockholders’ ability to make a claim against the Company, our directors, officers, and employees.**

Our certificate of incorporation states that unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial) to bring (i) any derivative action or proceeding brought on behalf of the Company, (ii) an action asserting a claim of breach of fiduciary duty owed by any director, officer, or other employee of the Company to the Company or the Company’s stockholders, (iii) any action asserting a claim against the Company, its directors, officers, or employees arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws, or (iv) any action asserting a claim against the Company, its directors, officers, or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within

10 days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction.

These exclusive forum provisions do not apply to claims under the Securities Act or the Exchange Act. The exclusive forum provision may discourage claims or limit stockholders' ability to submit claims in a judicial forum that they find favorable and may create additional costs as a result. If a court were to determine the exclusive forum provision to be inapplicable and unenforceable in an action, we may incur additional costs in conjunction with our efforts to resolve the dispute in an alternative jurisdiction, which could have a negative impact on our results of operations.

#### **Risks Related to our Series A Preferred Stock**

##### **The Series A Preferred Stock ranks junior to all of our indebtedness and other liabilities.**

In the event of our bankruptcy, liquidation, dissolution or winding-up of our affairs, holders of the Series A Preferred Stock will be entitled to receive any of our assets remaining only after all of our indebtedness and other liabilities have been paid. The rights of holders of the Series A Preferred Stock to participate in the distribution of our assets rank junior to the prior claims of our current and future creditors and any future series or class of preferred stock we may issue that ranks senior to the Series A Preferred Stock. Also, the Series A Preferred Stock effectively ranks junior to all existing and future indebtedness and to the indebtedness and other liabilities of our existing subsidiaries and any future subsidiaries. Our existing subsidiaries are, and future subsidiaries would be, separate legal entities and have no legal obligation to pay any amounts to us in respect of dividends due on the Series A Preferred Stock. If we are forced to liquidate our assets to pay our creditors, we may not have sufficient assets to pay amounts due on any or all of the Series A Preferred Stock then outstanding. We have incurred and may in the future incur substantial amounts of debt and other obligations that rank senior to the Series A Preferred Stock. At March 31, 2025, our total liabilities equaled approximately \$75.3 million.

Certain of our existing or future debt instruments may restrict the authorization, payment or setting apart of dividends on the Series A Preferred Stock. Also, future offerings of debt or senior equity securities may adversely affect the market price of the Series A Preferred Stock. If we decide to issue debt or senior equity securities in the future, it is possible that these securities will be governed by an indenture or other instruments containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of the Series A Preferred Stock and may result in dilution to owners of the Series A Preferred Stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. The holders of the Series A Preferred Stock will bear the risk of our future offerings, which may reduce the market price of the Series A Preferred Stock and will dilute the value of their holdings in us.

##### **The trading market for the Series A Preferred Stock may not provide investors with adequate liquidity.**

The Series A Preferred Stock is listed on Nasdaq under the symbol "POWWP." We cannot assure you that holders of the Series A Preferred Stock will be able to sell their shares at favorable prices or at all. The difference between bid and ask prices in any secondary market for the Series A Preferred Stock could be substantial. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Series A Preferred Stock, and holders of the Series A Preferred Stock may be required to bear the financial risks of an investment in the Series A Preferred Stock for an indefinite period of time.

##### **We may issue additional shares of Series A Preferred Stock and additional series of preferred stock that rank on parity with the Series A Preferred Stock as to dividend rights, rights upon liquidation or voting rights.**

We are allowed to issue additional shares of Series A Preferred Stock and additional series of preferred stock that would rank junior to the Series A Preferred Stock as to dividend payments and rights upon our liquidation, dissolution or winding up of our affairs pursuant to our certificate of incorporation and the certificate of designations relating to the Series A Preferred Stock without any vote of the holders of the Series A Preferred Stock. The issuance of additional shares of Series A Preferred Stock and additional series of preferred stock that have been authorized pursuant to our certificate of incorporation and the certificate of designations could have the effect of reducing the amounts available to the Series A Preferred Stock upon our liquidation or dissolution or the winding up of our affairs. It also may reduce dividend payments on the Series A Preferred Stock if we do not have sufficient funds to pay

dividends on all Series A Preferred Stock outstanding and other classes or series of stock with greater or equal priority with respect to dividends.

Also, although holders of Series A Preferred Stock are entitled to limited voting rights, with respect to the circumstances under which the holders of Series A Preferred Stock are entitled to vote, the Series A Preferred Stock votes separately as a class along with all other series of our preferred stock that we may issue upon which like voting rights have been conferred and are exercisable. As a result, the voting rights of holders of Series A Preferred Stock may be significantly diluted, and the holders of such other series of preferred stock that we may issue may be able to control or significantly influence the outcome of any vote. Future issuances and sales of senior or pari passu preferred stock, or the perception that such issuances and sales could occur, may cause prevailing market prices for the Series A Preferred Stock and our Common Stock to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us.

**We may not be able to pay dividends on the Series A Preferred Stock if we have insufficient cash to make dividend payments.**

Our ability to pay cash dividends on the Series A Preferred Stock requires us to have either net profits or positive net assets (total assets less total liabilities) over our capital, to be able to pay our debts as they become due in the usual course of business. Further, even if we meet this criterion, we still may not have sufficient cash to pay dividends on the Series A Preferred Stock. Our ability to pay dividends may be impaired if any of the risks described in this report were to occur. Also, payment of our dividends depends upon our financial condition and other factors as our Board of Directors may deem relevant from time to time. We cannot assure you that our businesses will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on our preferred stock, including the Series A Preferred Stock, to pay our indebtedness or to fund our other liquidity needs.

**Our Series A Preferred Stock has not been rated.**

We have not sought to obtain a rating for the Series A Preferred Stock. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Series A Preferred Stock. Also, we may elect in the future to obtain a rating for the Series A Preferred Stock, which could adversely affect the market price of the Series A Preferred Stock. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward, placed on a watch list, or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision, placing on a watch list or withdrawal of a rating could have an adverse effect on the market price of the Series A Preferred Stock.

**We may redeem the Series A Preferred Stock.**

On or after May 18, 2026, we may, at our option, redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time. Also, upon the occurrence of a Change of Control (as defined in the certificate of designations with respect to the Series A Preferred Stock), we may, at our option, redeem the Series A Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred. We may have an incentive to redeem the Series A Preferred Stock voluntarily if market conditions allow us to issue other preferred stock or debt securities at a rate that is lower than the dividend on the Series A Preferred Stock. If we redeem the Series A Preferred Stock, then from and after the redemption date, dividends will cease to accrue on shares of Series A Preferred Stock, the shares of Series A Preferred Stock will no longer be deemed outstanding and all rights as a holder of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption.

**Holders of Series A Preferred Stock have extremely limited voting rights.**

The voting rights for holders of Series A Preferred Stock are limited. Our shares of Common Stock are the only class of our securities that carry full voting rights. Voting rights for holders of the Series A Preferred Stock exist primarily with respect to the ability to elect, voting together with the holders of any other series of our preferred stock having similar voting rights, two additional directors to our Board of Directors, subject to certain limitations in the event that dividends payable on the Series A Preferred Stock are in arrears for four or more consecutive or non-consecutive quarterly dividend periods, and with respect to voting on amendments to our certificate of incorporation or certificate of designations relating to the Series A Preferred Stock that materially and adversely affect the rights of the holders of Series A Preferred Stock or authorize, increase or create additional classes or series of our capital stock

that are senior to the Series A Preferred Stock. Other than the limited circumstances set forth in the certificate of designations for the Series A Preferred and except to the extent required by law, holders of Series A Preferred Stock do not have any voting rights.

**The Series A Preferred Stock is not convertible, and investors will not realize a corresponding upside if the market price of the Common Stock increases.**

The Series A Preferred Stock is not convertible into shares of Common Stock and earns dividends at a fixed rate. Accordingly, an increase in market price of our Common Stock will not necessarily result in an increase in the market price of our Series A Preferred Stock. The market value of the Series A Preferred Stock may depend more on dividend and interest rates for other preferred stock, commercial paper and other investment alternatives and our actual and perceived ability to pay dividends on, and in the event of dissolution satisfy the liquidation preference with respect to, the Series A Preferred Stock.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 1C. CYBERSECURITY

### Risk Management and Strategy

As a publicly traded e-commerce outdoor company, we are acutely aware of the importance of robust cybersecurity measures in safeguarding our information assets, operational integrity, and reputation. Our approach to cybersecurity risk management is integrated into our broader risk management framework and overseen by our Board of Directors.

We have established comprehensive processes to assess, identify, and manage material risks from cybersecurity threats. These processes include continuous evaluation of potential threats, regular security assessments of third-party service providers, and stringent monitoring procedures to mitigate risks related to data breaches and other security incidents. We periodically engage third-party consultants, legal advisors, and audit firms to evaluate and assess our risk management systems and to assist in the remediation of potential cybersecurity incidents, as necessary.

Our Information Security Program (the “Program”) is designed to protect personal and proprietary information in compliance with federal and state requirements. The Program aims to:

- ensure the security and confidentiality of employee and customer personal information, as well as Company proprietary information;
- protect against anticipated threats or hazards to the security or integrity of such information; and
- prevent unauthorized access to, use of, or transfer of such information, thereby protecting the Company, its employees, and customers from potential harm or inconvenience.

We use a variety of tools and services, including network monitoring, vulnerability assessments, and tabletop exercises, to enhance our cybersecurity posture. Our incident response plan is comprehensive, detailing procedures for preparing for, detecting, responding to, and recovering from cybersecurity incidents. This plan includes processes for triaging, assessing the severity of, escalating, containing, investigating, and remediating cybersecurity incidents, while ensuring compliance with relevant legal obligations.

In addition to internal measures, we manage cybersecurity risks associated with third-party suppliers, particularly those with access to our systems or confidential data. We perform due diligence on critical third-party suppliers and monitor identified cybersecurity threats. We require these suppliers to contractually agree to manage their cybersecurity risks according to our standards or to submit to cybersecurity audits conducted by our agents.

We regularly engage third-party experts to conduct information security testing, including penetration testing, on our systems and infrastructure. The Program undergoes periodic external assessments aligned with the National Institute of Standards and Technology Cybersecurity Framework and the Payment Card Industry Data Security Standard. This alignment helps us identify, assess, and manage cybersecurity risks relevant to our business.

### Governance

Our Board of Directors oversees our cybersecurity risk management. Directors receive reports as requested from management, including senior IT leadership and third parties, on cybersecurity matters. Additionally, the Board of Directors is kept informed about cybersecurity risks as part of our overall enterprise risk management program and through regular business updates.

Senior IT leaders and compliance officer are responsible for developing and implementing appropriate cybersecurity programs and ensuring our compliance with applicable laws and regulations. These leaders, equipped with relevant degrees, certifications, and extensive work experience, are informed by their cybersecurity teams about ongoing efforts to prevent, detect, mitigate, and remediate cybersecurity incidents.

Information regarding cybersecurity risks is communicated through various channels, including direct discussions between key leaders and Company management, and reports to the Board of Directors and its committees. The Board of Directors regularly receives updates from our compliance officer and senior IT leadership on the status of our cybersecurity measures and any significant developments.



Our commitment to cybersecurity is a fundamental aspect of our operational strategy, ensuring the protection of our information assets, the continuity of our operations, and the trust of our stakeholders.

We have experienced cybersecurity incidents in the ordinary course of business and will continue to experience risks from cybersecurity threats that could have a material adverse effect on our business strategy, results of operations, or financial condition. Although prior cybersecurity incidents have not had a material adverse effect on our business strategy, results of operations, or financial condition to date, any actual or perceived breach of our security could damage our reputation, adversely affect our operations, or subject us to third-party lawsuits, regulatory investigations and fines or other actions or liabilities, any of which could materially adversely affect our business strategy, results of operations, or financial condition. For more information on our cybersecurity related risks, see “Breaches of our information systems could adversely affect our reputation, disrupt our operations, and result in increased costs and loss of sales.” and “A failure of our information technology systems, or an interruption in their operation due to internal or external factors including cyber-attacks, could have a material adverse effect on our business, financial condition or results of operations.” in Item 1A “Risk Factors” of this Annual Report.

## **ITEM 2. PROPERTIES**

Our executive offices are located in Scottsdale, Arizona (“AZ”) where we lease approximately 21,000 square feet for approximately \$25,000 per month. This space houses our principal executive, administration, and marketing functions.

We lease a 10,000 square foot facility located in Atlanta, Georgia (“GA”) for approximately \$20,000 per month. This space houses our GunBroker offices and operations.

## **ITEM 3. LEGAL PROCEEDINGS**

From time to time, we are involved in various disputes, claims, suits, investigations and legal proceedings arising in the ordinary course of business, including commercial, intellectual property, and employment-related matters, as well as stockholder derivative actions, class action lawsuits and other matters. The litigation matters described below involve issues or claims that may be of particular interest to our stockholders, regardless of whether any of these matters were material to our business or financial condition based upon the standard set forth in the SEC’s rules. We believe we have substantial defenses in each unresolved matter, and we intend to vigorously defend against the claims brought by plaintiffs in the pending lawsuits.

On April 30, 2023, Steve Urvan filed suit in the Delaware Court of Chancery (the “Delaware Court”) against the Company, and certain Company directors, former directors, employees, former employees and consultants. At the time the lawsuit was filed, Mr. Urvan was a member of the Board of Directors and our largest stockholder. Mr. Urvan now serves as Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Urvan’s claims included fraudulent inducement, unjust enrichment and violations of the Arizona Securities Act. The suit sought a court order for partial rescission of the Company’s acquisition of GunBroker.com in April 2021 and compensatory damages of not less than \$140 million. On August 1, 2023, the Company filed a separate lawsuit against Mr. Urvan in the Delaware Court alleging, among other things, that Mr. Urvan committed fraud in connection with the sale of GunBroker to the Company, and that Mr. Urvan breached his indemnification obligations to the Company after the sale. On September 11, 2023, the Delaware Court consolidated the Company’s lawsuit against Mr. Urvan with Mr. Urvan’s lawsuit against the Company and the individual defendants (the “Delaware Litigation”). On May 21, 2025, the Company entered into a Settlement Agreement (the “Settlement Agreement”), by and among the Company, Speedlight Group I, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company (“Speedlight”), Mr. Urvan, and the following persons, each of whom serves or previously served on the Board of Directors: Richard R. Childress, Jared Smith, Fred W. Wagenhals and Russell Williams Wallace, Jr. (collectively, the “Legacy Directors”). The Settlement Agreement became effective as of 5:00 p.m. Eastern Time on May 30, 2025, pursuant to its terms. In accordance with the Settlement Agreement, on June 3, 2025, the Company, Speedlight, Mr. Urvan and the Legacy Directors filed a Stipulation of Voluntary Dismissal With Prejudice to dismiss, with prejudice, all claims asserted in the Delaware Litigation. For a description of other terms of the Settlement Agreement, see “*Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments – Settlement of Litigation*”.

On December 6, 2023, Steve Urvan initiated a separate action against the Company in his capacity as director under 8 *Del. C.* § 220(d) to inspect certain of the Company’s books and records (the “Books and Records Action”). In the Books and Records Action, Mr. Urvan alleged that the Company wrongfully refused to provide him with access

to certain categories of documents following demands that he made on the Company. On June 9, 2025, the Books and Records Action was dismissed pursuant to a Stipulation and Order of Dismissal.

On January 18, 2024, Innovative Computer Professionals, Inc. d/b/a Digital Cash Processing (“DCP”) filed a civil action in Minnesota state court against Outdoors Online, LLC d/b/a GunBroker.com (“GunBroker.com”) for breach of contract (the “MN Action”). In the MN Action, DCP alleged that GunBroker.com breached a May 2021 contract, pursuant to which DCP was to provide specified digital payment processing services, and it alleged \$100 million in damages. On February 7, 2024, GunBroker.com removed the MN Action to the United States District Court for the District of Minnesota (Case No. 24-CV-00373-DWF-DTS). On February 14, 2024, GunBroker.com moved to dismiss the MN Action for lack of personal jurisdiction and for failure to adequately state a claim, or, in the alternative, to transfer the MN Action to the United States District Court for the District of Arizona (the “Motion”). The court denied the Motion and GunBroker filed its Answer and Counterclaims. GunBroker denies the allegations in the MN Action, and it plans to vigorously defend the claims asserted against it. The parties’ initial disclosure statements were exchanged in August, 2024. The Company has, and will continue to, participate in the discovery process. The parties have retained expert witnesses who will supply expert testimony and reports. The Company expects this matter will be scheduled for trial in January 2026.

#### **ITEM 4. MINE SAFETY DISCLOSURE**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

Our Common Stock is traded on the Nasdaq Capital Market under the symbol "POWW".

#### Holders of Common Equity

As of June 10, 2025, there were approximately 273 holders of record of the Common Stock. This number is based on the actual number of holders registered at such date and does not include holders whose shares are held in "street name" by brokers and other nominees.

#### Dividend Information

We have never declared or paid dividends on our Common Stock. Payment of future dividends, if any, will be at the discretion of our Board of Directors after taking into account various factors, including the terms of any credit arrangements, our financial condition, operating results, current and anticipated cash needs and plans for expansion. At the present time, we intend to retain any earnings in our business and therefore do not anticipate paying dividends in the foreseeable future. We paid preferred dividends on our Series A Preferred Stock in the amount of \$3.0 million, \$3.0 million, and \$3.0 million for the years ended March 31, 2025, 2024, and 2023, respectively.

We currently have \$0.1 million of unpaid accrued dividends on our Series A Preferred Stock as of March 31, 2025. Accordingly, we may not be able to declare a dividend on our Common Stock unless full cumulative dividends on the Series A Preferred Stock have been or contemporaneously are declared and paid or declared.

#### Transfer Agent

We have appointed Computershare Trust Company ("Computershare") as the transfer agent for our Common Stock and Series A Preferred Stock. The principal office of Computershare is located at 150 Royall St, Canton, MA 02021, and its telephone number dedicated to Outdoor Holding Company customer service is (877) 373-6374.

#### Issuer Repurchase of Equity Securities

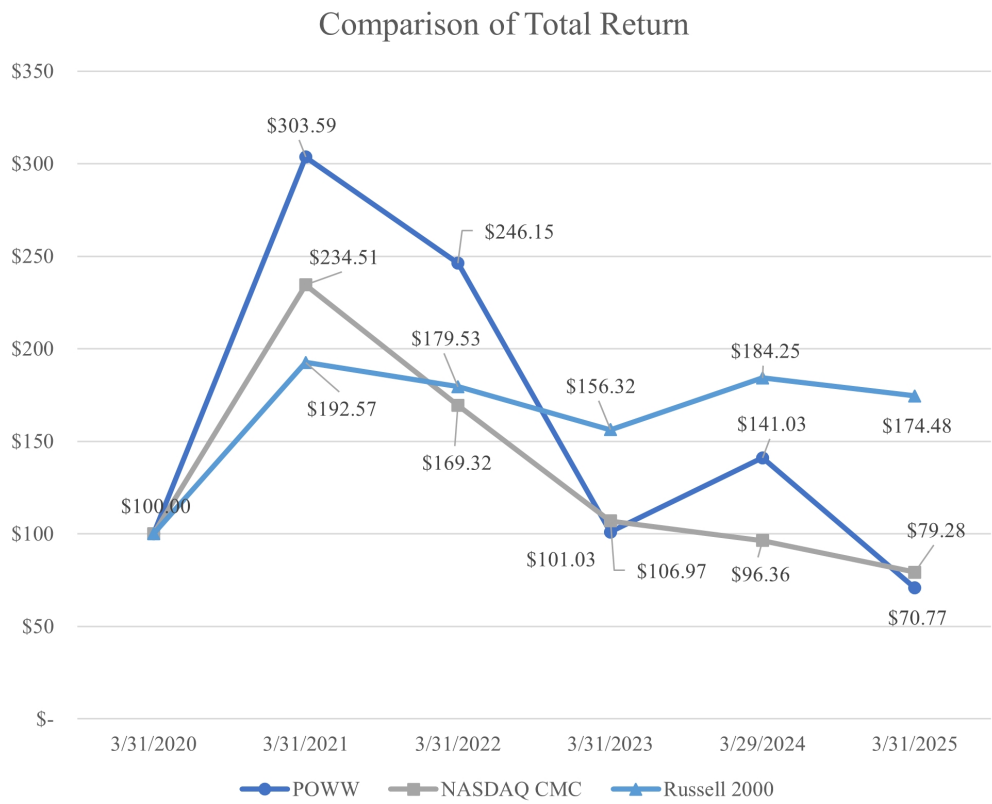
On February 8, 2022, we announced that our Board of Directors authorized a share repurchase program for up to \$30.0 million of our outstanding Common Stock. On March 28, 2023, we announced that our Board of Directors authorized the extension of our repurchase program until February 2024. On February 8, 2024, we announced that our Board of Directors authorized the extension of our repurchase program until February 2025.

The share repurchase program expired on February 6, 2025. Approximately 4.8 million shares were repurchased in total. Pursuant to the repurchase plan, the Company used \$8.6 million to purchase shares with effectively \$21.4 million unused at expiration.

There were no share repurchases under our repurchase program during the fourth quarter of the 2025 fiscal year.

Performance Graph

The following graph compares the cumulative total stockholder return of our Common Stock (Nasdaq: POWW) in comparison to the cumulative total return of the Nasdaq Capital Market Composite (“Nasdaq CMC”) and the Russell 2000 Index (“Russell 2000”) for the period from March 31, 2020 through March 31, 2025. The graph assumes an investment of \$100 in our Common Stock and in each of the indexes on March 31, 2020. The calculation of cumulative stockholder return on the Nasdaq CMC and Russell 2000 include reinvestment of dividends, but the calculation of cumulative stockholder return on our Common Stock does not include reinvestment of dividends because we did not pay any dividends during the measurement period. The performance shown is not necessarily indicative of future performance.



ITEM 6. RESERVED

Not required.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide a reader of our financial statements with management's perspective on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the audited consolidated financial statements (prepared in accordance with accounting principles generally accepted in the United States ("GAAP")) and related notes included elsewhere in this Annual Report on Form 10-K (this "Form 10-K"). The following discussion contains forward-looking statements that are subject to risks and uncertainties. See "Special Note Regarding Forward-Looking Statements." Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Form 10-K, particularly in the section entitled "Risk Factors." Unless we state otherwise or the context otherwise requires, the terms "we," "us," "our" and the "Company" refer to Outdoor Holding Company (formerly AMMO, Inc.) and its consolidated subsidiaries.

### Recent Developments

#### *Discontinued Operations*

Outdoor Holding Company began its operations in 2017 as a vertically integrated producer of high-performance ammunition and premium components. Following the acquisition of the GunBroker.com business in 2021, the Company conducted operations through two operating and reportable segments, Ammunition and Marketplace. The Ammunition segment engaged in the design, production and marketing of ammunition, ammunition component and related products. The Marketplace segment consists of the GunBroker e-commerce marketplace, which, in its role as an auction site, supports the lawful sale of firearms, ammunition, and hunting/shooting accessories.

In fiscal 2025, we initiated a formal review of various strategic alternatives. This review resulted in the decision to sell the Ammunition segment. On January 20, 2025, we entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Olin Winchester, LLC (the "Buyer"), pursuant to which the Buyer agreed to (i) acquire all assets of our business of designing, manufacturing, marketing, distributing and selling ammunition and ammunition components (collectively, the "Ammunition Manufacturing Business") along with certain assets related to the Ammunition Manufacturing Business, including the Ammunition Manufacturing Business' dedicated manufacturing facility in Manitowoc, WI, and (ii) assume certain liabilities related to the Ammunition Manufacturing Business, for a gross purchase price of \$75.0 million, subject to adjustments for estimated net working capital and real property costs and pro-rations (the "Transaction"). The Transaction closed on April 18, 2025. The net proceeds after all adjustments totaled approximately \$42.9 million. On April 21, 2025, the Company changed its name from "AMMO, Inc." to "Outdoor Holding Company". As of January 20, 2025, the Ammunition segment met the held for sale and discontinued operations accounting criteria. For information on discontinued operations, refer to Note 2 to our consolidated financial statements under the caption "Assets Held for Sale and Discontinued Operations" and Note 4, "Discontinued Operations".

#### *Settlement of Litigation*

As described in Item 3, "Legal Proceedings", in April 2023, Steven F. Urvan filed a lawsuit against the Company and certain of its directors, former directors, employees, former employees, and consultants, related to the Company's acquisition of GunBroker.com and certain affiliated companies. At the time the lawsuit was filed, Mr. Urvan was a member of the Board of Directors and our largest stockholder. As described below, Mr. Urvan now serves as Chairman of the Board of Directors and Chief Executive Officer of the Company. In May 2023, the Board of Directors established a special committee to address the litigation initiated by Mr. Urvan, as well as a separate lawsuit subsequently filed by the Company against Mr. Urvan (the lawsuit filed by Mr. Urvan together with the lawsuit filed by the Company, the "Delaware Litigation"). In the year ended March 31, 2025, we recorded an estimated liability of \$29.1 million related to the Delaware Litigation.

On May 21, 2025, the Company entered into a Settlement Agreement (the "Settlement Agreement"), by and among the Company, Speedlight Group I, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ("Speedlight"), Mr. Urvan, and the following persons, each of whom serves or previously served on the Board of Directors: Richard R. Childress, Jared Smith, Fred W. Wagenhals and Russell Williams Wallace, Jr. (collectively, the "Legacy Directors"). The Settlement Agreement became effective as of 5:00 p.m. Eastern Time on May 30, 2025, pursuant to its terms (the "Settlement Effective Date"). As a result and pursuant to the Settlement

Agreement, effective as of the Settlement Effective Date, (i) Jared Smith resigned as a member of the Board of Directors and from his position as the Chief Executive Officer of the Company and as an officer or member of each of the Company's direct and indirect subsidiaries and (ii) Mr. Urvan was appointed as the Chief Executive Officer of the Company and as the Chairman of the Board of Directors. In addition, in accordance with the Settlement Agreement, on June 3, 2025, the Company, Speedlight, Mr. Urvan and the Legacy Directors filed a Stipulation of Voluntary Dismissal With Prejudice dismissing, with prejudice, all claims asserted in the Delaware Litigation.

As partial consideration for the settlement, on the Settlement Effective Date, the Company issued to an affiliated designee of Mr. Urvan, a warrant to purchase 7.0 million shares of Common Stock (the "Warrant"). The Warrant has a five-year term and an exercise price of \$1.81 per share. Pursuant to the terms of the Warrant, the Warrant is exercisable at the holder's discretion, in whole or in part, on or after the six-month anniversary of the Settlement Effective Date, subject to certain accelerated vesting in certain circumstances.

In addition to the Warrant, the Company issued to an affiliated designee of Mr. Urvan, (i) an unsecured promissory note in a principal amount of \$12.0 million ("Note 1") and (ii) an unsecured promissory note in a principal amount of \$39.0 million ("Note 2" and together with Note 1, the "Notes"). Note 1 bears interest at 6.50% per annum (subject to a 2.00% increase during an event of default), which interest is payable to the holder annually on the anniversary of the Settlement Effective Date, beginning on the first anniversary of the Settlement Effective Date (each interest payment due date, an "Interest Payment Date"). Note 2 bears interest at a rate per annum equal to the applicable federal rate for long-term loans in effect on the Settlement Effective Date (subject to a 2.00% increase during an event of default), which is payable to the holder annually on the Interest Payment Date.

The unpaid principal balance of Note 1 and Note 2 and all accrued and unpaid interest thereon is due on the 12<sup>th</sup> and 10<sup>th</sup> anniversary, respectively, of the Settlement Effective Date. Pursuant to the terms of Note 1 and Note 2, the Company is required to make annual prepayments of \$1.0 million (inclusive of accrued and unpaid interest then due and payable) and \$1.95 million, respectively, to the holder on each Interest Payment Date. The Company has the right to prepay all or any part of the principal or interest of the Notes without penalty.

With respect to Note 2, the Company also has the option, at any time prior to the first anniversary of the Settlement Effective Date, to prepay all, but not less than all, of the then-outstanding principal amount of Note 2 and accrued and unpaid interest thereon in exchange for the issuance of a warrant (the "Additional Warrant") to purchase 13.0 million shares of Common Stock (the "Additional Warrant Shares"), provided that the Company must first obtain stockholder approval of the issuance of the Additional Warrant and the Additional Warrant Shares pursuant to Nasdaq Listing Rule 5635. The Additional Warrant, if issued, would have a five-year term and an exercise price of \$1.00 per share. Pursuant to the terms of the Additional Warrant, the Additional Warrant would be exercisable at the holder's discretion, in whole or in part, on or after the first anniversary of the issuance date. Except with respect to the exercise price and the vesting date, the terms of the Additional Warrant and the Warrant are substantially similar.

## Overview

Outdoor Holding Company, is the owner of the GunBroker Marketplace ("GunBroker" or the "Marketplace"), a leading online marketplace serving the firearms and shooting sports industries.

Through our Marketplace, we allow third party sellers to list items consisting of firearms, hunting gear, fishing equipment, outdoor gear, collectibles, and much more, while facilitating compliance with federal and state laws that govern the sale of firearms and other restricted items. This allows our base of over 8.4 million users to follow ownership policies and regulations through our network of over 32,000 federally licensed firearms dealers who serve as transfer agents. The nature and operation of the Marketplace as an online auction and sales platform also affords us a unique view into the total domestic market for the purpose of understanding sales trends at a granular level across all elements of the outdoor sports and shooting space. We generate revenue from marketplace fees, which includes auction revenue, compliance fee revenue, banner advertising campaign revenue and shipping revenue. Our vision is to expand the services on GunBroker and to become a peer to those in our industry. Recent expansions we have made to the platform include the following:

- *Enhanced Shopping Cart Experience:* Buyers can now purchase multiple items from multiple sellers in a single checkout process, improving transaction flow and user convenience.
- *Improved Checkout for Auctions and Offers:* Won auctions, accepted offers, and add-on items now flow through the cart checkout system providing a more seamless purchasing experience.

- *Outdoor Analytics:* Formerly known as GunBroker Analytics, this tool provides participants, including sellers, manufacturers, and industry stakeholders with access to actionable insights based on the platform's extensive transaction and listing data.
- *GunBroker Advertising:* This service assists sellers, manufacturers and service providers in promoting their listings and businesses through targeted digital advertising. Offers include content development, promotional emails, and banner advertisements tailored to the outdoor and shooting sports communities.
- *New Homepage Redesign:* We launched a fully re-imagined GunBroker.com homepage to deliver a more modern, intuitive, and efficient user experience. The redesign features enhanced visual layout, simplified navigation, dynamic promotional banners, and configurable widgets.
- *Manufacturer Rebates and Buy Links:* GunBroker actively promotes manufacturer rebates through its website and email campaigns. Listings with qualifying Universal Product Codes are automatically included in these promotions. Additionally, we collaborate with manufacturers to feature direct purchase links on their websites, guiding customers to new items available on GunBroker.
- *Collector's Elite Platform:* This premium marketplace tier supports curated, high-value listings for rare and collectible firearms. Collector's Elite offers sellers specialized exposure, and an exclusive listing format tailored to discerning buyers.
- *Financing Tools for Sellers:* We introduced integrated financing options that enable sellers to offer flexible payment plans to qualified buyers, helping expand purchasing power and drive sales of higher-value items.

## Results of Continuing Operations

### Fiscal Year 2025 Compared to Fiscal Year 2024

The following table presents summarized financial information for the years ended March 31, 2025 and 2024, taken from our consolidated statements of operations:

	For the Year Ended	
	March 31, 2025	March 31, 2024
Net revenues	\$ 49,401,547	\$ 53,942,076
Cost of revenues	6,468,031	7,660,541
Gross profit	42,933,516	46,281,535
Operating expenses	102,646,794	52,724,540
Loss from operations	(59,713,278)	(6,443,005)
Other income		
Other income	778,120	144,537
Loss from continuing operations before income taxes	\$ (58,935,158)	\$ (6,298,468)
Provision (benefit) for income taxes	6,286,305	(948,292)
Net loss from continuing operations	<u>\$ (65,221,463)</u>	<u>\$ (5,350,176)</u>

## Non-GAAP Financial Measures

We analyze operational and financial data to evaluate our business, allocate our resources, and assess our performance. In addition to total net sales, net loss, and other results under GAAP, the following information includes key operating metrics and non-GAAP financial measures that we use to evaluate our business. We believe that these measures are useful for period-to-period comparisons of the Company's performance. We have included these non-GAAP financial measures in this Annual Report because they are key measures management uses to evaluate our operational performance, produce future strategies for our operations, and make strategic decisions, including those relating to operating expenses and the allocation of our resources. Accordingly, we believe that these measures provide

useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors.

*Adjusted EBITDA*

	For the Year Ended	
	March 31, 2025	March 31, 2024
<b>Reconciliation of GAAP net loss from continuing operations to Adjusted EBITDA</b>		
Net loss from continuing operations	\$ (65,221,463)	\$ (5,350,176)
Provision for income taxes	6,286,305	(948,292)
Depreciation and amortization	13,589,698	13,034,306
Interest expense, net	82,173	(318,984)
Employee stock awards	4,350,580	5,281,288
Common stock purchase options	123,936	430,458
Other income (expense), net	(860,293)	174,447
Acquisition and divestitures	1,493,069	-
Special Committee Investigation and restatement	8,639,147	-
SEC Investigation	9,923,892	7,205,968
Delaware Litigation settlement contingency	29,067,229	-
Delaware Litigation legal and professional fees	4,480,193	1,781,052
Other nonrecurring expenses <sup>(1)</sup>	3,298,399	2,676,486
Adjusted EBITDA	<u>\$ 15,252,865</u>	<u>\$ 23,966,553</u>

- (1) For the year ended March 31, 2025, other nonrecurring expenses consisted of a \$3.2 million expense related to the Triton Settlement (see Note 2, "Summary of Significant Accounting Policies"). For the year ended March 31, 2024, other nonrecurring expenses consisted of settlement costs and the associated contingent liabilities and nonrecurring compliance expenses.

Adjusted EBITDA is a non-GAAP financial measure that displays our net loss from continuing operations, adjusted to eliminate the effect of certain items as described below. We define Adjusted EBITDA as net income (loss) from continuing operations excluding (i) provision or benefit for income taxes, (ii) depreciation and amortization, (iii) interest expense, net, (iv) share-based compensation expenses relating to employee stock awards and common stock purchase options, (v) other income (expense), net, (vi) expenses related to acquisition and divestitures, (vii) professional service and legal fees related to an investigation conducted by a special committee of the Board of Directors (the "Special Committee Investigation") and (viii) other nonrecurring expenses, such as the contingent liability associated with the Delaware Litigation and professional service and legal fees related to the Delaware Litigation and the SEC Investigation.

We believe that it is useful to exclude these expenses because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations.

Non-GAAP financial measures have limitations, should be considered as supplemental in nature and are not meant as a substitute for the related financial information prepared in accordance with GAAP. These limitations include the following:

- employee stock awards and common stock purchase options expense has been, and will continue to be for the foreseeable future, a significant recurring expense for the Company and an important part of our compensation strategy;



- the assets being depreciated or amortized may have to be replaced in the future, and the non-GAAP financial measures do not reflect cash capital expenditure requirements for such replacements or for new capital expenditures or other capital commitments;
- non-GAAP measures do not reflect changes in, or cash requirements for, our working capital needs; and
- other companies, including companies in our industry, may calculate their non-GAAP financial measures differently or not at all, which reduces their usefulness as comparative measures.

Because of these limitations, you should consider the non-GAAP financial measures alongside other financial performance measures, including our net loss and our other financial results presented in accordance with GAAP.

### **Net Revenues**

We generate revenue from marketplace fees, which includes auction revenue, compliance fee revenue, banner advertising campaign revenue and shipping revenue. Auction revenue consists of optional listing fees with variable pricing components based on customer options and final value fees based on a percentage of the final selling price of the listed item. Compliance fee revenue consists of fees charged to customers based on the final price of an item at the time of purchase. Banner advertising campaign revenue consists of fees charged for advertisement placement and impressions generated through the GunBroker website. Shipping revenue consists of fees for shipping of items sold on the GunBroker website.

Net revenues for the year ended March 31, 2025 decreased by \$4.5 million, or 8.4%, from the prior year. This decrease was due to a decrease in gross merchandise sales generated from our Marketplace partially offset by a minor increase in our take rate. We believe the reduction in gross merchandise sales was a result of economic conditions and reduced discretionary spending among our customer base.

### **Cost of Revenues**

Cost of revenues consists of costs associated with facilitating transactions on the GunBroker platform as well as advertising costs.

Cost of revenues decreased by approximately \$1.2 million, or 15.6%, for the year ended March 31, 2025 compared to the year ended March 31, 2024. This decrease was the result of a reduction in advertising expenses as well as a decrease in credit card fees.

### **Gross Margin**

Our gross margin, which measures our gross profit as a percentage of net revenues, increased to 86.9% during the year ended March 31, 2025 from 85.8% for the year ended March 31, 2024. This increase was primarily a result of our increased take rate.

### **Operating Expenses**

Operating expenses consist of selling and marketing expenses, which include tradeshow and marketing expenses, corporate general and administrative expenses, which include legal and professional fees and as well as insurance and rent, employee salaries and related expenses, which include salaries, benefits and stock based compensation as well as depreciation and amortization expenses.

Operating expenses increased by approximately \$49.9 million for the year ended March 31, 2025 compared to the year ended March 31, 2024. This increase was primarily due a \$29.1 million contingency for the Delaware Litigation and a \$14.1 million increase in legal and professional fees related to the restatement, the Special Committee Investigation, the SEC Investigation, and the Delaware Litigation as well as a \$2.1 million increase in other legal and professional fees, \$1.5 million in costs associated with acquisitions and divestitures and a \$2.0 million increase in payments for director committee service.

### **Other Income and Expenses**

For the year ended March 31, 2025, total other income was \$0.8 million and was mainly comprised of interest earned on cash. Total other income of \$0.1 million for the year ended March 31, 2024 was comprised of interest income on cash

## Income Taxes

For the year ended March 31, 2025, we recorded a provision for federal and state income taxes of approximately \$6.3 million compared to a benefit for federal and state income taxes of \$0.9 million for the year ended March 31, 2024. The change in income taxes for the year ended March 31, 2025 was the result of recording a full valuation allowance against our deferred tax assets as we concluded it is more likely than not that the net deferred tax assets will not be realized.

## Fiscal Year 2024 Compared to Fiscal Year 2023

### Results of Continuing Operations

The following table presents summarized financial information for the years ended March 31, 2024 and 2023, taken from our consolidated statements of operations:

	For the Year Ended	
	March 31, 2024	March 31, 2023
Net revenues	\$ 53,942,076	\$ 63,149,673
Cost of revenues	7,660,541	9,116,939
Gross profit	46,281,535	54,032,734
Operating expenses	52,724,540	51,665,474
Income (loss) from operations	(6,443,005)	2,367,260
Other income (expense)		
Other income (expense)	144,537	(91,674)
Income (loss) from continuing operations before income taxes	\$ (6,298,468)	\$ 2,275,586
Benefit for income taxes	(948,292)	(1,347,055)
Net income (loss) from continuing operations	<u>\$ (5,350,176)</u>	<u>\$ 3,622,641</u>

### Non-GAAP Financial Measures

#### Adjusted EBITDA

	For the Year Ended March 31, 2024	For the Year Ended March 31, 2023
<b>Reconciliation of GAAP net income (loss) from continuing operations to Adjusted EBITDA</b>		
Net income (loss) from continuing operations	\$ (5,350,176)	\$ 3,622,641
Provision for income taxes	(948,292)	(1,347,055)
Depreciation and amortization	13,034,306	12,700,436
Interest expense, net	(318,984)	77,806
Employee stock awards	5,281,288	10,128,236
Common stock purchase options	430,458	-
Warrants issued for services	-	427,639
Other income	174,447	13,868
Proxy contest fees	-	4,255,135
SEC Investigation	7,205,968	1,248,865
Delaware Litigation legal and professional fees	1,781,052	-
Other nonrecurring expenses <sup>(1)</sup>	2,676,486	-
Adjusted EBITDA	<u>\$ 23,966,553</u>	<u>\$ 31,127,571</u>

- (1) For the year ended March 31, 2024, other nonrecurring expenses consisted of settlement costs and the associated contingent liabilities and nonrecurring compliance expenses.

## Net Revenues

Revenues for the year ended March 31, 2024 decreased by \$9.2 million, or 14.6%, from the prior year as firearm purchases continued to normalize from the peaks realized during COVID.

## Cost of Revenues

Cost of revenues decreased by \$1.5 million, or 16.0%, for the year ended March 31, 2024 compared to the year ended March 31, 2023. This decrease was the result of lower gross merchandise sales.

## Gross Margin

Our gross margin percentage remained relatively constant at 85% for the year ended March 31, 2024 and March 31, 2023.

## Operating Expenses

Operating expenses consist of selling and marketing expenses, which include advertising, tradeshow, and marketing expenses, corporate general and administrative expenses, which include legal and professional fees and as well as insurance and rent, employee salaries and related expenses, which include salaries, benefits and stock based compensation as well as depreciation and amortization expenses.

Operating expenses increased by \$1.1 million for the year ended March 31, 2024 compared to the prior year. This increase was primarily due to an increase in legal and professional fees partially offset by a decrease in salaries.

## Other Income and Expense

Total other income of \$0.1 million for the year ended March 31, 2024 was comprised of interest income on cash. Total other expense of \$0.1 million for the year ended March 31, 2023 was primarily comprised of interest expense on the insurance note.

## Income Taxes

For the year ended March 31, 2024, we recorded a benefit for federal and state income taxes of approximately \$0.9 million compared to \$1.3 million in the year ended March 31, 2023, as a result of an increase in deferred tax assets.

## Loss from Discontinued Operations

Refer to Note 4, "Discontinued Operations" in the notes to the consolidated financial statements for information regarding the Ammunition Segment which is accounted for as discontinued operations.

## Liquidity and Capital Resources

As of March 31, 2025, we had \$30.2 million of cash and cash equivalents, a decrease of \$25.4 million from \$55.6 million of cash and cash equivalents as of March 31, 2024.

Working capital is summarized and compared as follows:

	March 31, 2025	March 31, 2024
Current assets	\$ 72,148,138	\$ 131,525,266
Current liabilities	62,092,917	30,975,049
	<u>\$ 10,055,221</u>	<u>\$ 100,550,217</u>

## Liquidity

We expect existing working capital and cash flows from operations to be adequate to fund our operations over the next 12 months. Generally, we have financed operations to date through the proceeds of stock sales, bank financings, sales of equity and related-party notes. These sources have been adequate to fund our recurring cash expenditures including but not limited to our working capital requirements, capital expenditures to expand our operations, debt repayments, and acquisitions. In the longer-term, we intend to continue to use the aforementioned sources of funding for capital expenditures, debt repayments and any potential acquisitions.

### *Leases*

We currently lease two locations that are used for our offices. As of March 31, 2025, we had \$1.8 million of fixed lease payment obligations with \$0.7 million payable within the next 12 months. As of March 31, 2024, we had \$2.6 million of fixed lease payment obligations, with \$0.7 million payable within the next 12 months. Please refer to Note 8, "Leases" for additional information.

### *Promissory Notes Issued in Settlement*

On May 30, 2025, we issued Note 1 and Note 2 pursuant to the Settlement Agreement. The aggregate principal amount of Note 1 and Note 2 is \$51.0 million, and we are required to make aggregate annual prepayments of \$2.95 million beginning on May 30, 2026. See "Settlement Litigation" under Recent Developments above for additional information about Note 1 and Note 2.

### *Revolving Loan*

On December 29, 2023, we entered into a Loan and Security Agreement (the "Sunflower Agreement") by and among the Company and the other borrowers party to the Sunflower Agreement, the lenders party thereto (collectively, the "Lenders") and Sunflower Bank, N.A., as administrative agent and collateral agent (the "Agent"), pursuant to which the Lenders provided us a revolving loan in the principal amount of the lesser of (a) \$20.0 million (the "Total Commitment Amount") and (b) the borrowing base (a formula based on certain amounts owed to borrower for goods sold or services provided and eligible inventory) (the "Revolving Loan"). The proceeds of loans under the Sunflower Agreement may be used for working capital, general corporate purposes, permitted acquisitions, to pay fees and expenses incurred in connection with the Revolving Loan, to facilitate our stock repurchase program and to fund our general business requirements.

We are obligated to pay to the Agent, for the ratable benefit of Lenders, an origination fee, prepayment fee, unused facility fee, collateral monitoring fee and Lender expenses.

We may borrow, repay and re-borrow under the Revolving Loan until December 29, 2026, at which time the commitments will terminate and all outstanding loans, together with all accrued and unpaid interest, must be repaid. If the Revolving Loan is refinanced by another lender prior to December 29, 2026, there is an additional fee payable concurrently with such refinancing based on a percentage (ranging from 1.0% to 3.0%) of the Total Commitment Amount depending on the date of the refinancing.

As of March 31, 2025, we did not have an outstanding balance on the Revolving Loan.

On April 18, 2025, we entered into a Consent and Second Amendment to the Sunflower Agreement ("Sunflower Loan Amendment"). Pursuant to the Sunflower Loan Amendment, we and the Agent agreed to, among other things: (i) release the Agent's security interest in all collateral securing our obligations under the Sunflower Agreement upon consummation of the sale of the Ammunition Manufacturing Business; (ii) reduce all amounts available under the Revolving Loan to zero dollars as of the effective date of the Sunflower Loan Amendment; (iii) enter into an Amended and Restated Revolving Line Promissory Note in the amount of \$5.0 million, representing 100% of the Revolving Line Commitment (as defined in the Sunflower Agreement) available under the Sunflower Agreement, executed by the Company in favor of Agent as of the effective date of the Sunflower Loan Amendment; and (iv) certain other amendments to the Company's customary covenants and obligations under the Sunflower Agreement that only take effect in the event the Revolving Line Availability (as defined in the Sunflower Agreement) is greater than zero dollars.

Upon signing of the Sunflower Loan Amendment, the Revolving Line Availability was reduced to zero dollars and will remain at zero dollars unless we provide the Agent with a security interest in new collateral or otherwise further amends the Sunflower Agreement.

On May 13, 2025, the Company entered into a Third Amendment to the Sunflower Agreement (the "Third Sunflower Loan Amendment"). Pursuant to the Third Sunflower Loan Amendment, we and the Agent agreed to change the definitions in the Sunflower Agreement of: (i) "AMMO, Inc" to "Outdoor Holding Company," (ii) "Ammo" to "OHC," (iii) "AMMO TECHNOLOGIES, INC" to "OHC TECHNOLOGIES, INC," and (iv) AMMO MUNITIONS, INC" to "OHC MUNITIONS, INC."

### *Construction Loan*

On October 14, 2021, we entered into a Construction Loan Agreement (the “Hiawatha Loan Agreement”) with Hiawatha National Bank to finance a portion of the construction costs of the Ammunition segment’s approximately 185,000 square foot Manitowoc, WI manufacturing facility (the “Construction Loan”).

As of March 31, 2025, the outstanding balance of the Construction Loan was \$10.8 million. We made \$240,937 and \$257,425 in principal payments on the Construction Loan for the years ended March 31, 2025 and March 31, 2024, respectively.

In connection with the sale of the Ammunition segment in April 2025, the Construction Loan was paid in full on April 18, 2025.

### **Changes in cash flows are summarized as follows:**

#### ***Operating Activities***

For the year ended March 31, 2025, net cash used in operating activities was attributable to our net loss offset by an increase in accrued liabilities associated with the contingency for the potential settlement of the Delaware Litigation, non-cash depreciation and amortization expense and non-cash expense for employee stock awards, an increase in accounts payable due to an increase in invoices unpaid at the end of the year, an increase in deferred income taxes, partially offset by an increase in the valuation allowance on deferred income taxes.

For the year ended March 31, 2024, net cash provided by operating activities was attributable to non-cash transactions for depreciation and amortization and stock compensation expense for stock awards.

For the year ended March 31, 2023, net cash provided by operating activities was attributable to a reduction in accounts receivable and non-cash transactions for depreciation and amortization as well as stock-based compensation expense for stock awards offset by a decrease in accounts payable.

#### ***Investing Activities***

During the year ended March 31, 2025, net cash used in investing activities consisted of \$3.4 million related primarily to capitalized development costs related to our Marketplace.

During the year ended March 31, 2024, net cash used in investing activities consisted of \$2.6 million related primarily to capitalized development costs related to our Marketplace.

During the year ended March 31, 2023, net cash used in investing activities consisted of approximately \$1.8 million related primarily to capitalized development costs related to our Marketplace.

#### ***Financing Activities***

During the year ended March 31, 2025, net cash used in financing activities consisted of \$3.0 million of preferred stock dividends paid, \$5.9 million used to repurchase shares of Common Stock pursuant to our repurchase plan (which included shares repurchased related to the Triton Settlement described in the Contingencies section of Note 2), and \$0.7 million used to repurchase Common Stock to cover taxes on share awards issued to employees.

During the year ended March 31, 2024, net cash used in financing activities consisted of \$3.2 million of insurance premium note payments, \$3.0 million of preferred stock dividends paid, and \$2.2 million used to repurchase shares of Common Stock pursuant to our repurchase plan partially offset by \$0.1 million received from the exercise of warrants.

During the year ended March 31, 2023, net cash used in financing activities consisted of \$3.0 million of preferred stock dividends paid, \$2.1 million of insurance premium note payments and \$0.5 million used to repurchase shares of Common Stock pursuant to our repurchase plan partially offset by \$0.1 million of proceeds from warrants exercised for Common Stock.

#### ***Off-Balance Sheet Arrangements***

As of March 31, 2025 and 2024, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, net sales, expenses, results of operations, liquidity capital expenditures, or capital resources.

#### **Critical Accounting Estimates**

Our critical accounting estimates are included in our significant accounting policies as described in Note 2 of the consolidated financial statements included in Item 8, *Financial Statements and Supplemental Data*, of this report. Those consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Critical accounting estimates are those that we believe are most important to the portrayal of our financial condition and results of operations. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Our estimates are evaluated on an ongoing basis and are drawn from historical operations, current trends, future business plans and other factors that management believes are relevant at the time our consolidated financial statements are prepared. Actual results may differ from our estimates. Management believes that the following accounting estimates reflect the more significant judgments and estimates we use in preparing our consolidated financial statements.

#### ***Assets Held for Sales and Discontinued Operations***

A business is classified as held for sale when management having the authority to approve the action commits to a plan to sell the business, the business is available for immediate sale in its present condition and an active program to locate a buyer has been initiated. Additionally, the sale must be probable to occur during the next 12 months at a price that is reasonable in relation to its current fair value and actions required to complete the plan indicate it is unlikely significant changes to the plan will be made or the plan will be withdrawn. A business classified as held for sale is recorded at the lower of (i) its carrying amount and (ii) estimated fair value less costs to sell. When the carrying amount of the business exceeds its estimated fair value less costs to sell, a loss is recognized and updated each reporting period as appropriate. Assets held for sale are not further depreciated or amortized once such a determination is reached.

The results of operations of businesses classified as held for sale are reported as discontinued operations if the disposal represents a strategic shift that will have a major effect on the entity's operations and financial results. When a business is identified for discontinued operations reporting: (i) results for prior periods are retrospectively reclassified as discontinued operations; (ii) results of operations are reported in a single line, net of tax, in the consolidated statement of operations; and (iii) assets and liabilities are reported as held for sale in the consolidated balance sheets in the period in which the business is classified as held for sale.

The Board of Directors initiated a formal review of strategic alternatives for the Ammunition segment during the year ended March 31, 2025. This review of strategic alternatives resulted in the decision to sell the Ammunition segment. Accordingly, we concluded the assets of the Ammunition segment met the criteria for classification as held for sale. We determined the ultimate disposal will represent a strategic shift that will have a major effect on our operations and financial results. As such, the results of the Ammunition segment are presented as discontinued operations in the accompanying consolidated statements of operations for all periods presented and the assets and liabilities of the Ammunition segment have been reflected as assets and liabilities of discontinued operations in the accompanying consolidated balance sheets for all periods presented. The Company has ceased depreciating and amortizing its long-lived assets for the Ammunition segment which primarily includes intangible assets and property and equipment. On January 20, 2025, we entered into the Asset Purchase Agreement with the Buyer, pursuant to which the Buyer agreed to (i) acquire the Ammunition Manufacturing Business along with certain assets related to the Ammunition Manufacturing Business, and (ii) assume certain liabilities related to the Ammunition Manufacturing Business, for a gross purchase price of \$75.0 million, subject to customary adjustments for estimated net working capital and real property costs and pro-rations. The Transaction closed on April 18, 2025. The net proceeds totaled approximately \$42.9 million. The assets acquired, and the liabilities assumed by the Buyer were those primarily related to the Ammunition Manufacturing Business, including the Ammunition Manufacturing Business' dedicated manufacturing facility in Manitowoc, WI.

We calculated an estimated loss on classification to held for sale of approximately \$45.8 million, reflecting the write-down of the carrying value of the Ammunition segment to fair value less costs to sell. The fair value was determined by using market participant assumptions as there was an expected sale price for the business based on negotiations with the Buyer. Costs to sell included estimated incremental, direct costs incurred to transact the sale of the Ammunition segment. Refer to Note 4 to our consolidated financial statements for additional information.

#### ***Allowance for Credit Losses***

We estimate our allowance for credit losses based on the collectability and age of the accounts receivable balances and categorization of customers that have similar financial condition.

## ***Goodwill***

We evaluate goodwill for impairment annually or more frequently when an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. In testing for goodwill impairment, we may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If our qualitative assessment indicates that goodwill impairment is more likely than not, we perform a two-step impairment test. We test goodwill for impairment under the two-step impairment test by first comparing the book value of net assets to the fair value of the reporting unit. If the fair value is determined to be less than the book value or qualitative factors indicate that it is more likely than not that goodwill is impaired, a second step is performed to compute the amount of impairment as the difference between the estimated fair value of goodwill and the carrying value. We estimate the fair value of the reporting units using discounted cash flows. Forecasts of future cash flows are based on our best estimate of future net sales and operating expenses, based primarily on expected category expansion, pricing, market segment share, and general economic conditions. Due to the declines in the value of our stock price and market capitalization during the years ended March 31, 2025, 2024 and 2023, we assessed qualitative factors to determine if it is more likely than not that the fair value of the Marketplace segment is less than its carrying amount. Accordingly, the impairment of goodwill was not warranted for the years ended March 31, 2025 or 2024. As of March 31, 2025 and 2024, the Company had a goodwill carrying value of \$90.9 million, all of which is assigned to the Marketplace segment.

## ***Leases***

We determine if an arrangement is a lease at inception of the contract. Operating lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of fixed lease payments over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet; instead, we recognize lease expense for these leases on a straight-line basis over the lease term. We do not account for lease components (e.g., fixed payments to use the underlying lease asset) separately from the non-lease components (e.g., fixed payments for common-area maintenance costs and other items that transfer a good or service). Some of our leases include variable lease payments, which primarily result from changes in consumer price and other market-based indices, which are generally updated annually, and maintenance and usage charges. These variable payments are excluded from the calculation of our lease assets and lease liabilities.

We utilize the interest rate implicit in the lease to determine the lease liability when the interest rate can be determined. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments.

## ***Stock-Based Compensation***

We account for stock-based compensation at fair value in accordance with Accounting Standards Codification 718 – Compensation – Stock Compensation (“ASC 718”), which requires the recognition of the cost of employee, director and non-employee services received in exchange for an award of equity over the period the employee, director or non-employee is required to perform the services in exchange for the award. Stock-based compensation is measured based on the grant-date fair value of the award. Stock-based compensation is recognized on a straight-line basis over the vesting periods and forfeitures are recognized in the periods they occur. There were 1,269,106, 1,936,951 and 1,777,294 shares of common stock issued to employees, members of the Board of Directors, and members of our advisory committee for services for the years ended March 31, 2025, 2024 and 2023, respectively.

## ***Income Taxes***

We file federal and state income tax returns in accordance with the applicable rules of each jurisdiction. We account for income taxes under the asset and liability method in accordance with Accounting Standards Codification 740 - Income Taxes (“ASC 740”). The provision for income taxes includes federal, state, and local income taxes currently payable, and deferred taxes. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable amounts in years in which those temporary differences are expected to be recovered or settled. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized. In accordance with ASC 740, we recognize the effect of income tax positions only if those positions are more likely than not of being sustained. We measure recognized income tax positions at the largest amount that is greater than 50%

likely of being realized. We reflect changes in recognition or measurement in the period in which the change in judgment occurs.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We have not entered into any market risk sensitive instruments for trading purposes. We are exposed to market risks in the ordinary course of business including fluctuations in interest rates and commodity prices, which can affect our operating, investing, and financing activities.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The consolidated financials are submitted as a separate section of this Annual Report on Form 10-K beginning on page F-1.

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

#### **ITEM 9A. CONTROLS AND PROCEDURES**

##### **Overview**

In September 2024, a Special Committee of the Board of Directors initiated the Special Committee Investigation of certain matters impacting the Company's accounting procedures, disclosure controls and internal controls during prior periods. The Special Committee Investigation was undertaken through independent legal counsel, who received assistance from outside consultants. During the course of the Special Committee Investigation, the Special Committee discovered accounting and financial reporting errors that required restatement resulting primarily from (i) inaccurate valuation of, and accounting for, share-based compensation awards to employees, non-employee directors and other service providers, and shares issued in exchange for goods and services, (ii) inappropriate capitalization of certain share issuance costs and (iii) inappropriate accounting for certain convertible notes and warrants issued by the Company. During the course of the Special Committee Investigation, the Special Committee also found that the Company had not properly disclosed certain executive officers, related party transactions and executive compensation.

Based on the results of the Special Committee Investigation, our review of our financial records, and other work completed by our management, we restated our previously issued financial statements as of and for the quarter ended June 30, 2024, the fiscal years ended March 31, 2024, 2023 and 2022 and the quarters within the year ended March 31, 2024.

##### **Evaluation of Disclosure Controls and Procedures**

Our management evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act, as of March 31, 2025. Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

Based upon that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of March 31, 2025, due to the material weaknesses previously identified and disclosed in Amendment No. 2 to the Annual Report on Form 10-K for the year ended March 31, 2024 and listed below.

##### **Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and of the preparation of financial statements for external reporting purposes, in accordance with GAAP. All internal control



systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with the authorization of management and directors; and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management determined that the previously disclosed material weaknesses in its internal control over financial reporting processes that involve the control environment, information and communication, monitoring activities, and control activities components of the framework set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") continue to exist at March 31, 2025, and specifically include:

*Control Environment, Information and Communication, and Monitoring Activities* – Under the COSO framework, the Board of Directors and senior management establish the tone at the top regarding the importance of internal controls and management reinforces expectations at the various levels of the company.

We did not execute appropriately designed entity-level controls governing the control environment and effective monitoring controls to prevent or detect material misstatements to the consolidated financial statements. These deficiencies were attributed to (i) a lack of a sufficient complement of qualified personnel within the accounting and financial reporting function, including reliance on unqualified personnel, with an appropriate level of technical expertise to provide for sufficient oversight, accountability and monitoring over the performance of control activities, (ii) insufficient governance to monitor compliance with the Company's Code of Conduct to identify, evaluate, and report potential fraud as well as related director and management behavior, such as, among other things, director independence, and (iii) improper review and approval of disclosure regarding related party transactions and executive compensation.

*Control Activities* – These material weaknesses in the control environment resulted in certain instances of inappropriate accounting decisions and inappropriate changes in accounting methodology and contributed to the following additional material weaknesses whereby we did not design, implement and maintain effective controls within certain business processes:

- **Complex Technical Accounting: Stock Compensation / Warrants / Convertible Notes** – We did not design and maintain controls over the effective review of the models, assumptions and data used in developing estimates or changes made to models, assumptions and data to ensure the appropriate application of GAAP. It was further determined that the existence of complementary or compensating controls could not be relied upon to mitigate the identified deficiencies given failures were detected in all critical procedures from initiation to disclosure of the related transactions, including: timely and accurate accounting assessments performed over newly executed contracts to ensure appropriate application of GAAP; the review and approval of the issuance of stock awards to employees and third-party service providers including determining specific grant dates and key terms; determination of an appropriate fair value measurement for financial instruments; review of the classification and recording of equity compensation expenses; timely and accurate application of GAAP related to equity issuance costs; and recognition and disclosure of compensation expense for all share-based payment awards to employees, directors and third parties.
- **Related Party Transactions and Executive Compensation** – We did not properly maintain controls over the identification and disclosure of related party transactions and executive compensation. There were insufficient management review procedures to validate the completeness and accuracy of related party and executive compensation disclosures and to clearly define and evidence the process used and criteria and judgment applied to identify and disclose related party transactions and executive compensation.
- **Financial Reporting** – We did not properly maintain controls over period-end financial reporting, including tie-out and review of supporting documentation. There were insufficient management review procedures to

validate the completeness and accuracy of complex technical accounting transactions and to clearly define and evidence the process used and criteria and judgment applied in the performance of critical business components.

- **Segregation of Duties** – We failed to properly separate the execution of certain controls by designated senior management, which did not provide for proper segregation between preparer and reviewer for select transactions. We further failed to fully resolve identified segregation of duties conflicts with system access for designated business and IT users, thus related user access review and application change management procedures could not be relied upon for select Company systems.

### **Management's Remediation Initiatives for Existing Material Weaknesses**

Following the identification of the material weaknesses described above, and with the oversight of the Audit Committee, management is committed to the planning and implementation of remediation efforts to address these material weaknesses. The remediation efforts, summarized below, which are either implemented or in process, are intended to both address the identified material weaknesses and strengthen our overall financial control environment. In this regard, our initiatives include:

#### *Control Environment, Information and Communication, and Monitoring Activities:*

- *Executive Communications to Reinforce Compliance* – The Company's recently appointed CEO and other executives, at the direction of the Board of Directors, have reinforced the importance of adherence to the Company's policies and procedures regarding ethics and compliance and the importance of identifying misconduct and raising and communicating concerns. This reinforcement has occurred through email and employee newsletter communications, staff meetings, remarks given to senior management, as well as other employee forums, including mandatory ethics training. The Company's CEO and other executives, at the direction of the Board of Directors, have prioritized the remediation of the previously disclosed material weaknesses and are evaluating additional compliance efforts required to achieve remediation status.
- *Organizational Enhancements* – The Company has identified and continues to implement several organizational enhancements, as follows: (i) the identification and successful hiring of a Chief Financial Officer, who brings extensive knowledge across finance, strategy, and transformation; (ii) the identification and successful hiring of a Vice President of Accounting and External Reporting, who has the responsibility and authority to ensure that GAAP and accounting for complex or non-routine transactions that require specialized accounting are appropriately applied corporate-wide (iii) the enhancement of the Company's organizational structure over all finance functions and an increase in the Company's accounting personnel with the requisite knowledge, experience, and training in GAAP to ensure that a formalized process for determining, documenting, communicating, implementing and monitoring controls over the period-end financial close and reporting processes is maintained and proper segregation exists between the preparer and reviewer for select transactions, and (iv) enhancement of accounting policies and procedures related to journal entries, invoice approval, account reconciliations and variance thresholds.
- *Significant and Unusual Transactions* - The Company continues to evaluate its practices related to significant non-recurring transactions and continues to implement improvements in those practices, including: (i) updating the process to address agreements with non-standard terms, including formalized review and approval (ii) more formalized practices for assessing the need for utilization of a third-party expert for unusual or complex transactions and (iii) the development of a more comprehensive review process and monitoring controls over significant transactions to ensure accurate accounting and the preparation of accounting memoranda.
- *Related Party Transaction Policy* – The Company implemented a new Related Party Transactions Policy in June, 2024 to proactively identify transactions and improve disclosures. Guidance is provided by new corporate disclosure counsel with review/approval by the Audit Committee.
- *Perquisites Policy* – The Company implemented a new Perquisites Policy in May, 2025 to better define its perquisites disclosure requirements, perquisite identification, training, and employee compliance requirements.
- *Establishment of Disclosure Committee* - In June 2024, the Company established a formal disclosure committee that includes key members of management that have responsibility for disclosure information

necessary for periodic reports filed with the SEC. This committee has met, and will continue to meet, on an as-needed basis as well as prior to the Audit Committee meeting in which a Form 10-K, Form 10-Q or other relevant Exchange Act document will be approved and will conduct follow-up meetings as necessary. The meetings cover all significant events from the period being reported upon and supporting information. A charter was created governing the conduct of this committee, a formal agenda is distributed prior to each meeting, and minutes are maintained for each meeting.

*Control Activities:*

- *Implementation of New Accounting System* – The Company has implemented a new accounting system intended to allow management to effectively design and implement appropriate general information technology and automated system controls, including system enforced segregation of duties. While the implementation of the new accounting system is complete, the previously reported material weakness for failure to maintain effectively designed Information Technology General Controls for one of the third-party information technology systems that supports the Company’s financial reporting process remains for the year ended March 31, 2025, as the superseded system was in place for the majority of the year. The Company continues to evaluate other systems and applications for additional controls. Management will also continue the rollout of IT remediation action plans, including developing an enhanced risk assessment process for third-party IT systems and implementation of IT monitoring procedures.
- *Implementation and Enhancement of Entity Wide Controls* - The Company is in the process of enhancing existing entity-wide controls as a result of the control design remediation efforts and Audit Committee recommendations, and implementing the following new controls entity wide around the quarterly/annual financial reporting process:
  - *Enhanced Review Procedures* : The Company has initiated enhancements to its management review procedures through additional training of accounting staff, improved evidence of review through tick marks and screenshots to validate the completeness and accuracy of transactions and to clearly define and evidence the process used and criteria and judgment applied in performance of critical business activities.
  - The Company has also hired additional personnel and engaged third-party accounting experts, as needed, in its financial reporting and accounting function to ensure we have a sufficient complement of personnel with an appropriate level of knowledge, experience, and training commensurate with our financial reporting requirements.

We believe the foregoing efforts, when fully implemented and operational, will effectively remediate the material weaknesses described above and strengthen our internal control over financial reporting. As we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address these control deficiencies or modify the remediation plan described above.

**Changes in Internal Control Over Financial Reporting**

Other than the changes described above, there have not been any changes in our internal control over financial reporting (as such term is defined in Exchange Act in Rule 13a-15(c) and 15d-15(e) under the Exchange Act) during the fiscal quarter ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of the filing of this Annual Report, we continue to implement the changes and remediation plan described above.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of  
Outdoor Holding Company

### Opinion on Internal Control over Financial Reporting

We have audited Outdoor Holding Company's (the "Company's") internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weaknesses described in the following paragraph on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

A material weakness is a control deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment.

- The Company failed to execute appropriately designed entity-level controls governing the control environment and effective monitoring controls. These deficiencies were attributed to (i) a lack of a sufficient complement of qualified personnel within the accounting and financial reporting function, (ii) insufficient governance to monitor compliance with the Company's Code of Conduct, and (iii) improper review and approval of disclosure regarding related party transactions and executive compensation.
- These material weaknesses resulted in certain instances of inappropriate accounting decisions and inappropriate accounting methodologies and contributed to the following additional material weaknesses whereby the Company did not design, implement and maintain effective controls within certain business processes related to (i) complex technical accounting, such as stock compensation, warrants and convertible notes, (ii) related party transactions and executive compensation, (iii) financial reporting, and (iv) segregation of duties.

The material weaknesses referred to above are described in more detail in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2025 financial statements, and this report does not affect our report dated June 16, 2025, on those financial statements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets and the related consolidated statements of operations, stockholders' equity, and cash flows of the Company, and our report dated June 16, 2025, expressed an unqualified opinion.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PANNELL KERR FORSTER OF TEXAS, P.C.

Houston, Texas  
June 16, 2025

**ITEM 9B. OTHER INFORMATION**

None.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

### **PART III**

#### **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Information responsive to this item is incorporated herein by reference to the Corporate Governance section in our definitive proxy statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our fiscal year ended March 31, 2025.

#### **ITEM 11. EXECUTIVE COMPENSATION**

Information responsive to this item is incorporated herein by reference to the Executive Compensation section in our definitive proxy statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our fiscal year ended March 31, 2025.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information responsive to this item is incorporated herein by reference to the Security Ownership of Certain Beneficial Owners and Management in our definitive proxy statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our fiscal year ended March 31, 2025.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information responsive to this item is incorporated herein by reference to the Corporate Governance section in our definitive proxy statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our fiscal year ended March 31, 2025.

#### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

Information responsive to this item is incorporated herein by reference to Proposal 2 in our definitive proxy statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our fiscal year ended March 31, 2025.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) **Financial Statements and Financial Statement Schedules** are set forth under Part II, Item 8 of this report.
- (b) **Exhibits**

Other schedules are omitted because they are not applicable, not required, or because the required information is included in the Consolidated Financial Statements or notes thereto. Certain agreements and instruments listed below were executed when the Company's name was "AMMO, Inc.", but the description below reflect our current name and the current names of our subsidiaries, as applicable.

Exhibit Number	Exhibit Description	Reference		Filed or Furnished	
		Form	Exhibit	Filing Date	Herewith
2.1#	<a href="#">Amended and Restated Asset Purchase Agreement, dated March 14, 2019, by and among Jagemann Stamping Company and Enlight Group II, LLC.</a>	8-K	2.1	03/18/2019	
2.2#	<a href="#">Agreement and Plan of Merger, dated April 30, 2021, by and among Outdoor Holding Company, SpeedLight Group I, LLC, Gemini Direct Investments, LLC and Steven F. Urvan.</a>	8-K	2.1	05/06/2021	
2.3.1#†	<a href="#">Asset Purchase Agreement, dated January 20, 2025, by and among OHC Technologies, Inc., Enlight Group II, LLC, Firelight Group I, LLC, Outdoor Holding Company and Olin Winchester, LLC.</a>	8-K	2.1	04/18/2025	
2.3.2	<a href="#">First Amendment to the Asset Purchase Agreement, dated April 18, 2025 by and among OHC Technologies, Inc., Enlight Group II, LLC, Firelight Group I, LLC, Outdoor Holding Company and Olin Winchester, LLC.</a>	8-K	2.2	04/18/2025	
3.1	<a href="#">Amended and Restated Certificate of Incorporation, as amended through April 21, 2025.</a>				X
3.2	<a href="#">Certificate of Designations with respect to the 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share, dated May 18, 2021.</a>	8-K	3.1	5/21/2021	
3.3	<a href="#">Bylaws.</a>	8-K	3.03	02/09/2017	
4.1	<a href="#">Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.</a>				X
4.2	<a href="#">Form of Underwriters' Warrant Agreement issued December 3, 2020.</a>	8-K	4.1	12/04/2020	
4.3	<a href="#">Form of Underwriters' Warrant Agreement issued December 3, 2020.</a>	S-3/A	4.1	08/20/2021	
4.4	<a href="#">Purchase Warrant Issued to Eugene Webb, issued on February 17, 2021.</a>	S-3/A	4.2	08/20/2021	
4.5	<a href="#">Promissory Note issued by Outdoor Holding Company, Firelight Group I, LLC in favor of Hiawatha National Bank, dated October 14, 2021.</a>	10-Q	4.1	02/14/2022	
4.6.1	<a href="#">Form of Warrant in connection with Settlement Agreement.</a>	8-K	10.2	05/28/2025	
4.6.2	<a href="#">Form of Additional Warrant in connection with Settlement Agreement.</a>	8-K	10.3	05/28/2025	
10.1+	<a href="#">2017 Equity Incentive Plan, as amended.</a>	S-8	4.1	03/30/2023	
10.2+	<a href="#">Form of Stock Option Award Agreement under the 2017 Equity Incentive Plan.</a>	s-8	4.2	10/25/2017	
10.3+	<a href="#">Form of Restricted Stock Award Agreement under the 2017 Equity Incentive Plan.</a>	S-8	4.3	10/25/2017	
10.4+	<a href="#">Form of Stock Unit Award Agreement under the 2017 Equity Incentive Plan.</a>	S-8	4.4	10/25/2017	



10.5+	<a href="#">Employment Agreement, dated January 20, 2022, by and between Enlight Group II, LLC and James Mann.</a>	10-K/A	10.12	07/29/2024
10.6+	<a href="#">Employment Agreement, dated July 1, 2022, by and between Outdoor Holding Company and Tod Wagenhals.</a>	10-K/A	10.9	07/29/2024
10.7+	<a href="#">Employment Agreement, dated July 27, 2022, by and between Outdoor Holding Company, SpeedLight Group I, LLC and Beth Cross.</a>	10-K/A	10.10	07/29/2024
10.8+	<a href="#">Employment Agreement, dated January 8, 2024, by and between Outdoor Holding Company and Paul Kasowski.</a>	10-K/A	10.11	07/29/2024
10.9.1+	<a href="#">Executive Separation Agreement, dated September 19, 2024, by and between Outdoor Holding Company and Robert D. Wiley.</a>	10-K/A	10.7.5	05/20/2025
10.9.2+	<a href="#">Addendum to Executive Separation Agreement, dated October 18, 2024, by and between Outdoor Holding Company and Robert D. Wiley.</a>	10-K/A	10.7.6	05/20/2025
10.10+	<a href="#">Executive Separation Agreement dated March 14, 2025, by and between AMMO, Inc. and Anthony Tate.</a>			
10.11+	<a href="#">Executive Separation Agreement, dated April 8, 2025, by and between Outdoor Holding Company and Fred W. Wagenhals.</a>	8-K	10.1	04/08/2025
10.12+	<a href="#">Executive Separation Agreement, dated May 21, 2025, by and between Outdoor Holding Company and Jared Smith.</a>	8-K	10.7	05/28/2025
10.13+	<a href="#">Construction Loan Agreement by and among Outdoor Holding Company, Firelight Group I, LLC, and Hiawatha National Bank, dated October 14, 2021.</a>	10-Q	10.1	02/14/2022
10.14.2	<a href="#">Voting Rights Agreement, dated April 30, 2021, by and between Outdoor Holding Company and Steven F. Urvan.</a>	8-K	10.2	05/06/2021
10.14.3	<a href="#">Standstill Agreement, dated April 30, 2021, by and between Outdoor Holding Company and Steven F. Urvan.</a>	8-K	10.3	05/06/2021
10.14.4	<a href="#">Investor Rights Agreement, dated April 30, 2021, by and between Outdoor Holding Company and Steven F. Urvan.</a>	8-K	10.4	05/06/2021
10.15.1	<a href="#">Settlement Agreement, by and among Outdoor Holding Company, Steven F. Urvan and Susan T. Lokey, dated November 3, 2022.</a>	8-K	10.1	11/07/2022
10.15.2	<a href="#">Amendment to Settlement Agreement, by and among Outdoor Holding Company, Steven F. Urvan and Susan T. Lokey, dated November 21, 2022.</a>	8-K	10.1	11/22/2022
10.15.3	<a href="#">Amendment No. 2 to Settlement Agreement, dated May 21, 2025, by and between Outdoor Holding Company, Steven F. Urvan and Susan T. Lokey.</a>	8-K	10.6	05/28/2025
10.16	<a href="#">Confidential Settlement Agreement and Mutual General Release, by and among Triton Value Partners, LLC, Donald Gasgarth, Paul Freischlag, Jr., Jeff Zwitter, Steven Urvan, TVP Investments LLC, Gunbroker.com, LLC, IA TECH, LLC, GB Investments, Inc., and Outdoor Holding Company, dated as of June 24, 2024.</a>	8-K	10.1	06/28/2024
10.17	<a href="#">Settlement Agreement, dated May 21, 2025, by and among Outdoor Holding Company, Speedlight Group I, LLC, Richard R. Childress, Jared Smith, Steven F. Urvan, Fred W. Wagenhals, and Russell Williams Wallace, Jr.</a>	8-K/A	10.1	05/30/2025
10.18.1#	<a href="#">Loan and Security Agreement by and between Outdoor Holding Company, other borrowers party to the Agreement and Sunflower Bank, N.A.</a>	8-K	10.1	01/05/2024
10.18.2	<a href="#">Amendment to Loan and Security Agreement, dated December 31, 2024, by and among Outdoor Holding Company and Sunflower Bank, N.A.</a>	10-K/A	10.20.2	05/20/2025
10.18.3	<a href="#">Consent and Second Amendment to Loan and Security Agreement, dated April 18, 2025, by and among Outdoor Holding Company and Sunflower Bank, N.A.</a>	8-K	10.1	04/18/2025

X

10.18.4	<a href="#">Third Amendment to Loan and Security Agreement, dated May 13, 2025, by and among Outdoor Holding Company and Sunflower Bank, N. A.</a>	8-K	10.1	05/19/2025	
10.19	<a href="#">Letter of Credit, dated July 26, 2023, by and between Outdoor Holding Company and Northern Trust.</a>	10-K/A	10.21	05/20/2025	
10.20.1	<a href="#">Form of Note 1 in connection with Settlement Agreement.</a>	8-K	10.4	05/28/2025	
10.20.2	<a href="#">Form of Note 2 in connection with Settlement Agreement.</a>	8-K	10.5	05/28/2025	
19.1	<a href="#">Outdoor Holding Company Company Insider Trading Policy.</a>	10-K/A	19.1	5/20/2025	
21.1	<a href="#">Subsidiaries of the Company.</a>				X
23.1	<a href="#">Consent of Pannell Kerr Forster of Texas, P.C Independent Registered Accounting Firm.</a>				X
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				X
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				X
32.1*	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				X
32.2*	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				X
97.1	<a href="#">Outdoor Holding Company Nasdaq Executive Compensation Recovery Policy.</a>	10-K/A	97.1	05/20/2025	
101.INS	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document				X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents				X
104	Cover Page formatted as Inline XBRL and contained in Exhibit 101				X

# Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish supplementally copies of omitted schedules and exhibits to the Securities and Exchange Commission or its staff upon request.

† Certain portions have been redacted in accordance with Item 601(b)(2)(ii) of Regulation S-K. The Company will furnish supplementally copies to the Securities and Exchange Commission or its staff upon request.

+ Management compensatory plan or contract.

\* The certifications attached as Exhibit 32.1 and Exhibit 32.2 are not deemed “filed” with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Outdoor Holding Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

### Outdoor Holding Company

Date: June 16, 2025

By: /s/ Steven F. Urvan  
Steven F. Urvan, Chief Executive Officer  
(Principal Executive Officer)

Date: June 16, 2025

By: /s/ Paul J. Kasowski  
Paul J. Kasowski, Chief Financial Officer  
(Principal Accounting Officer and Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Steven F. Urvan</u> Steven F. Urvan	Chief Executive Officer and Director (Principal Executive Officer)	June 16, 2025
<u>/s/ Paul J. Kasowski</u> Paul J. Kasowski	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 16, 2025
<u>/s/ Richard Childress</u> Richard Childress	Director	June 16, 2025
<u>/s/ Randy E. Luth</u> Randy E. Luth	Director	June 16, 2025
<u>/s/ Christos Tsentas</u> Christos Tsentas	Director	June 16, 2025
<u>/s/ Wayne Walker</u> Wayne Walker	Director	June 16, 2025
<u>/s/ Russell W. Wallace Jr.</u> Russell W. Wallace, Jr.	Director	June 16, 2025

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of  
Outdoor Holding Company

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Outdoor Holding Company and Subsidiaries (the “Company”) as of March 31, 2025 and 2024, the related consolidated statements of operations, stockholders’ equity and cash flows for each of the years in the three year period ended March 31, 2025, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three year period ended March 31, 2025 in conformity with U. S. Generally Accepted Accounting Principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 16, 2025, expressed an adverse opinion.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (i) related to accounts or disclosures that are material to the financial statements and (ii) involved especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### *Settlement Valuation*

The Company has recorded a settlement contingency of approximately \$29.1 million as of March 31, 2025. As described in Note 2 to the financial statements, the Company monitors its exposure to contingencies on a regular basis and determined that the impending settlement of a certain lawsuit required the recording of a contingent liability. The Company’s calculations in performing this analysis requires management to make various judgments, assumptions, and estimates, the most significant of which include probabilities and discount rates. We identified the settlement valuation as a critical audit matter primarily because of the judgment involved in reviewing management’s estimates as well as the degree of subjectivity in evaluating audit evidence.

Our testing procedures to address this critical audit matter included, among others, the following:

- Testing the design and operating effectiveness of the Company's internal control over financial reporting applicable to management's estimates;
- Obtaining and evaluating third party valuation reports utilized by management in its valuation, along with the relevant information related to the settlement and evaluated management's use of a specialist for such third party valuation reports; and
- Evaluating, with the assistance of an auditor engaged specialist, the reasonableness of the third party valuation report and methodology used by management in its valuation, including related in puts, such as discount rates and probability of conversion, amongst others.

/s/ PANNELL KERR FORSTER OF TEXAS, P.C.

We have served as the Company's auditor since 2021.

Houston, Texas  
June 16, 2025

**OUTDOOR HOLDING COMPANY  
CONSOLIDATED BALANCE SHEETS**

	<u>March 31, 2025</u>	<u>March 31, 2024</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 30,227,796	\$ 55,586,441
Accounts receivable, net	10,189,011	10,796,433
Prepaid expenses	1,233,611	1,495,224
Current assets held for sale	30,497,720	63,647,168
Total Current Assets	<u>72,148,138</u>	<u>131,525,266</u>
<b>Equipment, net</b>	<b>6,477,684</b>	<b>4,538,038</b>
<b>Other Assets:</b>		
Deposits	83,278	27,244
Other intangible assets, net	98,891,767	111,013,201
Goodwill	90,870,094	90,870,094
Right of use assets - operating leases	1,466,026	2,000,093
Deferred income tax asset	-	4,407,491
Noncurrent assets held for sale	27,392,642	58,657,908
<b>TOTAL ASSETS</b>	<b><u>\$ 297,329,629</u></b>	<b><u>\$ 403,039,335</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 18,079,577	\$ 15,628,309
Accrued liabilities	37,413,636	2,854,196
Current portion of operating lease liability	519,522	479,651
Current liabilities held for sale	6,080,182	12,012,893
Total Current Liabilities	<u>62,092,917</u>	<u>30,975,049</u>
<b>Long-term Liabilities:</b>		
Income tax payable	1,609,520	1,609,520
Operating lease liability, net of current portion	1,035,813	1,609,836
Noncurrent liabilities held for sale	10,564,816	10,795,079
Total Liabilities	<u>75,303,066</u>	<u>44,989,484</u>
<b>Shareholders' Equity:</b>		
Series A cumulative perpetual preferred stock 8.75%, (\$25.00 per share, \$0.001 par value) 1,400,000 shares issued and outstanding as of March 31, 2025 and 2024, respectively	1,400	1,400
Common stock, \$0.001 par value, 200,000,000 shares authorized 118,744,093 and 120,531,507 shares issued and 116,814,190 and 119,181,067 outstanding at March 31, 2025 and 2024, respectively	116,816	119,181
Additional paid-in capital	434,335,782	430,525,824
Accumulated deficit	(203,862,034)	(69,923,398)
Treasury Stock	(8,565,401)	(2,673,156)
Total Shareholders' Equity	<u>222,026,563</u>	<u>358,049,851</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 297,329,629</u></b>	<b><u>\$ 403,039,335</u></b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**OUTDOOR HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Year Ended March 31,		
	2025	2024	2023
Net revenues	\$ 49,401,547	\$ 53,942,076	\$ 63,149,673
Cost of revenues	6,468,031	7,660,541	9,116,939
Gross profit	42,933,516	46,281,535	54,032,734
Operating expenses			
Selling and marketing	610,926	190,420	2,187,466
Corporate general and administrative	70,594,542	23,436,308	18,965,699
Employee salaries and related expenses	17,851,628	16,063,506	17,811,873
Depreciation and amortization expense	13,589,698	13,034,306	12,700,436
Total operating expenses	102,646,794	52,724,540	51,665,474
Income/(loss) from operations	(59,713,278)	(6,443,005)	2,367,260
Other expenses			
Other income/(expense)	860,293	(174,447)	(13,868)
Interest expense	(82,173)	318,984	(77,806)
Total other income/(expense)	778,120	144,537	(91,674)
Income/(loss) before income taxes from continuing operations	(58,935,158)	(6,298,468)	2,275,586
Provision (benefit) for income taxes	6,286,305	(948,292)	(1,347,055)
Net income/(loss) from continuing operations	(65,221,463)	(5,350,176)	3,622,641
Preferred stock dividend	(3,105,036)	(3,122,049)	(3,105,034)
Net loss before discontinued operations	(68,326,499)	(8,472,225)	517,607
Loss from discontinued operations, net of tax	(65,612,137)	(11,243,433)	(12,389,327)
Net loss attributable to common stock shareholders	<u>\$ (133,938,636)</u>	<u>\$ (19,715,658)</u>	<u>\$ (11,871,720)</u>
Basic loss per share of common stock:			
Continuing operations	\$ (0.58)	\$ (0.07)	\$ 0.00
Discontinued operations	(0.56)	(0.10)	(0.11)
Total basic loss per share of common stock	<u>\$ (1.14)</u>	<u>\$ (0.17)</u>	<u>\$ (0.11)</u>
Diluted loss per share of common stock:			
Continuing operations	\$ (0.58)	\$ (0.07)	\$ 0.00
Discontinued operations	(0.56)	(0.10)	(0.11)
Total diluted loss per share of common stock	<u>\$ (1.14)</u>	<u>\$ (0.17)</u>	<u>\$ (0.11)</u>
Weighted average number of shares outstanding			
Basic	117,642,232	118,249,486	117,177,885
Diluted	<u>117,642,232</u>	<u>118,249,486</u>	<u>117,177,885</u>

*The accompanying notes are an integral part of these consolidated financial statements.*



**OUTDOOR HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Preferred Stock		Common Shares		Additional Paid-In Capital	Accumulat ed (Deficit)	Treasury Stock	Total
	Number	Par Value	Number	Par Value				
<b>Balance as of March 31, 2022</b>	1,400,000	\$ 1,400	116,485,747	\$ 116,487	\$ 41	\$ (38,344,527)	\$ -	\$ 375,857,901
Common stock issued for exercised warrants	-	-	200,003	200	101,306	-	-	101,506
Common stock issued for cashless warrant exercise	-	-	99,762	99	(99)	-	-	-
					10,126,460			
Employee stock awards	-	-	1,777,294	1,776	0	-	-	10,128,236
Warrants issued for services	-	-	-	-	427,639	-	-	427,639
Preferred stock dividends declared	-	-	-	-	-	(638,071)	-	(638,071)
Dividends accumulated on preferred stock	-	-	-	-	-	(144,618)	-	(144,618)
Preferred stock dividend	-	-	-	-	-	(2,322,346)	-	(2,322,346)
Net Loss	-	-	-	-	-	(8,766,686)	-	(8,766,686)
Treasury shares purchased	-	-	(268,328)	(268)	-	-	(522,158)	(522,426)
<b>Balance as of March 31, 2023</b>	1,400,000	\$ 1,400	118,294,478	\$ 118,294	\$ 47	\$ (50,216,248)	\$ (522,158)	\$ 374,121,135

	Preferred Stock		Common Shares		Additional Paid-In Capital	Accumulat ed (Deficit)	Treasury Stock	Total
	Number	Par Value	Number	Par Value				
<b>Balance as of March 31, 2023</b>	1,400,000	\$ 1,400	118,294,478	\$ 118,294	\$ 47	\$ (50,216,248)	\$ (522,158)	\$ 374,121,135
Common stock issued for exercised warrants	-	-	31,750	32	76,168	-	-	76,200
Employee stock awards	-	-	1,936,951	1,937	5,279,351	-	-	5,281,288
Common stock purchase options	-	-	-	-	430,458	-	-	430,458
Preferred stock dividends declared	-	-	-	-	-	(638,071)	-	(638,071)
Dividends accumulated on preferred stock	-	-	-	-	-	(144,618)	-	(144,618)
Preferred stock dividend	-	-	-	-	-	(2,330,852)	-	(2,330,852)
						(16,593,609)		(16,593,609)
Net loss	-	-	-	-	-	9)	-	9)
Treasury shares purchased	-	-	(1,082,112)	(1,082)	-	-	(2,150,998)	(2,152,080)
			119,181,067		430,525,824	(69,923,398)		358,049,851
<b>Balance as of March 31, 2024</b>	1,400,000	\$ 1,400	119,181,067	\$ 119,181	\$ 24	\$ (8)	\$ (2,673,156)	\$ 1

(Continued)

**OUTDOOR HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Preferred Stock		Common Shares		Additional Paid-In Capital	Accumulat ed (Deficit)	Treasury Stock	Total
	Number	Par Value	Number	Par Value				
<b>Balance as of March 31, 2024</b>	1,400,000	\$ 1,400	119,181,067	\$ 119,181	430,525,824	(69,923,398)	\$ (2,673,156)	358,049,851
Employee stock awards	-	-	1,490,832	1,493	4,349,089	-	-	4,350,582
Common stock purchase options	-	-	-	-	123,936	-	-	123,936
Repurchase of common shares <sup>(1)</sup>	-	-	(421,103)	(421)	(663,067)	-	-	(663,488)
Preferred stock dividends	-	-	-	-	-	(2,552,085)	-	(2,552,085)
Dividends accumulated on preferred stock	-	-	-	-	-	(552,951)	-	(552,951)
Net loss	-	-	-	-	-	(130,833,600)	-	(130,833,600)
Treasury shares purchased	-	-	(3,436,606)	(3,437)	-	-	(5,892,245)	(5,895,682)
<b>Balance as of March 31, 2025</b>	<u>1,400,000</u>	<u>\$ 1,400</u>	<u>116,814,190</u>	<u>\$ 116,816</u>	<u>434,335,782</u>	<u>(203,862,034)</u>	<u>\$ (8,565,401)</u>	<u>222,026,563</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**OUTDOOR HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**

	For the Year Ended March 31,		
	2025	2024	2023
<b>Cash flows from operating activities:</b>			
Net loss	\$ (130,833,600)	\$ (16,593,609)	\$ (8,766,686)
Loss from discontinued operations, net of tax	(65,612,137)	(11,243,433)	(12,389,327)
Net income (loss) from continuing operations	\$ (65,221,463)	\$ (5,350,176)	\$ 3,622,641
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operations:			
Depreciation and amortization	13,589,698	13,034,306	12,700,436
Employee stock awards	4,350,580	5,281,288	10,128,236
Gain on disposal of assets	-	263,290	-
Common stock purchase options	123,936	430,458	-
Allowance for doubtful accounts	637,789	401,585	-
Reduction in right of use asset	534,067	476,252	629,140
Warrant issued for services	-	-	213,819
Valuation allowance	(35,964,755)	-	-
Deferred income taxes	40,372,246	(3,811,735)	712,239
Changes in Current Assets and Liabilities	-	-	-
Accounts receivable	(30,367)	1,014,281	2,775,529
Due to (from) related parties	-	-	15,000
Prepaid expenses	261,613	3,674,454	1,881,046
Deposits	(56,034)	1,153,145	(1,000)
Accounts payable	2,451,268	1,142,140	(1,224,527)
Accrued liabilities	34,423,330	307,905	(500,705)
Operating lease liability	(534,152)	(499,448)	(647,480)
Net cash provided by (used in) operating activities - continuing operations	(5,062,244)	17,517,745	30,304,374
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	(3,407,910)	(2,652,611)	(1,756,969)
Net cash used in investing activities - continuing operations	(3,407,910)	(2,652,611)	(1,756,969)
<b>Cash flow from financing activities:</b>			
Payments on insurance premium note payment	-	(3,174,834)	(2,134,143)
Common stock issued for exercised warrants	-	76,200	101,506
Repurchase of common shares	(663,488)	-	-
Preferred stock dividends paid	(2,968,925)	(2,968,923)	(2,960,416)
Common stock repurchase plan	(5,895,682)	(2,152,080)	(522,426)
Net cash used in financing activities	(9,528,095)	(8,219,637)	(5,515,479)
<b>Cash flow from discontinued operations:</b>			
Net cash provided by (used in) operating activities of discontinued operations	(5,043,716)	15,117,346	5,251,992
Net cash used in investing activities of discontinued operations	(2,075,743)	(5,372,154)	(10,784,356)
Net cash used in financing activities of discontinued operations	(240,937)	(438,275)	(1,147,010)
Net cash provided by (used in) discontinued operations	(7,360,396)	9,306,917	(6,679,374)
<b>Net increase/(decrease) in cash</b>	<b>(25,358,645)</b>	<b>15,952,414</b>	<b>16,352,552</b>
<b>Cash, beginning of period</b>	<b>55,586,441</b>	<b>39,134,027</b>	<b>23,281,475</b>
<b>Restricted cash, beginning of period</b>	<b>-</b>	<b>500,000</b>	<b>-</b>
<b>Cash and restricted cash, end of period</b>	<b>\$ 30,227,796</b>	<b>\$ 55,586,441</b>	<b>\$ 39,634,027</b>
<b>Restricted cash, end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,000</b>
<b>Cash, end of period</b>	<b>\$ 30,227,796</b>	<b>\$ 55,586,441</b>	<b>\$ 39,134,027</b>

(Continued)

**OUTDOOR HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**

	For the Year Ended March 31,		
	2025	2024	2023
<b>Supplemental cash flow disclosures:</b>			
Cash paid during the period for:			
Interest	\$ 699,929	\$ 667,063	\$ 665,043
Income taxes	\$ -	\$ -	\$ 1,302,811
<b>Non-cash investing and financing activities:</b>			
Operating lease liability	\$ -	\$ 1,214,711	\$ 901,076
Note issued for insurance premium payment	\$ -	\$ 1,056,199	\$ 4,252,778
Dividends accumulated on preferred stock	\$ 136,111	\$ 144,618	\$ 144,618

*The accompanying notes are an integral part of these consolidated financial statements.*

**OUTDOOR HOLDING COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND BUSINESS ACTIVITY**

Outdoor Holding Company ("Outdoor Holding," "we," "us," "our" or the "Company") began its operations in 2017 as a vertically integrated producer of high-performance ammunition and premium components. Following the acquisition of the GunBroker business ("GunBroker") in 2021, we conducted operations through two operating and reportable segments, Ammunition and Marketplace. The Ammunition segment engaged in the design, production and marketing of ammunition, ammunition components and related products. The Marketplace segment consists of the GunBroker e-commerce marketplace ("Marketplace"), which, in its role as an auction site, supports the lawful sale of firearms, ammunition, and hunting/shooting accessories. In addition, GunBroker helps provide the outdoors community with a state and federal compliant solution that connects buyers with sellers across the United States with local federally licensed firearm dealers.

Prior to the sale of the ammunition manufacturing business (see "Assets Held for Sale and Discontinued Operations" under Note 2), our Ammunition segment manufactured small arms ammunition and their components for the commercial, military, and law enforcement communities. Our manufacturing operations were based out of Manitowoc, Wisconsin ("WI"). We emphasized an American heritage by using predominantly American-made components and raw materials in our products that were produced, inspected, and packaged at our facility in Manitowoc, WI. Following the sale of the ammunition manufacturing business, the Company continues to operate its online Marketplace business.

The Company changed its name from AMMO, Inc. to Outdoor Holding Company on April 21, 2025.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements include the accounts of Outdoor Holding Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

**Assets Held for Sale and Discontinued Operations**

In accordance with Accounting Standards Codification ("ASC") Subtopic 205-20 "Discontinued Operations," a business is classified as held for sale when management having the authority to approve the action commits to a plan to sell the business, the business is available for immediate sale in its present condition and an active program to locate a buyer has been initiated. Additionally, the sale must be probable to occur during the next 12 months at a price that is reasonable in relation to its current fair value and actions required to complete the plan indicate it is unlikely significant changes to the plan will be made or the plan will be withdrawn. A business classified as held for sale is recorded at the lower of (i) its carrying amount and (ii) estimated fair value less costs to sell. When the carrying amount of the business exceeds its estimated fair value less costs to sell, a loss is recognized and updated each reporting period as appropriate. Assets held for sale are not depreciated or amortized.

The results of operations of businesses classified as held for sale are reported as discontinued operations if the disposal represents a strategic shift that will have a major effect on the entity's operations and financial results. When a business is identified for discontinued operations reporting: (i) results for prior periods are retrospectively reclassified as discontinued operations; (ii) results of operations are reported in a single line, net of tax, in the consolidated statement of operations; and (iii) assets and liabilities are reported as held for sale in the consolidated balance sheets in the period in which the business is classified as held for sale.

During the year ended March 31, 2025, the Board of Directors initiated a formal review of strategic alternatives for the Company. This review of strategic alternatives resulted in the decision to sell the Company's Ammunition segment. The Company concluded the assets of the Ammunition segment met the criteria for classification as held for sale during the three months ended March 31, 2025. Additionally, the Company determined the ultimate disposal would represent a strategic shift that would have a major effect on the Company's operations and financial results. As such, the results of the Ammunition segment are presented as discontinued operations in the accompanying consolidated statements of operations for all periods presented. Prior periods have been adjusted to conform to the current presentation. The assets and liabilities of the Ammunition segment have been reflected as assets and liabilities held for sale in the accompanying consolidated balance sheets for all periods presented. The Company has ceased depreciating and amortizing its long-lived assets for the Ammunition segment which primarily include right-of-use assets, intangible assets and property and equipment. On January 20, 2025, the Company entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Olin Winchester, LLC (the "Buyer"), to sell the Ammunition segment assets and liabilities for consideration of \$75.0 million, subject to customary adjustments for estimated net working capital and real property costs and pro-rations. The transaction was completed on April 18, 2025.

Unless otherwise noted, all amounts and disclosures included in these notes to consolidated financial statements reflect only the Company's continuing operations. Refer to Note 4 for additional details on discontinued operations.

**OUTDOOR HOLDING COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires us to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made in preparing the condensed consolidated financial statements include the valuation of allowances for credit losses, valuation of deferred tax assets, inventories, useful lives of assets, goodwill, intangible assets, stock-based compensation, and warrant-based compensation.

**Goodwill**

We evaluate goodwill for impairment annually or more frequently when an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. In testing for goodwill impairment, we may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If our qualitative assessment indicates that goodwill impairment is more likely than not, we perform a two-step impairment test. We test goodwill for impairment under the two-step impairment test by first comparing the book value of net assets to the fair value of the reporting unit. If the fair value is determined to be less than the book value or qualitative factors indicate that it is more likely than not that goodwill is impaired, a second step is performed to compute the amount of impairment as the difference between the estimated fair value of goodwill and the carrying value. We estimate the fair value of the reporting units using discounted cash flows. Forecasts of future cash flows are based on our best estimate of future net sales and operating expenses, based primarily on expected category expansion, pricing, market segment share, and general economic conditions. Due to the declines in the value of our stock price and market capitalization during the years ended March 31, 2025, 2024 and 2023, we assessed qualitative factors to determine if it is more likely than not that the fair value of the Marketplace segment is less than its carrying amount. Accordingly, the impairment of goodwill was not warranted for the year ended March 31, 2025. As of March 31, 2025 and 2024, the Company had a goodwill carrying value of \$90,870,094, all of which was assigned to the Marketplace segment.

**Accounts Receivable and Allowance for Credit Losses**

Our accounts receivable represents amounts due from customers for products sold and include an allowance for estimated credit losses which is estimated based on the collectability and age of the accounts receivable balances and categorization of customers with similar financial condition.

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, we consider highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

**Impairment of Long-Lived Assets**

We continually monitor events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. No impairment was recognized for the years ended March 31, 2025, 2024 and 2023 other than the impairment charges discussed in Note 4, "Discontinued Operations."

**Revenue Recognition**

We generate revenue from marketplace fees, which includes auction revenue, compliance fee revenue, payment processing revenue, and shipping revenue. We recognize revenue according to Accounting Standard Codification – Revenue from Contract with Customers (“ASC 606”). When the customer obtains control over the promised goods or services, we record revenue in the amount of consideration that we can expect to receive in exchange for those goods and services. We apply the following five-step model to determine revenue recognition:

- Identification of a contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the separate performance obligation
- Recognition of revenue when performance obligations are satisfied

## **OUTDOOR HOLDING COMPANY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

We only apply the five-step model when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to the customer. At contract inception and once the contract is determined to be within the scope of ASC 606, we assess the goods or services promised within each contract and determine those that are performance obligations, and assess whether each promised good or service is distinct.

Marketplace fees are generated through our GunBroker online auction marketplace. Performance obligations are satisfied, and revenue is recognized, as follows:

Auction revenue consists of optional listing fees with variable pricing components based on customer options selected from the GunBroker website and final value fees based on a percentage of the final selling price of the listed item. The performance obligation is to process the transactions as initiated by the customer. Revenue is recognized at a point in time when the transaction is processed.

Compliance fee revenue consists of fees charged to customers based on a percentage of the final price of an item at the time of purchase. The performance obligation is to process the transactions as initiated by the customer. Revenue is recognized at a point in time when the transaction is processed.

Payment processing revenue consists of fees charged to customers on a transactional basis. The performance obligation is to process the transactions as initiated by the customer. The price is set by the GunBroker user agreement on the website based on stand-alone selling prices. Revenue is recognized at a point in time when the transaction is processed.

Shipping revenue consists of fees charged to customers for shipping of sold items listed on the GunBroker website. The performance obligation is to ship the item sold as initiated by the customer. The price is set based on the third-party service provider selected to be used by the customer as well as the speed and location of shipment. Revenue is recognized at a point in time when the shipping label is printed.

Banner advertising campaign revenue consists of fees charged to customers for advertisement placement and impressions generated through the GunBroker website. The performance obligation is to generate the number of impressions specified by the customer on banner advertisements on the GunBroker website using the placement selected by the customer. The price is set by the GunBroker user agreement on the website based on standalone selling prices, or by advertising insertion order as negotiated by a media broker. If the number of impressions promised is not generated, the customer receives a refund and the refund is applied to the transaction price. Banner advertising campaigns generally run for one month, and revenue is recognized at a point in time at the end of the selected month.

Identity Verification consists of fees charged to customers for identity verification in order to gain access to the GunBroker website. The performance obligation is to process the identity verification as initiated by the customer. The price is set by the GunBroker user agreement on the website based on a stand-alone selling price. Revenue is recognized at a point in time when the identity verification is completed.

For the years ended March 31, 2025, 2024, and 2023, no customers comprised more than 10% of total revenues. As of March 31, 2025 and 2024, no customers comprised more than 10% of accounts receivable.

#### **Advertising Costs**

Marketplace advertising costs are expensed as they are incurred and recorded in cost of revenues. For the years ended March 31, 2025, 2024 and 2023 we incurred advertising expenses of \$413,461, \$765,594, and \$286,479, respectively.

#### **Fair Value of Financial Instruments**

We measure options and warrants at fair value in accordance with Accounting Standards Codification 820 – Fair Value Measurement (“ASC 820”). The objective of ASC 820 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. ASC 820 specifies a valuation hierarchy based on whether the inputs to those valuation techniques are observable or unobservable.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s own assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices for identical instruments in active markets;

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

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This hierarchy requires us to minimize the use of unobservable inputs and to use observable market data, if available, when estimating fair value.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximated fair values due to the short-term maturities of these instruments.

**Property and Equipment**

We state property and equipment at historical cost less accumulated depreciation. We compute depreciation using the straight-line method at rates intended to depreciate the cost of assets over their estimated useful lives, which are generally five to ten years. Upon retirement or sale of property and equipment, we remove the cost of the disposed assets and related accumulated depreciation from the accounts and any resulting gain or loss is credited or charged to other income or expenses. We charge expenditures for normal repairs and maintenance to expense as incurred.

We capitalize additions and expenditures for improving or rebuilding existing assets that extend the useful life. Leasehold improvements made either at the inception of the lease or during the lease term are amortized over the shorter of their economic lives or the lease term including any renewals that are reasonably assured.

**Leases**

We determine if an arrangement is a lease at inception of the contract. Operating lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of fixed lease payments over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet; instead, we recognize lease expense for these leases on a straight-line basis over the lease term. We do not account for lease components (e.g., fixed payments to use the underlying lease asset) separately from the non-lease components (e.g., fixed payments for common-area maintenance costs and other items that transfer a good or service). Some of our leases include variable lease payments, which primarily result from changes in consumer price and other market-based indices, which are generally updated annually, and maintenance and usage charges. These variable payments are excluded from the calculation of our lease assets and lease liabilities.

We utilize the interest rate implicit in the lease to determine the lease liability when the interest rate can be determined. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments.

**Stock-Based Compensation**

We account for stock-based compensation at fair value in accordance with Accounting Standards Codification 718 – Compensation – Stock Compensation (“ASC 718”), which requires the recognition of the cost of employee, director and non-employee services received in exchange for an award of equity over the period the employee, director or non-employee is required to perform the services in exchange for the award. Stock-based compensation is measured based on the grant-date fair value of the award. Stock-based compensation is recognized on a straight-line basis over the vesting periods and forfeitures are recognized in the periods they occur.

**Concentrations of Credit Risk**

Accounts at banks are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of March 31, 2025 and 2024, our bank account balances exceeded federally insured limits, however, we have not incurred losses related to these deposits.

**Income Taxes**

We file federal and state income tax returns in accordance with the applicable rules of each jurisdiction. We account for income taxes under the asset and liability method in accordance with Accounting Standards Codification 740 - Income Taxes (“ASC 740”). The provision for income taxes includes federal, state, and local income taxes currently payable, and deferred taxes. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable amounts in years in which those temporary differences are expected to be recovered or settled. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized. In accordance with ASC 740, we recognize the effect of income tax positions only if those positions are more likely than not of being sustained. We measure recognized income tax positions at the largest amount that is greater than 50% likely of being realized. We reflect changes in recognition or measurement in the period in which the change in judgment occurs.

**Contingencies**

Certain conditions may exist as of the date the consolidated financial statements are issued that may result in a loss to us but will only be resolved when one or more future events occur or fail to occur. We assess such contingent liabilities, and such assessment



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inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, we evaluate the perceived merits of any legal proceedings or unasserted claims and the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability is reasonably estimated, the estimated liability would be accrued in our condensed consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of range of possible loss if determinable and material, would be disclosed.

*Arbitration Case*

During the year ended March 31, 2025, the Company was involved in one remaining arbitration case with a former employee. The arbitration involved an employee terminated for cause who was seeking contract wages and stock that was earned but clawed back upon his termination. The employee disputed that the termination was for-cause. In the arbitration, the Company first received a favorable ruling when the arbitrator partially granted summary judgment when he ruled that the employee had refused to return funds he received as reimbursement for invoices he never paid. The remaining claims went to an arbitration hearing in late September 2023. The arbitrator entered an interim award as well as supplemental briefing award fees. The arbitrator entered a final non-appealable order in June 2024 in which the employee received a total award of \$857,742 comprised of the employee award of \$459,723, attorneys' fees of \$387,711 and arbitration costs of \$10,309.

*Delaware Litigation*

On April 30, 2023, Steve Urvan filed suit in the Delaware Court of Chancery (the "Delaware Court") against the Company, and certain Outdoor Holding Company directors, former directors, employees, former employees and consultants. At the time the lawsuit was filed, Mr. Urvan was a member of the Board of Directors and our largest stockholder. As described in this Form 10-K, Mr. Urvan now serves as Chairman of the Board of Directors and Chief Executive Officer of the Company. Urvan's claims include fraudulent inducement, unjust enrichment and violations of the Arizona Securities Act. The suit sought a court order for partial rescission of the Company's acquisition of GunBroker.com and compensatory damages of not less than \$140 million. On August 1, 2023, Outdoor Holding Company filed a separate lawsuit against Urvan in the Delaware Court alleging, among other things, that Urvan committed fraud in connection with the GunBroker.com sale, and that Urvan breached his indemnification obligations to Outdoor Holding Company after the sale. On September 11, 2023, the Delaware Court consolidated Outdoor Holding Company's lawsuit against Urvan with Urvan's lawsuit against Outdoor Holding Company and the individual defendants (the "Delaware Litigation").

On December 20, 2024, the Board of Directors held a meeting during which it voted to pursue a settlement and voted to approve terms outlined in a non-binding term sheet. We recorded an estimated liability of \$29.1 million during the year ended March 31, 2025. Please see Note 16, "Subsequent Events" for additional information regarding the Delaware Litigation.

*The Books and Records Action*

On December 6, 2023, Steve Urvan initiated a separate action against the Company in his capacity as director under 8 *Del. C.* § 220(d) to inspect certain of the Company's books and records (the "Books and Records Action"). In the Books and Records Action, Mr. Urvan alleged that the Company wrongfully refused to provide him with access to certain categories of documents following demands that he made on the Company on March 3, 2023 and November 9, 2023. On April 9, 2024, the Company began producing documents in response to Mr. Urvan's demands pursuant to a Stipulation and Order Governing the Company's Document Productions. Please see Note 16, "Subsequent Events" for additional information regarding the Books and Records Action.

*The MN Action*

On January 18, 2024, Innovative Computer Professionals, Inc. d/b/a Digital Cash Processing ("DCP") filed a civil action in Minnesota state court against Outdoors Online, LLC d/b/a GunBroker.com ("GunBroker.com") for breach of contract (the "MN Action"). In the MN Action, DCP alleges that GunBroker.com breached a May 2021 contract, pursuant to which DCP was to provide specified digital payment processing services, and it alleges \$100 million in damages. On February 7, 2024, GunBroker.com removed the MN Action to the United States District Court for the District of Minnesota. On February 14, 2024, GunBroker.com moved to dismiss the MN Action for lack of personal jurisdiction and for failure to adequately state a claim, or, in the alternative, to transfer the MN Action to the United States District Court for the District of Arizona (the "Motion"). The court denied the Motion and GunBroker filed its Answer and Counterclaims. GunBroker denies the allegations in the MN Action, and it plans to vigorously defend the claims asserted against it. The parties' initial disclosure statements were exchanged in August, 2024. The parties have since participated in document discovery and fact witness depositions. The Company expects this matter will be scheduled for trial in January, 2026. We cannot yet reasonably estimate a loss or range of loss that may arise from a resolution in the MN Action. The Company will continue to evaluate the status of the MN Action litigation to determine when it is probable that a loss will be incurred and when the amount of the loss is reasonably estimable.

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*The Triton Settlement*

On June 24, 2024 the Company entered into a Confidential Settlement Agreement and Mutual General Release (the "Triton Settlement Agreement") with Triton Value Partners, LLC, Donald Gasgarth, Paul Freischlag, Jr., Jeff Zwitter (the "Plaintiffs," and together with the Defendants and the Company, the "Parties" or, individually, "Party"), and Steven Urvan and TVP Investments LLC (the "Urvan Defendants") and GunBroker.com, LLC, IA TECH, LLC, and GB Investments, Inc. (the "GunBroker Defendants," and collectively with the Urvan Defendants, the "Defendants") to fully resolve and settle all disputes and claims related to the litigation between the Defendants and Plaintiffs captioned Triton Value Partners, LLC et al. v. TVP Investments, LLC et al., Cobb County Superior Court, CAFN 18104869 (the "Action"). Pursuant to the Triton Settlement Agreement, the GunBroker Defendants agreed to pay the Plaintiffs \$8,000,000 (the "Settlement Amount") in a single lump sum payment. AMMO agreed to tender the Settlement Amount to an escrow agent on behalf of the GunBroker Defendants within 45 days of the Triton Settlement Agreement's execution. Within five business days of the receipt of the Settlement Amount from the escrow agent, the Plaintiffs agreed to dismiss the Action with prejudice, and the Urvan Defendants agreed to dismiss all counterclaims against the Plaintiffs with prejudice. Pursuant to the Merger Agreement (as defined above), Urvan has the exclusive right to settle the Action on behalf of all Defendants and Urvan is obligated to indemnify the Company for certain liabilities, including certain liabilities incurred in connection with the Action. In connection with the Merger Agreement, on April 30, 2021, the Company and Urvan entered into a Pledge and Escrow Agreement (the "Pledge and Escrow Agreement"), pursuant to which ten stock certificates in the name of Urvan, with each certificate representing \$2.8 million worth of shares of the Company's common stock as of the date of the Pledge and Escrow Agreement (the "Pledged Securities") were placed in escrow pending resolution of the Action. Pursuant to the Triton Settlement Agreement, a portion of the Pledged Securities in the form of a stock certificate for 2,857,143 shares (the "Stock Certificate") were sent to the Company's transfer agent for cancellation on September 30, 2024. Pursuant to the Triton Settlement Agreement, each of the Plaintiffs and the Defendants provided mutual releases of all claims as of June 24, 2024, arising from any allegations set forth in the Action. Notwithstanding the foregoing, the Company and the GunBroker Defendants do not release any claims asserted against Urvan, and Urvan did not release any claims asserted against the Company, the GunBroker Defendants or any individual or entity related to or affiliated with the Company. Upon the Stock Certificate's cancellation on September 30, 2024, the parties payment obligations under the Triton Settlement Agreement were complete.

On August 8, 2024, the Company paid \$8.0 million to the escrow agent in connection with the Triton Settlement Agreement. This resulted in \$4.8 million being recorded as a receivable that was reclassified to treasury stock upon Mr. Urvan's transfer of the shares related to the settlement payment to the Company on September 30, 2024.

*Securities and Exchange Commission Investigation*

The Company faces an inestimable loss contingency stemming from a pending investigation of the Staff of the Securities and Exchange Commission's ("SEC") Division of Enforcement (the "SEC Investigation"). The Company has produced documents responsive to document subpoenas and cooperated by, among other things, providing other information to the SEC Staff on a voluntary basis. The SEC Staff has significant discretion in conducting investigations, and therefore, the Company cannot predict the scope or outcome of the SEC Investigation. Based upon document subpoenas to the Company and other communications, it appears that the SEC Staff is investigating and will likely recommend that the SEC bring an enforcement action relating to the Company's: (i) valuation of, and accounting for share-based compensation awards to employees, non-employee directors and other service providers, and issued in exchange for goods and services; (ii) capitalization of certain share issuance costs; (iii) disclosure of perquisites and the valuation of equity-based compensation paid to certain executives; (iv) disclosure of certain executive officers and related party transactions; and (v) disclosure concerning the calculation of Adjusted EBITDA. The SEC Staff have not issued a Wells Notice to the Company. If the SEC Staff issues a Wells Notice, the Company will have the opportunity to present factual evidence, legal arguments and mitigating circumstances to the SEC. If, notwithstanding the Company's Wells submission, the SEC authorizes a civil enforcement action, the agency may seek injunctions, civil penalties or other relief, and the Company may incur additional legal and other professional fees in defending such action or negotiating a resolution. Given the ongoing nature and complexity of the SEC Investigation, we cannot yet reasonably estimate a loss or range of loss that may arise from its resolution. The Company will continue to evaluate the status of the investigation and any resolution negotiation to determine when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable.

We accrued for contingencies totaling approximately \$29.1 million for the year ended March 31, 2025. There were no other known contingencies as of March 31, 2025 or 2024.

**Recently Adopted Accounting Pronouncements**

In June 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-03, "Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions" which clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The guidance also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction and requires specific disclosures for equity securities subject to contractual sale restrictions. We adopted this ASU on April 1, 2024 and it did not have an impact on our financial results during the year ended March 31, 2025.

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In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. Additionally, it requires that a public entity (1) disclose an amount for “other segment items” by reportable segment, (2) provide all annual disclosures about a reportable segment’s profit or loss and assets currently required by Topic 280 in interim periods, and (3) requires that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this proposed ASU and all existing segment disclosures in Topic 280. The amendments in this proposed ASU should be applied retrospectively to all prior periods presented in the financial statements. We adopted this ASU during our fiscal year ended March 31, 2025. Additional disclosures were added to Note 15, “Segments” to comply with the new requirements.

**Recent Accounting Pronouncements**

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the transparency and decision usefulness of income tax disclosures. The ASU requires that public business entities on an annual basis (1) disclose specific categories in the effective tax rate reconciliation and (2) provide additional information for reconciling items that meet or exceed a quantitative threshold. Additionally, it requires all entities disclose the following information about income taxes paid on an annual basis: (1) the year-to-date amounts of income taxes paid disaggregated by federal (national), state, and foreign taxes and (2) the amount of income taxes paid disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than 5 percent of total income taxes paid. The amendments are effective for annual periods beginning after December 15, 2024. The amendments in this proposed ASU should be applied on a prospective basis, although retrospective application to all periods presented is permitted. Early adoption is permitted. We are currently evaluating the potential impact of these changes.

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

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**NOTE 3 – INCOME/(LOSS) PER COMMON SHARE**

We calculate basic income/(loss) per share using the weighted average number of common shares outstanding during each period. Diluted earnings per share assumes the conversion, exercise or issuance of all potential common stock equivalents unless the effect is to reduce a loss or increase the income per share. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options (using the treasury stock method), the exercise of warrants (using the if-converted method) and the vesting of stock awards.

	<b>For the Year Ended March 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Numerator:</b>			
Net income/(loss) from continuing operations	\$ (65,221,463)	\$ (5,350,176)	\$ 3,622,641
Less: Preferred stock dividends	(3,105,036)	(3,122,049)	(3,105,034)
Net income/(loss) before discontinued operations	(68,326,499)	(8,472,225)	517,607
Net loss from discontinued operations, net of tax	(65,612,137)	(11,243,433)	(12,389,327)
Net loss attributable to common stockholders	<u>\$ (133,938,636)</u>	<u>\$ (19,715,658)</u>	<u>\$ (11,871,720)</u>
<b>Denominator:</b>			
Weighted average shares of common stock - Basic	117,642,232	118,249,486	117,177,885
Effect of dilutive common stock purchase warrants	-	-	-
Effect of dilutive equity incentive awards	-	-	-
Weighted average shares of common stock - Diluted	<u>117,642,232</u>	<u>118,249,486</u>	<u>117,177,885</u>
<b>Basic loss per share attributable to common stockholders:</b>			
Continuing operations	\$ (0.58)	\$ (0.07)	\$ 0.00
Discontinued operations	\$ (0.56)	\$ (0.10)	\$ (0.11)
Total basic loss per share attributable to common stockholders	<u>\$ (1.14)</u>	<u>\$ (0.17)</u>	<u>\$ (0.11)</u>
<b>Diluted loss per share attributable to common stockholders:</b>			
Continuing operations	\$ (0.58)	\$ (0.07)	\$ 0.00
Discontinued operations	\$ (0.56)	\$ (0.10)	\$ (0.11)
Total diluted loss per share attributable to common stockholders	<u>\$ (1.14)</u>	<u>\$ (0.17)</u>	<u>\$ (0.11)</u>

The following table presents the number of shares excluded from the calculation of diluted net loss per share attributable to common stockholders:

	<b>For the Year Ended March 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Common stock options	275,000	175,000	-
Non-vested stock awards	215,196	1,540,524	2,204,659
Warrants	1,721,296	1,808,870	2,560,986
Total shares excluded from diluted net loss per share	<u>2,211,492</u>	<u>3,524,394</u>	<u>4,765,645</u>

**NOTE 4- DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE**

The Board of Directors initiated a formal review of strategic alternatives for the Ammunition segment during the year ended March 31, 2025. This strategic alternatives review resulted in the decision to sell the Ammunition segment. Accordingly, the Company determined the assets of the Ammunition segment met the criteria for classification as held for sale. Additionally, the Company determined the ultimate disposal will represent a strategic shift that will have a major effect on our operations and financial results. As such, the results of the Ammunition segment are presented as discontinued operations in the accompanying consolidated statements of operations and consolidated statement of cash flows for all periods presented. The assets and liabilities of the Ammunition segment have been reflected as assets and liabilities of discontinued operations in the accompanying consolidated balance sheets for all periods presented. Net proceeds are estimated to total approximately \$42.9 million.

Refer to Note 2 under the caption “Assets Held for Sale and Discontinued Operations” for additional details on accounting criteria for held for sale and discontinued operations treatment.

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**Financial Information of Discontinued Operations**

Loss from discontinued operations, net of tax in the consolidated statements of operations reflects the after-tax results of the Ammunition segment and does not include any allocation of general corporate overhead expense or interest expense of the Company. The following table summarizes the results of operations of the Ammunition segment that are being reported as discontinued operations:

	For the Year Ended March 31,		
	2025	2024	2023
Net revenues <sup>(1)</sup>	\$ 74,867,419	\$ 91,112,496	\$ 128,290,128
Cost of revenues	83,079,531	94,818,546	126,961,549
Gross profit	(8,212,112)	(3,706,050)	1,328,579
Operating expenses			
Selling and marketing	1,296,141	1,179,659	2,542,074
Corporate general and administrative	8,553,708	6,146,966	6,014,380
Employee salaries and related expenses	2,610,046	1,636,496	2,008,625
Depreciation and amortization expense	35,866	508,485	578,326
Total operating expenses	12,495,761	9,471,606	11,143,405
Loss from operations	(20,707,873)	(13,177,656)	(9,814,826)
Total other income/(expense)	(617,756)	(923,603)	(515,207)
Impairment of assets	(45,847,430)	-	-
Loss from discontinued operations before income taxes	(67,173,059)	(14,101,259)	(10,330,033)
Provision (benefit) for income taxes	(1,560,922)	(2,857,826)	2,059,294
Loss from discontinued operations, net of tax	<u>\$ (65,612,137)</u>	<u>\$ (11,243,433)</u>	<u>\$ (12,389,327)</u>

<sup>(1)</sup> Included in revenue for the years ended March 31, 2025, 2024 and 2023 are excise taxes of \$4,972,452, \$6,155,524 and \$9,789,897, respectively.

The following table summarizes the Ammunition segment assets and liabilities classified as held for sale in the accompanying consolidated balance sheets:

	March 31, 2025	March 31, 2024
<b>ASSETS</b>		
Accounts receivable, net	\$ 8,778,545	\$ 17,424,888
Inventories	21,520,796	45,563,334
Prepaid expenses	198,379	658,946
Equipment, net	25,983,100	53,544,002
Deposits	-	322,034
Patents, net	1,409,542	4,756,006
Other intangible assets, net	-	35,866
<b>Total assets held for sale</b>	<u>\$ 57,890,362</u>	<u>\$ 122,305,076</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,513,533	\$ 7,528,186
Accrued liabilities	3,280,449	4,211,248
Current portion of construction note payable	286,200	273,459
Contingent consideration payable	-	59,838
Construction note payable, net of unamortized issuance costs	10,564,816	10,735,241
<b>Total liabilities held for sale</b>	<u>\$ 16,644,998</u>	<u>\$ 22,807,972</u>

Assets and liabilities classified as held for sale are required to be recorded at the lower of carrying value or fair value less costs to sell. As of March 31, 2025, we determined that the fair value of the Ammunition segment, including costs to sell was lower than its carrying value and we recorded a \$45.8 million impairment. The fair value of the Ammunition segment was estimated using the expected sale price as negotiated with the third party buyer.

Capital expenditures related to discontinued operations were \$2.1 million, \$5.4 million and \$10.8 million for the years ended March 31, 2025, 2024, and 2023, respectively.

**Impairment of Long-Lived Assets**

During the year ended March 31, 2025, we determined that our Ammunition segment should be classified as held for sale. In connection with the reclassification of the segment's assets and liabilities, we recorded an impairment of \$45.8 million. For the

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impairment charges, we performed an undiscounted cash flow analysis on the asset group and determined that net carrying values exceeded the estimated undiscounted future cash flows. We estimated the fair value of the asset group based on a discounted cash flow method and recorded an impairment for asset groups where the fair value was lower than its carrying value. The significant estimates used in the discounted cash flow methodology, which are based on level 3 inputs, include our expectations for projected cash flows to be generated from the asset group. The total impairment included a write-down of inventory of \$16.9 million based on an analysis of liquidation values and obsolescence.

**NOTE 5 – SUPPLEMENTAL BALANCE SHEET INFORMATION**

***Accounts Receivable***

Our net accounts receivable are summarized as follows:

	<b>March 31, 2025</b>	<b>March 31, 2024</b>
Accounts receivable	\$ 13,994,499	\$ 13,800,818
Less: allowance for credit losses	(3,805,488)	(3,004,385)
Accounts receivable, net	<u>\$ 10,189,011</u>	<u>\$ 10,796,433</u>

The following presents a reconciliation of our allowance for credit losses for the periods presented:

April 1, 2023	\$ 2,566,917
Increase in allowance	1,831,900
Write-off of uncollectible amounts	(1,394,432)
March 31, 2024	3,004,385
Increase in allowance	1,503,700
Write-off of uncollectible amounts	(702,597)
March 31, 2025	<u>\$ 3,805,488</u>

***Property and Equipment***

Property and equipment consisted of the following at March 31, 2025 and March 31, 2024:

	<b>March 31, 2025</b>	<b>March 31, 2024</b>
Leasehold Improvements	\$ 247,725	\$ 247,725
Furniture and Fixtures	331,483	331,483
Software and Equipment	9,249,946	6,198,213
Construction in Progress	733,384	429,210
Total property and equipment	\$ 10,562,538	\$ 7,206,631
Less accumulated depreciation	(4,084,854)	(2,668,593)
Property and equipment, net	<u>\$ 6,477,684</u>	<u>\$ 4,538,038</u>

Depreciation expense for the years ended March 31, 2025, 2024, and 2023 totaled \$1,378,619, \$867,040, and \$529,003, respectively, and was included in depreciation and amortization expenses in operating expenses on the consolidated statement of operations.

***Accrued Liabilities***

At March 31, 2025 and March 31, 2024, accrued liabilities were as follows:

	<b>As of March 31, 2025</b>	<b>2024</b>
Accrued bonus program	\$ 1,831,250	\$ 786,885
Accrued professional fees	4,682,183	1,134,368
Accrued payroll	764,174	265,883
Other accruals	674,735	272,926
Income taxes payable	394,065	394,134
Accrued contingency	29,067,229	-
Accrued liabilities	<u>\$ 37,413,636</u>	<u>\$ 2,854,196</u>

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**NOTE 7 – REVOLVING LOAN**

On December 29, 2023, we entered into a Loan and Security Agreement (the “Sunflower Agreement”) by and among the Company and other borrowers party to the Agreement (collectively, the “Borrower”), the lenders party thereto (collectively, the “Lenders”) and Sunflower Bank, N.A., as administrative agent and collateral agent (the “Agent”). Capitalized terms used but not otherwise defined in this Note 7 have the same definitions given to such terms in the Sunflower Agreement. Under the terms of the Sunflower Agreement, the Lenders have provided to the Borrower a revolving loan in the principal amount of the lesser of (a) \$20,000,000 (the “Total Commitment Amount”) and (b) the Borrowing Base (a formula based on certain amounts owed to Borrower for goods sold or services provided and eligible inventory) (the “Revolving Loan”). The proceeds of loans under the Sunflower Agreement may be used for working capital, general corporate purposes, Permitted Acquisitions, to pay fees and expenses incurred in connection with the Revolving Loan, to facilitate Borrower’s stock repurchase program and to fund Borrower’s general business requirements.

The Revolving Loan bears interest at a rate of the greater of (x) 3.50% (the “Floor Rate”) and (y) Term SOFR, plus 3.00% (the “Revolving Facility Applicable Rate”) and is computed on the basis of a 360-day year for the actual number of days elapsed. Except in an Event of Default (as defined below), Advances under the Revolving Loan shall bear interest, on the outstanding Daily Balance thereof, at the Revolving Facility Applicable Rate. Interest is due and payable on the first calendar day of each month during the term of the Sunflower Agreement. The Borrower is also obligated to pay to the Agent, for the ratable benefit of Lenders, an origination fee, Prepayment Fee, unused facility fee, collateral monitoring fee and Lender Expenses.

The Borrower may borrow, repay and re-borrow under the Revolving Loan until December 29, 2026 (the “Maturity Date”), at which time the commitments will terminate and all outstanding loans, together with all accrued and unpaid interest, must be repaid. If the Revolving Loan is refinanced by another lender prior to the Maturity Date, an additional fee payable concurrently with such refinancing in an amount equal to (i) three percent (3.0%) of the Total Commitment Amount, if such financing occurs after the Closing Date but on or prior to the first anniversary of the Closing Date, (ii) two percent (2.0%) of the Total Commitment Amount, if such refinancing occurs after the first anniversary of the Closing Date but on or prior to the second anniversary of the Closing Date, and (iii) one percent (1.0%) of the Total Commitment Amount, if such refinancing occurs after the second anniversary of the Closing Date but on or prior to the third anniversary of the Closing Date (the “Prepayment Fee”).

The Sunflower Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict the Borrower’s and the Borrower’s subsidiaries’ ability to, among other things, incur subsidiary indebtedness, grant liens, merge or consolidate, dispose of substantially all assets of the Borrower and its subsidiaries, taken as a whole, make investments, make acquisitions, enter into certain transactions with affiliates, pay dividends or make distributions, repurchase stock, and enter into restrictive agreements, in each case subject to customary exceptions.

The Sunflower Agreement includes customary events of default (each, an “Event of Default”) that include, among other things, non-payment defaults, inaccuracy of representations and warranties, covenant defaults, insolvency defaults, material judgment defaults, attachment defaults, subordinated debt default, guaranty defaults, and governmental approval defaults. Upon an Event of Default, all Obligations under the Sunflower Agreement shall bear interest at a rate equal to three percentage points above the interest rate applicable immediately prior to the occurrence of the Event of Default.

We did not have an outstanding balance on our Revolving Loan as of March 31, 2025. See Note 16, “Subsequent Events” for a description of subsequent amendments to the Revolving Loan.

**NOTE 8 – LEASES**

We lease office space in Scottsdale, AZ and Atlanta, GA under contracts we classify as operating leases. None of our leases are financing leases. The Scottsdale lease was extended through 2029 and does not include a renewal option. This extension resulted in an increase to our right of use assets on the consolidated balance sheet by \$738,459 during the year ended March 31, 2024. We terminated our lease agreement in Marietta, GA during the year ended March 31, 2024 and decreased our right of use asset and operating lease liabilities on the consolidated balance sheet by \$38,185.

Consolidated lease expense for the year ended March 31, 2025 was \$656,674 including \$653,420 of operating lease expense and \$3,255 of other lease associated expenses such as association dues, taxes, utilities, and other month to month rentals. Consolidated lease expense for the year ended March 31, 2024 was \$663,826 including \$642,105 of operating lease expense and \$21,722 of other lease associated expenses such as association dues, taxes, utilities, and other month to month rentals. Consolidated lease expense for the year ended March 31, 2023 was \$881,171 including \$861,777 of operating lease expense and \$19,394 of other lease associated expenses such as association dues, taxes, utilities, and other month to month rentals.

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The weighted average remaining lease term and weighted average discount rate for operating leases were 3.1 years and 10.0%, respectively, at March 31, 2025 and were 4.0 years and 10.0%, respectively, at March 31, 2024.

Future minimum lease payments under non-cancellable leases as of March 31, 2025 are as follows:

<b>Years Ended March 31,</b>	
2026	\$ 650,195
2027	564,681
2028	360,055
2029	242,595
Total Lease Payments	1,817,526
Less: Amount Representing Interest	(261,742)
Present value of lease liabilities	<u>\$ 1,555,784</u>

**NOTE 9 – RELATED PARTY TRANSACTIONS**

***Notes Payable***

In June 2020, in connection with the settlement of disputes related to the Company’s acquisition of the casing division of Jagemann Stamping Company (“JSC”), the Company issued to JSC (i) a \$5,803,800 promissory note (“Note A”) and (ii) a \$2,635,797 promissory note (“Note B”). From March 2019 through March 16, 2021, JSC was a related party due to its ownership of greater than 5% of the Company’s outstanding Common Stock. In November 2020, the Company made a payment to JSC resulting in full repayment of Note A and partial repayment of Note B, following which the Company issued an amended Note B with a starting principal balance of \$1,687,664 (“Amended Note B”). The Amended Note B principal balance carried a 9% per annum interest rate and was amortized equally over the thirty-six (36) month term.

As of March 31, 2023, the outstanding principal balance of Amended Note B was \$180,850. The Company paid the remaining balance of Amended Note B during the year ended March 31, 2024. The Company recognized \$1,788 and \$48,665 in interest expense on Amended Note B during the years ended March 31, 2024 and 2023, respectively.

***Other Transactions***

***Advisory Committee***

During the year ended March 31, 2023, we issued 45,000 shares in the aggregate to advisory committee members for service for a total value of \$245,250. During the year ended March 31, 2024, we issued 25,000 shares in the aggregate to our advisory committee members for service for a total value of \$43,240.

***Letter of Credit***

Effective July 12, 2024, our \$1.6 million letter of credit with Northern Trust for collateral for a bond related to a judgment assessed to GunBroker.com was extended until July 26, 2025. Effective July 26, 2024, our \$1.6 million certificate of deposit with Northern Trust for security on the letter of credit was extended until July 28, 2025. The term of the certificate of deposit is twelve months and includes interest of approximately 5%. Per the terms of the merger agreement with Gemini, Mr. Urvan is required to pay or be liable for these losses.

***Triton Settlement Agreement Payment***

As a result of the contingency recognized for the Triton Settlement Agreement described in the Contingencies section of Note 2, we had recorded a receivable of \$4,800,000. During the year ended March 31, 2025, we recognized the value of shares returned to the Company in lieu of the settlement payment. As of March 31, 2025, Mr. Urvan transferred the shares to the Company and they have been reclassified to treasury stock. Please refer to the description of the Triton Settlement Agreement in Note 2 for additional information.

***Gemini Accounts Receivable***

Through our acquisition of Gemini, a related party relationship was created through Mr. Urvan, by virtue of his ownership of entities that transact with Gemini. As of March 31, 2025 and 2024 there was \$201,646 included in accounts receivable on the consolidated balance sheet from entities owned by Mr. Urvan.

***Transactions Involving Chris Larson***

After the initial filings of the Company’s Form 10-Ks for the years ended March 31, 2024, 2023 and 2022, the Company was made aware that Chris Larson had received undisclosed payments totaling \$814,863 from a vendor from which the Company received



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services. The payments were made by a third-party service provider. This third-party made payments to Mr. Larson from approximately January 2022 through March 2024 based upon a percentage of revenue received in connection with services rendered to the Company. Mr. Larson separated as an employee from the Company effective November 4, 2022 and was later engaged as a contractor for approximately six months.

In December 2020, the Company entered into an agreement with Larson Building to serve as the general contractor for the construction of its Manitowoc, WI manufacturing facility. Larson Building is wholly owned by the brother of Chris Larson, who was an executive officer of the Company at the time. During the year ended March 31, 2023, the Company paid \$14,584,805 to Larson Building in connection with this project.

**NOTE 10 – CONSTRUCTION NOTE PAYABLE**

On October 14, 2021, we entered into a Construction Loan Agreement (the “Hiawatha Loan Agreement”) with Hiawatha National Bank (“Hiawatha”). The Hiawatha Loan Agreement specifies that Hiawatha may lend up to \$11,625,000 to us to pay a portion of the construction costs of an approximately 185,000 square foot manufacturing facility to be constructed on our property (the “Construction Loan”). The first advance of Construction Loan funds by Hiawatha was made on October 14, 2021 in the amount of \$329,843. We received advances of Construction Loan funds approximately every month as our “owner’s equity” was fully funded into the ongoing new plant construction project. The Construction Loan is an advancing term loan and not a revolving loan so any portion of the principal repaid cannot be re-borrowed.

Additionally, on October 14, 2021, we issued a Promissory Note in favor of Hiawatha (the “Hiawatha Note”) in the amount of up to \$11,625,000 with an interest rate of 4.5%. The maturity date of the Hiawatha Note is October 14, 2026. Under the terms of the Hiawatha Loan Agreement, we are required to make monthly payments of \$64,620 which consists of principal and interest until the maturity date, at which time the remaining principal balance of the Construction Loan would become due.

We can prepay the Hiawatha Note in whole or in part starting in July 2022 with a prepayment premium of 1% of the principal being prepaid.

The Hiawatha Loan Agreement contains customary events of default including, but not limited to, a failure to make any payments pursuant to the Hiawatha Loan Agreement or Hiawatha Note, a failure to complete construction of the project, a lien of \$100,000 or more against the property, or a transfer of the property without Hiawatha’s consent. Upon the occurrence of an event of default, among other remedies, the amounts due pursuant to the Construction Loan can be accelerated, Hiawatha can foreclose on the property pursuant to the mortgage, and a late charge of 5% of the amount due will be owed with all amounts then owed pursuant to the Hiawatha Note bearing interest at an increased rate.

We are required to maintain a debt service coverage ratio, as defined in the terms of the Hiawatha Loan Agreement, of not less than 1.25 to 1.00 for the period defined below and continuing to and including the maturity date. The debt service coverage ratio shall be tested on an annual basis, as of July 1, for each previous year. We maintained compliance under the Loan Agreement since its inception.

We made \$240,937 and \$257,425 in principal payments for the years ended March 31, 2025 and 2024, respectively.

The Construction Loan is included in noncurrent liabilities held for sale as of March 31, 2025 and 2024 as it is related to the Ammunition segment. In connection with the sale of the Ammunition segment in April 2025, the Construction Loan was paid in full on April 18, 2025.

**NOTE 11 – PREFERRED STOCK**

On May 18, 2021, the Company filed a Certificate of Designations (the “Certificate of Designations”) with the Secretary of State of the State of Delaware to establish the preferences, voting powers, limitations as to dividends or other distributions, qualifications, terms and conditions of redemption and other terms and conditions of the Series A Preferred Stock.

The Series A Cumulative Redeemable Perpetual Preferred Stock (“Series A Preferred Stock”), as to dividend rights and rights as to the distribution of assets upon the Company’s liquidation, dissolution or winding-up, ranks: (1) senior to all classes or series of Common Stock and to all other capital stock issued by the Company expressly designated as ranking junior to the Series A Preferred Stock; (2) on parity with any future class or series of the Company’s capital stock expressly designated as ranking on parity with the Series A Preferred Stock; (3) junior to any future class or series of the Company’s capital stock expressly designated as ranking senior to the Series A Preferred Stock; and (4) junior to all the Company’s existing and future indebtedness.

The Series A Preferred Stock has no stated maturity and is not subject to mandatory redemption or any sinking fund. In the event of the voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, the holders of shares for the Series A Preferred Stock are entitled to be paid out of the Company’s assets legally available for distribution to its stockholders (*i.e.*, after satisfaction of all the Company’s liabilities to creditors, if any) an amount equal to \$25.00 per share of the Series A Preferred Stock,

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plus any amount equal to any accumulated and unpaid dividends to the date of payment before any distribution or payment may be made to holders of shares of Common Stock or any other class of or series of the Company's capital stock ranking, as to rights to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up, junior to the Series A Preferred Stock.

The Company will pay cumulative cash dividends on the Series A Preferred Stock when, as and if declared by its Board of Directors (or a duly authorized committee of its Board of Directors), only out of funds legally available for payment of dividends. Dividends on the Series A Preferred Stock will accrue on the stated amount of \$25.00 per share of the Series A Preferred Stock at a rate per annum equal to 8.75% (equivalent to \$2.1875 per year), payable quarterly in arrears. Dividends on the Series A Preferred Stock declared by our Board of Directors (or a duly authorized committee of our Board of Directors) will be payable quarterly in arrears on March 15, June 15, September 15, and December 15.

Generally, the Series A Preferred Stock is not redeemable by the Company prior to May 18, 2026. However, upon a change of control or de-listing event (each as defined in the Certificate of Designations), the Company will have a special option to redeem the Series A Preferred Stock for a limited period of time.

The following is a summary of the dividends paid on the Series A Preferred Stock in the year ended March 31, 2025:

<b>Dividend Declaration Date</b>	<b>Record Date</b>	<b>Dividend Period</b>	<b>Dividend Payment Date</b>	<b>Dividend Amount</b>	<b>Per Share Amount</b>
May 15, 2024	May 31, 2024	March 15, 2024 - June 14, 2024	June 17, 2024	\$ 782,634	\$ 0.55902778
August 15, 2024	August 31, 2024	June 15, 2024 - September 14, 2024	September 15, 2024	782,639	0.55902778
November 15, 2024	November 30, 2024	September 15, 2024 - December 14, 2024	December 15, 2024	782,639	0.55902778
February 6, 2025	February 28, 2025	December 15, 2024 - March 14, 2025	March 15, 2025	765,625	0.54687500

Preferred dividends accumulated as of March 31, 2025 were \$136,111.

The following is a summary of the dividends paid on the Series A Preferred Stock in the year ended March 31, 2024:

<b>Dividend Declaration Date</b>	<b>Record Date</b>	<b>Dividend Period</b>	<b>Dividend Payment Date</b>	<b>Dividend Amount</b>	<b>Per Share Amount</b>
May 15, 2023	May 31, 2023	March 15, 2023 - June 14, 2023	June 15, 2023	\$ 782,639	\$ 0.55902778
August 15, 2023	August 31, 2023	June 15, 2023 - September 14, 2023	September 15, 2023	782,639	0.55902778
November 15, 2023	November 30, 2023	September 15, 2023 - December 14, 2023	December 15, 2023	774,132	0.55295140
February 6, 2024	February 29, 2024	December 15, 2023 - March 14, 2024	March 15, 2024	774,132	0.55295140

Preferred dividends accumulated as of March 31, 2024 were \$144,618.

**NOTE 12 – CAPITAL STOCK**

Our authorized capital consists of 200,000,000 shares of Common Stock with a par value of \$0.001 per share.

**2017 Equity Incentive Plan**

In October 2017, our Board of Directors of directors approved the 2017 Equity Incentive Plan ("2017 Plan"). Our 2017 Plan initially permitted the issuance of equity-based instruments covering up to a total of 485,000 shares of Common Stock. Our Board of Directors and stockholders approved an increase of 4,515,000 shares in October 2020 an additional increase of 1,000,000 shares in March 2023, and an additional increase of 3,000,000 shares in February 2024, bringing the total shares allowed under the plan to 9,000,000. As of March 31, 2025, there were 2,093,801 shares available to be issued under the 2017 Plan.

**Warrants**

We issued 200,003 shares to investors for exercised warrants valued for \$101,506 in the year ended March 31, 2023. In addition, 99,762 shares were issued for cashless exercise of 100,000 warrants.

We issued 31,750 shares to investors for exercised warrants valued for \$76,200 in the year ended March 31, 2024.

There were no warrants exercised during the year ended March 31, 2025.

At March 31, 2025 and 2024, outstanding and exercisable stock purchase warrants consisted of the following:

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	Number of Shares	Weighted Averaged Exercise Price	Weighted Average Life Remaining (Years)
Outstanding at March 31, 2023	2,560,946	\$ 2.46	1.59
Granted	—	—	—
Exercised	(31,750)	2.40	—
Forfeited or cancelled	(720,366)	3.19	—
Outstanding at March 31, 2024	1,808,830	\$ 2.16	1.09
Exercisable at March 31, 2024	1,808,830	\$ 2.16	1.09
	Number of Shares	Weighted Averaged Exercise Price	Weighted Average Life Remaining (Years)
Outstanding at March 31, 2024	1,808,830	\$ 2.16	1.09
Granted	—	—	—
Exercised	—	—	—
Forfeited or cancelled	(87,574)	2.35	—
Outstanding at March 31, 2025	1,721,256	\$ 2.03	0.84
Exercisable at March 31, 2025	1,721,256	\$ 2.03	0.84

As of March 31, 2025, we had 1,721,256 warrants outstanding. Each warrant provides the holder the right to purchase up to one share of our Common Stock at a predetermined exercise price. The outstanding warrants consist of (1) warrants to purchase 100,000 shares of Common Stock at an exercise price of \$0.01 per share until December 2026; (2) warrants to purchase 911 shares of Common Stock at an exercise price of \$1.65 per share until April 2025; (3) warrants to purchase 59,034 shares of our Common Stock at an exercise price of \$2.00 per share until October 2025; (4) warrants to purchase 675,000 shares of our Common Stock at an exercise price of \$2.00 per share until February 2026; (5) warrants to purchase 500,000 shares of Common Stock at an exercise price of \$2.00 per share until December 2025; and (6) warrants to purchase 386,311 shares of Common Stock at an exercise price of \$2.63 until November 2025.

***Options Granted***

During the year ended March 31, 2024, we granted stock options (“Options”) to purchase 400,000 shares of our Common Stock to our Chief Executive Officer, of which (i) 100,000 Options vested on the July 24, 2023, and (ii) 300,000 Options shall vest in equal quarterly installments of 25,000 over three years beginning on September 30, 2023. The Options shall (a) be exercisable at an exercise price per share equal to the closing market price of the Company’s Common Stock on the date of the grant, (b) have a term of ten years, and (c) be on such other terms as shall be determined by the Board of Directors (or the Compensation Committee of the Board of Directors) and set forth in a customary form of stock option agreement under the 2017 Plan. We recognized \$123,935 and \$430,457 in expense related to the Options for years ended March 31, 2025 and 2024, respectively.

Number of Options	400,000
Option Vesting Period	Up to 3 years
Per share grant price	\$ 2.08
Dividend yield	-
Expected volatility	83.5%
Risk-free interest rate	4.13%
Expected life (years)	5.75
Weighted average fair value	\$ 1.50

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The following is a summary of our stock option activity during the years ended March 31, 2024 and 2025:

	Number of Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Life in Years
Outstanding, April 1, 2023	-	\$ -	\$ -	-
Granted	400,000	2.08	1.50	10.00
Exercised	-	-	-	-
Canceled/Forfeited	-	-	-	-
Outstanding, March 31, 2024	400,000	2.08	1.50	9.32
Granted	-	-	-	-
Exercised	-	-	-	-
Canceled/Forfeited	-	-	-	-
Outstanding, March 31, 2025	400,000	\$ 2.08	\$ 1.50	8.32

As of March 31, 2025, there was \$48,728 of unrecognized compensation expense related to unvested stock options, which is expected to be recognized over a weighted average vesting period of approximately 1.25 years. As of March 31, 2025 and 2024, there were 125,000 and 225,000 unvested stock options, respectively, with a grant date fair value of \$1.50.

**Stock Awards**

A summary of stock award activity for the year ended March 31, 2025 is as follows:

	Number of Shares	Weighted-Average Grant-Date Fair Value Per Share
Outstanding at April 1, 2024	1,540,525	\$ 2.93
Granted	510,000	1.77
Vested	(1,585,329)	2.74
Forfeited	(250,000)	2.32
Outstanding at March 31, 2025	215,196	\$ 2.24

A summary of stock award activity for the year ended March 31, 2024 is as follows:

	Number of Shares	Weighted-Average Grant-Date Fair Value Per Share
Outstanding at April 1, 2023	2,204,659	\$ 3.68
Granted	2,579,901	2.22
Vested	(1,371,849)	2.94
Forfeited	(1,872,186)	2.82
Outstanding at March 31, 2024	1,540,525	\$ 2.93

As of March 31, 2025, there was \$481,817 of unrecognized compensation expense related to unvested stock awards which is expected to be recognized over a weighted-average period of approximately 0.99 years.

As of March 31, 2024, there was \$4,510,650 of unrecognized compensation expense related to unvested stock awards which is expected to be recognized over a weighted-average period of approximately 2.41 years.

**OUTDOOR HOLDING COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 13 – INCOME TAXES**

The income tax (provision) benefit for the periods shown consist of the following:

	2025	2024	2023
<b>Current</b>			
US Federal	\$ -	\$ -	\$ —
US State	-	-	—
Total current provision	-	-	—
<b>Deferred</b>			
US Federal	(5,601,975)	(718,757)	(1,152,032)
US State	(1,556,266)	(229,535)	(195,023)
Total deferred benefit	(7,158,241)	(948,292)	(1,347,055)
Change in valuation allowance	13,444,546	-	—
Income tax (provision) benefit	\$ 6,286,305	\$ (948,292)	\$ (1,347,055)

The reconciliation of income tax expense computed at the U.S. federal statutory rate of 21% to the income tax provision is as follows:

	2025	2024	2023
U.S. Federal	21.0 %	21.0 %	21.0 %
State taxes, net of Federal income tax benefit	5.5 %	5.6 %	6.0 %
Change in valuation allowance	(11.5) %	0.0 %	0.0 %
Employee stock awards	0.1 %	(7.4) %	(33.3) %
Equity issuance costs	0.0 %	0.0 %	0.0 %
Stock and warrants on note conversion	0.0 %	0.0 %	(1.9) %
Stock for services	0.0 %	0.0 %	0.0 %
Non-deductible meals and entertainment	0.0 %	(0.1) %	(0.4) %
Contingent consideration fair value	0.0 %	0.1 %	0.2 %
Return to provision	0.0 %	0.0 %	0.0 %
Other	0.0 %	(0.4) %	(0.3) %
Total provision for income taxes	15.2 %	18.7 %	(8.8) %

The Company's effective tax rates were 15.2%, 18.7% and (8.8%) for the years ended March 31, 2025, 2024 and 2023, respectively. Prior to the year ended March 31, 2022, we accumulated net operating losses in the amount of \$61.5 million. These net operating losses created a deferred tax asset which carried a valuation allowance due to uncertainty regarding the timing and ability of the Company to utilize such losses against current income. During the year ended March 31, 2023, the Company generated significant taxable income which consumed \$32.3 million of net operating loss carryforwards. This caused the release of the valuation allowance in the amount of \$9.4 million. During the years ended March 31, 2025 and 2024, the effective tax rate differed from the U.S. federal statutory rate primarily due to employee stock awards and changes in valuation allowance. During the year ended March 31, 2025, the Company recorded a valuation allowance of \$36.0 million due to uncertainty regarding the timing and utilization of losses in future periods.

**OUTDOOR HOLDING COMPANY**  
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Significant components of the Company's deferred tax liabilities and assets are as follows:

	<b>As of March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Deferred tax assets</b>		
Net operating loss carryforward	\$ 16,557,351	\$ 5,229,409
Loss on purchase	2,213,969	2,215,611
Impairment - Ammunition segment	12,398,990	-
Inventory capitalization - Section 263A	472,665	1,001,457
Bad debt allowance	1,045,220	973,565
Legal reserve settlement	7,978,747	-
Non qualified stock compensation expense	1,154,090	-
Other timing differences	481,036	297,195
Total deferred tax assets	<u>\$ 42,302,068</u>	<u>\$ 9,717,237</u>
<b>Deferred tax liabilities</b>		
Depreciation expense	\$ (3,523,690)	\$ (3,580,271)
Change in estimate and accounting method	(699,392)	(699,910)
Amortization - intangible assets	(2,114,232)	(1,029,565)
Total deferred tax liabilities	<u>(6,337,314)</u>	<u>(5,309,746)</u>
Net deferred tax asset	\$ 35,964,754	\$ 4,407,491
Valuation allowance	(35,964,754)	-
Net deferred tax asset	<u>\$ -</u>	<u>\$ 4,407,491</u>

The Company accounts for uncertain tax positions in accordance with ASC No. 740-10-25. ASC No. 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC No. 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. To the extent that the final tax outcome of these matters is different than the amount recorded, such differences impact income tax expense in the period in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax expense. ASC No. 740-10-25 also requires management to evaluate tax positions taken by the Company and recognize a liability if the Company has taken uncertain tax positions that more likely than not would not be sustained upon examination by applicable taxing authorities.

The Company has evaluated tax positions taken by the Company as of March 31, 2025 and 2024 in accordance with the recognition and measurement framework within ASC No. 740-10, and has concluded that the benefits associated with certain tax positions should not be recognized on the financial statements. As such, the Company has recorded an additional income tax payable on the consolidated balance sheet of \$1.6 million as of March 31, 2025 and 2024. Included within this amount is accrued penalties and interest of \$0.3 million. The Company records penalties and interest associated with uncertain tax positions as a component of income tax expense.

The tax periods ended March 31, 2021, 2022, 2023, 2024 and 2025 are subject to audit by the Internal Revenue Service.

**NOTE 14 – INTANGIBLE ASSETS**

On April 30, 2021, we entered into an agreement and plan of merger (the "Merger Agreement"), by and among the Company, SpeedLight Group I, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company and Gemini Direct Investments, LLC, a Nevada limited liability company ("Gemini"), whereby SpeedLight Group I, LLC merged with and into Gemini, with SpeedLight Group I, LLC surviving the merger as a wholly owned subsidiary of the Company (the "Merger"). At the time of the Merger, Gemini had nine subsidiaries, all of which are related to Gemini's ownership of GunBroker, an online auction marketplace dedicated to firearms, hunting, shooting, and related products. The intangible assets acquired include a tradename, customer relationships, intellectual property, software, and domain names.

Total amortization expense of our intangible assets was \$12,121,433, \$12,167,266 and \$12,700,436 for the years ended March 31, 2025, 2024, and 2023, respectively. During the year ended March 31, 2024, we disposed of an intangible asset resulting in a loss of \$108,333, which is reflected in other (expense) income on the consolidated statement of operations.

**OUTDOOR HOLDING COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Other intangible assets consisted of the following:

	Life	As of March 31,	
		2025	2024
Tradename	15	\$ 76,532,389	\$ 76,532,389
Customer List	10	65,252,802	65,252,802
Intellectual Property	10	4,224,442	4,224,442
Other Intangible Assets	5	357,747	357,747
Gross Intangibles Assets		146,367,380	146,367,380
Accumulated amortization – Intangible Assets		(47,475,613)	(35,354,179)
Net Intangible Assets		\$ 98,891,767	\$ 111,013,201

Annual estimated amortization of intangible assets for the next five fiscal years are as follows:

Years Ended March 31,	Estimates for Fiscal Year
2026	\$ 12,121,433
2027	12,055,846
2028	12,049,884
2029	12,049,884
2030	12,049,884
Thereafter	38,564,836
	<u>\$ 98,891,767</u>

**NOTE 15 – SEGMENTS**

We define our segments as those operations whose results our chief operating decision maker ("CODM") reviews to analyze performance and allocate resources. As described in Note 2 under the caption "Assets Held for Sale and Discontinued Operations," as well as Note 4, "Discontinued Operations", effective as of the fourth quarter of fiscal 2025, the Company no longer reports the Ammunition segment; it now reports its financial performance based on one segment.

Our CODM is our chief executive officer. The CODM assesses the performance of the Company and decides how to allocate resources based on consolidated earnings before interest expense, income taxes, depreciation and amortization ("EBITDA"). The CODM uses consolidated EBITDA to analyze how profitable the business is, including reviewing in comparison to budget and in comparison to the prior year performance when making decisions on allocating capital and resources. Significant expense categories regularly provided to and reviewed by the CODM are those presented in the consolidated statement of operations.

Our CODM does not use asset book values in assessing performance or allocating resources for our operating segments and therefore this information is not disclosed.

The following table presents consolidated EBITDA for our reportable segment:

	For the Year Ended March 31,		
	2025	2024	2023
Net revenues	\$ 49,401,547	\$ 53,942,076	\$ 63,149,673
Cost of revenues	6,468,031	7,660,541	9,116,939
Selling and marketing	610,926	190,420	2,187,466
Corporate and administrative	70,594,542	23,436,308	18,965,699
Employee salaries and related expenses	17,851,628	16,063,506	17,811,873
Consolidated EBITDA	(46,123,580)	6,591,301	15,067,696
Adjustments and reconciling items:			
Depreciation and amortization	(13,589,698)	(13,034,306)	(12,700,436)
Other income/(expense)	860,293	(174,447)	(13,868)
Interest expense	(82,173)	318,984	(77,806)
(Provision)/benefit for income taxes	(6,286,305)	948,292	1,347,055
Net income/(loss) from continuing operations	<u>\$ (65,221,463)</u>	<u>\$ (5,350,176)</u>	<u>\$ 3,622,641</u>

**OUTDOOR HOLDING COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 16 – SUBSEQUENT EVENTS**

*Olin Asset Purchase Agreement*

On April 18, 2025, we entered into a First Amendment (the “First Amendment”) to the Asset Purchase Agreement. Pursuant to the First Amendment, the Company and Buyer agreed to, among other things: (i) the removal of the escrow mechanisms for the purchase price adjustments contemplated under the Asset Purchase Agreement; (ii) the addition of a pre-closing inventory count rather than a post-closing inventory count; (iii) the revision of the net working capital adjustment provisions to agree upon certain pre-determined assets and liabilities and remove deductions for certain types of inventory and account for inventory based on the Company’s historical accounting practices; (iv) the addition of a reserve to adjust for upgrades to equipment and inventory issues; and (v) the addition of a purchase price adjustment collar in the event the final net working capital amount is less the estimated net working capital exceeds, which entitles the Buyer to receive from the Company amounts in excess of the collar for such a shortfall.

The Company and the Buyer also entered into certain additional agreements, including, among other things: (a) the addition of a mutual non-disparagement provision; (b) the removal of the closing condition related to the process hazard analysis report and the amendment of one of the representations to account for such report; (c) the addition of a mutual release related to certain disputed items; and (d) the addition of an indemnification related to an item excluded from coverage in the representations and warranties insurance policy.

The Transaction was completed on April 18, 2025. We recognized a gain on sale for the Transaction of \$1.3 million.

*Separation Agreements*

Fred W. Wagenhals

On April 8, 2025, in connection with Fred W. Wagenhals’ resignation from his position as the Executive Chairman of the Company and as Chairman of the Board on April 4, 2025, the Company and Mr. Wagenhals entered into an Executive Separation Agreement, effective April 4, 2025, pursuant to which Mr. Wagenhals is entitled to receive certain separation benefits, including: (i) payment of all compensation and benefits to which Mr. Wagenhals is legally entitled under the Wagenhals Employment Agreement through April 4, 2025; (ii) a cash separation payment equal to \$700,000, consisting of (a) a lump sum payment of \$300,000 (an amount equal to nine months of Mr. Wagenhals’s annual base salary) and (b) an aggregate of \$400,000 (an amount equal to 12 months of Mr. Wagenhals’s annual base salary) to be paid in substantially equal installments in accordance with the Company’s normal payroll practices; (iii) reimbursement for all reimbursable expenses due to Mr. Wagenhals under the Wagenhals Employment Agreement; and (iv) a lump sum payment equal to the value of Mr. Wagenhals’s accrued and unused vacation and paid time off balance.

Jared Smith

On May 21, 2025, the Company and Mr. Smith entered into an Executive Separation Agreement, which became effective as of 5:00 p.m. Eastern Time on May 30, 2025, pursuant to which Mr. Smith is, subject to his release of certain claims in favor of the Company (the “ADEA Release”), entitled to receive certain separation benefits, including: (i) payment of all compensation and benefits to which Mr. Smith is legally entitled under his employment agreement through May 30, 2025; (ii) a lump sum cash separation payment (the “Cash Severance Payment”) equal to \$625,000 (an amount equal to 15 months of Mr. Smith’s annual base salary), which Cash Severance Payment will be paid on the Company’s first payroll date that occurs within a 15-day period following the Company’s receipt of the ADEA Release; (iii) reimbursement for all reimbursable expenses due to Mr. Smith under his employment agreement as of May 30, 2025; and (iv) a lump sum payment equal to the value of Mr. Smith’s accrued and unused vacation and paid time off balance as of May 30, 2025. The Company also agreed to pay premiums for extended health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) for a period of 12 months for Mr. Smith and his family, or until Mr. Smith’s coverage otherwise terminates in accordance with COBRA or on account of Mr. Smith’s eligibility to receive coverage under a subsequent employer’s program.

Pursuant to Mr. Smith’s Executive Separation Agreement, Mr. Smith will be permitted to retain 100% of his nonqualified stock options and shares of Common Stock, including any remaining unvested shares and options, which immediately became vested and exercisable as of May 30, 2025, subject to the terms and conditions of the Company’s 2017 Equity Incentive Plan and any applicable award documentation with respect to such options, which terms and conditions include exercisability of the options for up to ten years after the original issuance date.

*Sunflower Loan Amendments*

On April 18, 2025, we entered into a Consent and Second Amendment to Loan and Security Agreement (the “Sunflower Loan Amendment”) by and among the Company and other borrowers party thereto (collectively, the “Borrower”), and Sunflower Bank, N.A., as administrative agent and collateral agent (the “Agent”). The Sunflower Loan Amendment amends that certain Loan and Security Agreement, dated as of December 29, 2019, by and among the Borrower, the Lenders and the Agent (as amended by the Sunflower Loan Amendment, the “Sunflower Loan Agreement”).



## OUTDOOR HOLDING COMPANY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the Sunflower Loan Amendment, the Borrower and the Agent agreed to, among other things: (i) release the Agent's security interest in all collateral securing the Borrower's obligations under the Sunflower Loan Agreement upon consummation of the sale of the Ammunition Manufacturing Business; (ii) reduce all amounts available under the Revolving Loan to zero dollars as of the effective date of the Sunflower Loan Amendment; (iii) enter into an Amended and Restated Revolving Line Promissory Note in the amount of \$5.0 million, representing 100% of the Revolving Line Commitment available under the Sunflower Loan Agreement, executed by Borrower in favor of Agent as of the effective date of the Sunflower Loan Amendment; and (iv) certain other amendments to Borrower's customary covenants and obligations under the Sunflower Loan Agreement that only take effect in the event the Revolving Line Availability is greater than zero dollars.

On May 13, 2025, the Company entered into a Third Amendment to Loan and Security Agreement (the "Third Sunflower Loan Amendment") by and among the Borrower and Agent. The Third Sunflower Loan Amendment further amends the Sunflower Loan Agreement. Pursuant to the Third Sunflower Loan Amendment, the Borrower and the Agent agreed to change the definitions in the Sunflower Loan Agreement of: (i) "AMMO, Inc" to "Outdoor Holding Company," (ii) "Ammo" to "OHC," (iii) "AMMO TECHNOLOGIES, INC" to "OHC TECHNOLOGIES, INC," and (iv) AMMO MUNITIONS, INC" to "OHC MUNITIONS, INC."

### Delaware Litigation Settlement

On May 21, 2025, the Company entered into a Settlement Agreement (the "Settlement Agreement"), by and among the Company, Speedlight Group I, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ("Speedlight"), Mr. Urvan, and the following persons, each of whom serves or previously served on the Board of Directors: Richard R. Childress, Jared Smith, Fred W. Wagenhals and Russell Williams Wallace, Jr. (collectively, the "Legacy Directors"). The Settlement Agreement became effective as of 5:00 p.m. Eastern Time on May 30, 2025, pursuant to its terms (the "Settlement Effective Date"). As a result and pursuant to the Settlement Agreement, effective as of the Settlement Effective Date, (i) Jared Smith resigned as a member of the Board of Directors and from his position as the Chief Executive Officer of the Company and as an officer or member of each of the Company's direct and indirect subsidiaries and (ii) Mr. Urvan was appointed as the Chief Executive Officer of the Company and as the Chairman of the Board of Directors. In addition, in accordance with the Settlement Agreement, on June 3, 2025, the Company, Speedlight, Mr. Urvan and the Legacy Directors filed a Stipulation of Voluntary Dismissal With Prejudice to dismiss, with prejudice, all claims asserted in the Delaware Litigation.

### Issuance of Warrant

As partial consideration for the settlement, on the Settlement Effective Date, the Company issued an affiliated designee of Urvan, a warrant (the "Warrant") to purchase 7.0 million shares (the "Warrant Shares") of Common Stock. The Warrant has a five-year term and an exercise price of \$1.81 per share. Pursuant to the terms of the Warrant, the Warrant is exercisable at the holder's discretion, in whole or in part, on or after November 30, 2025, *provided* that the Warrant automatically vests and becomes exercisable in certain circumstances, such as bankruptcy, liquidation, termination of the business or other similar events, as well as upon consummation of any Extraordinary Transaction (as defined in the Warrant).

Pursuant to the terms of the Warrant, the Warrant Shares may not, subject to certain exceptions, be sold, assigned, transferred or otherwise distributed without prior approval from a majority of the disinterested and independent members of the Board of Directors, *provided* that on each of the first three anniversaries of the Settlement Effective Date, the holder may transfer 25% of the total issuable shares under the Warrant.

### Issuance of Unsecured Promissory Notes

Pursuant to the Settlement Agreement, the Company also issued to Mr. Urvan's affiliated designee, an unsecured promissory note on the Settlement Effective Date for a principal amount of \$12.0 million ("*Note 1*"). Note 1 bears interest at 6.50% per annum (subject to a 2.00% increase during an event of default), which interest is payable to the holder annually on the anniversary of the Settlement Effective Date, beginning on the first anniversary of the Settlement Effective Date (each interest payment due date, an "*Interest Payment Date*"). The unpaid principal balance of Note 1 and all accrued and unpaid interest thereon is due on the 12<sup>th</sup> anniversary of the Settlement Effective Date (the "*Note 1 Maturity Date*").

Pursuant to the terms of Note 1, the Company is required to make annual prepayments such that \$1,000,000 (inclusive of accrued and unpaid interest then due and payable) is paid to the holder on each Interest Payment Date. The Company has the right to prepay, prior to the Note 1 Maturity Date, all or any part of the principal or interest of Note 1 without penalty. In addition, the holder may not request early repayment of Note 1 prior to May 30, 2027. Any optional prepayment by the Company must be approved by a majority vote of the independent and disinterested members of the Board of Directors as then constituted.

Pursuant to the Settlement Agreement, the Company issued to Mr. Urvan's affiliated designee, an unsecured promissory note in a principal amount of \$39.0 million ("*Note 2*" and together with Note 1, the "*Notes*") on the Effective Date. Note 2 bears interest at a rate per annum equal to the applicable federal rate for long-term loans in effect on the Effective Date (subject to a 2.00% increase during an event of default), which is payable to the holder annually on the Interest Payment Date. The unpaid principal balance of Note 2 and

**OUTDOOR HOLDING COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

all accrued and unpaid interest thereon is due on the 10<sup>th</sup> anniversary of the Effective Date (the “*Note 2 Maturity Date*”)

Pursuant to the terms of Note 2, the Company is required to make annual prepayments of the outstanding principal amount on Note 2 equal to \$1.95 million on each Interest Payment Date. The Company has the right to prepay, prior to the Note 2 Maturity Date, all or any part of the principal or interest of Note 2 without penalty. In addition, the holder may not request early repayment of Note 2 prior to May 30, 2027. The Company also has the option, at any time prior to May 30, 2026 (unless extended by mutual consent of the holder and the Company), to prepay all, but not less than all, of the then-outstanding principal amount of Note 2 and accrued and unpaid interest thereon in exchange for the issuance of a warrant (the “*Additional Warrant*”) to purchase 13.0 million shares of Common Stock (the “*Additional Warrant Shares*”), provided that the Company must first obtain stockholder approval of the issuance of the Additional Warrant and the Additional Warrant Shares pursuant to Nasdaq Listing Rule 5635. Upon issuance of the Additional Warrant, all remaining obligations under Note 2 would be deemed satisfied with the same force and effect as a prepayment of all principal and accrued and unpaid interest under Note 2. Any optional prepayment by the Company, whether in cash or by issuance of the Additional Warrant, must be approved by a majority vote of the independent and disinterested members of the Board of Directors as then constituted.

The Additional Warrant, if issued, would have a five-year term and an exercise price of \$1.00 per share. Pursuant to the terms of the Additional Warrant, the Additional Warrant would be exercisable at the holder’s discretion, in whole or in part, on or after the first anniversary of the issuance date. Except with respect to the exercise price and the vesting date, the terms of the Additional Warrant and the Warrant are substantially similar.

The Notes also include events of default customary for arrangements of this type, including, among other things, non-payment, bankruptcy and insolvency. The occurrence and continuance of an event of default could result in the acceleration of the obligations under the Notes.

Other Provisions of the Settlement Agreement

Pursuant to the Settlement Agreement, for a period of three years from the Settlement Effective Date (the “Standstill Period”), each of the Legacy Directors agreed to appear at all annual and special meetings of stockholders and to vote their shares beneficially owned as of the Settlement Effective Date in accordance with the Board of Director’s recommendations with respect to director elections and other proposals submitted by the Company or by a stockholder. In addition, during the Standstill Period, the Legacy Directors agreed to certain standstill provisions relating to proxy solicitations for, among other things, director nominations and extraordinary transactions.

The Settlement Agreement also includes a release of claims (i) by the Company against Urvan, (ii) by Urvan against the Company, (iii) by Urvan against the Legacy Directors and (iv) by the Legacy Directors against Urvan. The Settlement Agreement contains customary representations, warranties and obligations of the parties, including, among others, certain non-disparagement and confidentiality covenants.

Dismissal of Books and Records Action

On June 6, 2025, Mr. Urvan and the Company filed a Stipulation and (Proposed) Order of Dismissal in the Books and Records Action. The court subsequently issued an order granting the motion and dismissing the Books and Records Action.

Accounting for the Settlement Agreement

We evaluated the accounting for the Warrant and Notes 1 and 2. We evaluated the Warrant in accordance with ASC 480, Distinguishing Liabilities from Equity, and determined the Warrant meets the equity classification and will be recorded in additional paid-in capital in the consolidated balance sheet during the three months ended June 30, 2025. The Warrant was valued using a Black-Scholes model and determined to have a value of \$7,094,926. Notes 1 and 2 were evaluated in accordance with ASC 470, Debt and ASC 815, Derivatives and Hedging. Note 1 will be recognized at a value of \$9,866,679, net of discount on issuance and be recorded as a note payable on the consolidated balance sheet. Note 2 will be recognized at a value of \$12,105,624, net of discount at issuance and be recorded as a note payable on the consolidated balance sheet.

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**

(as amended through April 21, 2025)

**ARTICLE I  
Name of Corporation**

The name of this corporation is Outdoor Holding Company (the “Corporation”).

**ARTICLE II  
Registered Office**

The address of the Corporation's registered office in the State of Delaware is 2140 S Dupont Highway, in the City of Camden, Kent County, Delaware 19934. The name of its registered agent at such address is Paracorp Incorporated.

**ARTICLE III  
Corporate Purpose**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the “DGCL”).

**ARTICLE IV  
Capital Stock**

The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 200,000,000 shares of Common Stock, \$0.001 par value per share (“Common Stock”), and (ii) 10,000,000 shares of Preferred Stock, \$0.001 par value per share (“Preferred Stock”).

The following is a statement of the designations and the powers, privileges, and rights, and the qualifications, limitations, or restrictions thereof in respect of each class of capital stock of the Corporation.

1. COMMON STOCK

1.1. General. The voting, dividend, and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers, and preferences of the holders of the Preferred Stock.

1.2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). There shall be no cumulative voting.

2. PREFERRED STOCK

The board of directors is hereby expressly authorized to provide, out of the unissued shares of preferred stock, for one or more series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, if any, of the shares of such series, and the preferences and relative, participating, optional, or other special rights, if any, and any qualifications, limitations, or restrictions thereof, of the shares of such series. The powers, preferences, and relative, participating, optional, and other special rights of each series of preferred stock, and the qualifications, limitations, or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

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**ARTICLE V**  
**Board of Directors**

The number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation. All corporate powers of the Corporation shall be exercised by or under the direction of the Board of Directors except as otherwise provided herein or by law. Unless and to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

**ARTICLE VI**  
**Bylaws**

Subject to any additional vote required by the Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend, and rescind any or all of the Bylaws of the Corporation.

**ARTICLE VII**  
**Stockholder Meetings; Books and Records**

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

**ARTICLE VIII**  
**Limitation of Liability**

To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL or any other law of the State of Delaware is amended after approval by the stockholders of this Article VIII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended.

Any repeal or modification of the foregoing provisions of this Article VIII by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

**ARTICLE IX**  
**Indemnification**

The Corporation shall indemnify, advance expenses, and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "Proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation or of a partnership, joint venture, trust, enterprise, or nonprofit entity, including service with respect to employee benefit plans,

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against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except for claims for indemnification (following the final disposition of such Proceeding) or advancement of expenses not paid in full, the Corporation shall be required to indemnify a Covered Person in connection with a Proceeding (or part thereof) commenced by such Covered Person only if the commencement of such Proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors of the Corporation.

Any amendment, repeal, or modification of the foregoing provisions of this Article IX shall not (a) adversely affect any right or protection of any director, officer, or other agent of the Corporation existing at the time of such amendment, repeal, or modification or (b) increase the liability of any director, officer, or other agent of the Corporation with respect to any acts or omissions of such director, officer, or agent occurring prior to such amendment, repeal, or modification.

## **ARTICLE X**

### **Forum Selection**

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer, or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation, its directors, officers, or employees arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's certificate of incorporation or bylaws, or (iv) any action asserting a claim against the Corporation, its directors, officers, or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article X shall be held to be invalid, illegal, or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality, and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article X (including, without limitation, each portion of any sentence of this Article X containing any such provision held to be invalid, illegal, or unenforceable that is not itself held to be invalid, illegal, or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

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**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**General**

As of June 16, 2025, Outdoor Holding Company (the “Company”) has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): (i) our common stock, par value \$0.001 per share; and (ii) our 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, \$0.001 per share (the “Series A Preferred Stock”).

The following description summarizes the most important terms of our common stock and Series A Preferred Stock. This summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated certificate of incorporation (“Certificate of Incorporation”), certificate of designations of the Series A Preferred Stock (“Certificate of Designations”), and bylaws (“Bylaws”), copies of which have been incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. For a complete description of our capital stock, you should refer to our Certificate of Incorporation, Certificate of Designations, and Bylaws, and to the applicable provisions of Delaware law.

Our authorized capital stock consists of 200,000,000 shares of common stock, \$0.001 par value per share, and 10,000,000 shares of preferred stock, \$0.001 par value per share, of which 1,680,000 have been designated Series A Preferred Stock. The outstanding shares of our common stock and Series A Preferred Stock are fully paid and nonassessable.

**Common Stock*****Listing***

Our common stock trades on the Nasdaq Capital Market under the symbol “POWW.”

***Dividend Rights***

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock will be entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

***Voting Rights***

Holders of our common stock are entitled to one vote for each share held on all matters properly submitted to a vote of stockholders on which holders of common stock are entitled to vote. We have not provided for cumulative voting for the election of directors in our Certificate of Incorporation. The directors will be elected by a plurality of the outstanding shares entitled to vote on the election of directors.

***No Preemptive or Similar Rights***

Our common stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions.

***Right to Receive Liquidation Distributions***

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

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## **Preferred Stock**

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares then outstanding) the number of shares of any series of preferred stock, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock or other series of preferred stock. The issuance of preferred stock, while providing flexibility in connection with possible financings, acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control of our company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock.

### **Series A Preferred Stock**

#### ***Listing***

Our Series A Preferred Stock trades on the Nasdaq Capital Market under the symbol “POWWP.”

#### ***No Maturity, Sinking Fund or Mandatory Redemption***

The Series A Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series A Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them. We are not required to set aside funds to redeem the Series A Preferred Stock.

#### ***Ranking***

The Series A Preferred Stock will rank, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up:

- (1) senior to all classes or series of our common stock and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3) below;
- (2) on a parity with all equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series A Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up;
- (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series A Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (please see the section entitled “*Voting Rights*” below); and
- (4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible to our common stock or preferred stock) and to any indebtedness and other liabilities of (as well as any preferred equity interests held by others in) our existing subsidiaries.

#### ***Dividends***

Holders of shares of the Series A Preferred Stock are entitled to receive, when, as and if declared by the board of directors, out of funds of the Company legally available for the payment of dividends, cumulative cash dividends at the rate of 8.75% of the \$25.00 per share liquidation preference per annum (equivalent to \$2.1875 per annum per share). Dividends on the Series A Preferred Stock shall be payable on a quarterly basis on the fifteenth day of each of March, June, September, and December; provided that if any dividend payment date is not a business day, as defined in the Certificate of Designations, then the dividend that would otherwise have been payable on that dividend payment

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date may be paid on the next succeeding business day and no interest, additional dividends or other sums will accrue on the amount so payable for the period from and after that dividend payment date to that next succeeding business day. Any dividend payable on the Series A Preferred Stock, including dividends payable for any partial dividend period, will be computed on the basis of a 360-day year consisting of twelve 30-day months, however, the shares of Series A Preferred Stock offered hereby will be credited as having accrued dividends since May 21, 2021. Dividends will be payable to holders of record as they appear in our stock records for the Series A Preferred Stock at the close of business on the applicable record date, which shall be the last day of the calendar month, whether or not a business day, immediately preceding the month in which the applicable dividend payment date falls. As a result, holders of shares of Series A Preferred Stock will not be entitled to receive dividends on a dividend payment date if such shares were not issued and outstanding on the applicable dividend record date.

No dividends on shares of Series A Preferred Stock shall be authorized by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment thereof or provide that the authorization, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment shall be restricted or prohibited by law. You should review the information appearing above under “Risk Factors—We may not be able to pay dividends on the Series A Preferred Stock” for information as to, among other things, other circumstances under which we may be unable to pay dividends on the Series A Preferred Stock.

Notwithstanding the foregoing, dividends on the Series A Preferred Stock will accrue whether or not we have earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared by our board of directors. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears, and holders of the Series A Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series A Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future distributions on our common stock and preferred stock, including the Series A Preferred Stock will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, any debt service requirements and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on our preferred stock or what the actual distributions will be for any future period.

Unless full cumulative dividends on all shares of Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past dividend periods, no dividends (other than in shares of common stock or in shares of any series of preferred stock that we may issue ranking junior to the Series A Preferred Stock as to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up) shall be declared or paid or set aside for payment upon shares of our common stock or preferred stock that we may issue ranking junior to, or on a parity with, the Series A Preferred Stock as to the payment of dividends or the distribution of assets upon liquidation, dissolution or winding up. Nor shall any other distribution be declared or made upon shares of our common stock or preferred stock that we may issue ranking junior to, or on a parity with, the Series A Preferred Stock as to the payment of dividends or the distribution of assets upon liquidation, dissolution or winding up. Also, any shares of our common stock or preferred stock that we may issue ranking junior to or on a parity with the Series A Preferred Stock as to the payment of dividends or the distribution of assets upon liquidation, dissolution or winding up shall not be redeemed, purchased or otherwise acquired for any consideration (or any moneys paid to or made available for a sinking fund for the redemption of any such shares) by us (except by conversion into or exchange for our other capital stock that we may issue ranking junior to the Series A Preferred Stock as to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up).

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series A Preferred Stock and the shares of any other series of preferred stock that we may issue ranking on a parity as to the payment of dividends with the Series A Preferred Stock, all dividends declared upon the Series A Preferred Stock and any other series of preferred stock that we may issue ranking on a parity as to the payment of dividends with the Series A Preferred Stock shall be declared pro rata so that the amount of dividends declared per share of Series A Preferred

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Stock and such other series of preferred stock that we may issue shall in all cases bear to each other the same ratio that accrued dividends per share on the Series A Preferred Stock and such other series of preferred stock that we may issue (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such preferred stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears.

### ***Liquidation Preference***

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of Series A Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our shareholders, subject to the preferential rights of the holders of any class or series of our capital stock we may issue ranking senior to the Series A Preferred Stock with respect to the distribution of assets upon liquidation, dissolution or winding up, a liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends to, but not including, the date of payment, before any distribution of assets is made to holders of our common stock or any other class or series of our capital stock we may issue that ranks junior to the Series A Preferred Stock as to liquidation rights.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of Series A Preferred Stock and the corresponding amounts payable on all shares of other classes or series of our capital stock that we may issue ranking on a parity with the Series A Preferred Stock in the distribution of assets, then the holders of the Series A Preferred Stock and all other such classes or series of capital stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Holders of Series A Preferred Stock will be entitled to written notice of any such liquidation, dissolution or winding up no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series A Preferred Stock will have no right or claim to any of our remaining assets. The consolidation or merger of us with or into any other corporation, trust or entity or of any other entity with or into us, or the sale, lease, transfer or conveyance of all or substantially all of our property or business, shall not be deemed a liquidation, dissolution or winding up of us (although such events may give rise to the special optional redemption to the extent described below).

### ***Redemption***

The Series A Preferred Stock is not redeemable by us prior to May 18, 2026, except as described below under “—Special Optional Redemption.”

**Optional Redemption.** On and after May 18, 2026, we may, at our option, upon not less than 30 nor more than 60 days’ written notice, redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date fixed for redemption.

**Special Optional Redemption.** Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days’ written notice, redeem the Series A Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the redemption date.

In connection with any redemption of Series A Preferred Stock, we shall pay, in cash, any accumulated and unpaid dividends to, but not including, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of Series A Preferred Stock at the close of business on such dividend record date shall be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series A Preferred Stock to be redeemed.

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Unless full cumulative dividends on all shares of Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past dividend periods, no shares of Series A Preferred Stock shall be redeemed unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed and we shall not purchase or otherwise acquire directly or indirectly any shares of Series A Preferred Stock (except by exchanging it for our capital stock ranking junior to the Series A Preferred Stock as to the payment of dividends and distribution of assets upon liquidation, dissolution or winding up); provided, however, that the foregoing shall not prevent the purchase or acquisition by us of shares of Series A Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series A Preferred Stock.

Subject to applicable law, we may purchase shares of Series A Preferred Stock in the open market, by tender or by private agreement. Any shares of Series A Preferred Stock that we acquire may be retired and reclassified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be reissued as any class or series of preferred stock.

### ***Voting Rights***

Holders of the Series A Preferred Stock do not have any voting rights, except as set forth below or as otherwise required by law.

On each matter on which holders of Series A Preferred Stock are entitled to vote, each share of Series A Preferred Stock will be entitled to one vote. In instances described below where holders of Series A Preferred Stock vote with holders of any other class or series of our preferred stock as a single class on any matter, the Series A Preferred Stock and the shares of each such other class or series will have one vote for each \$25.00 of liquidation preference (excluding accumulated dividends) represented by their respective shares.

Whenever dividends on any shares of Series A Preferred Stock are in arrears for four or more consecutive or non-consecutive quarterly dividend periods, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any other class or series of our preferred stock we may issue upon which like voting rights have been conferred and are exercisable and with which the Series A Preferred Stock is entitled to vote as a class with respect to the election of those two directors) and the holders of Series A Preferred Stock (voting separately as a class with all other classes or series of preferred stock we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series A Preferred Stock in the election of those two directors) will be entitled to vote for the election of those two additional directors (the “preferred stock directors”) at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of Series A Preferred Stock or by the holders of any other class or series of preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series A Preferred Stock in the election of those two preferred stock directors (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of shareholders, in which case, such vote will be held at the earlier of the next annual or special meeting of shareholders), and at each subsequent annual meeting until all dividends accumulated on the Series A Preferred Stock for all past dividend periods and the then current dividend period have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. In that case, the right of holders of the Series A Preferred Stock to elect any directors will cease and, unless there are other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable, any preferred stock directors elected by holders of the Series A Preferred Stock shall immediately resign and the number of directors constituting the board of directors shall be reduced accordingly. In no event shall the holders of Series A Preferred Stock be entitled under these voting rights to elect a preferred stock director that would cause us to fail to satisfy a requirement relating to director independence of any national securities exchange or quotation system on which any class or series of our capital stock is listed or quoted. For the avoidance of doubt, in no event shall the total number of preferred stock directors elected by holders of the Series A Preferred Stock (voting separately as a class with all other classes or series of preferred stock we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series A Preferred Stock in the election of such directors) under these voting rights exceed two.

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If a special meeting is not called by us within 30 days after request from the holders of Series A Preferred Stock as described above, then the holders of record of at least 25% of the outstanding Series A Preferred Stock may designate a holder to call the meeting at our expense.

If, at any time when the voting rights conferred upon the Series A Preferred Stock are exercisable, any vacancy in the office of a preferred stock director shall occur, then such vacancy may be filled only by a written consent of the remaining preferred stock director, or if none remains in office, by vote of the holders of record of the outstanding Series A Preferred Stock and any other classes or series of preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series A Preferred Stock in the election of the preferred stock directors. Any preferred stock director elected or appointed may be removed only by the affirmative vote of holders of the outstanding Series A Preferred Stock and any other classes or series of preferred stock upon which like voting rights have been conferred and are exercisable and which classes or series of preferred stock are entitled to vote as a class with the Series A Preferred Stock in the election of the preferred stock directors, such removal to be effected by the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding Series A Preferred Stock and any such other classes or series of preferred stock, and may not be removed by the holders of the common stock.

So long as any shares of Series A Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the votes entitled to be cast by the holders of the Series A Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting together as a class with all other series of parity preferred stock that we may issue upon which like voting rights have been conferred and are exercisable), (a) authorize or create, or increase the authorized or issued amount of, any class or series of capital stock ranking senior to, or on parity with, the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up or reclassify any of our authorized capital stock into such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (b) amend, alter, repeal or replace our Certificate of Incorporation, including by way of a merger, consolidation or otherwise in which we may or may not be the surviving entity, so as to materially and adversely affect and deprive holders of Series A Preferred Stock of any right, preference, privilege or voting power of the Series A Preferred Stock (each, an “Event”). An increase in the amount of the authorized preferred stock, including the Series A Preferred Stock, or the creation or issuance of any additional Series A Preferred Stock or other series of preferred stock that we may issue, or any increase in the amount of authorized shares of such series, in each case ranking junior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed an Event and will not require us to obtain two-thirds of the votes entitled to be cast by the holders of the Series A Preferred Stock and all such other similarly affected series, outstanding at the time (voting together as a class).

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series A Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

Except as expressly stated in the Certificate of Designations or as may be required by applicable law, the Series A Preferred Stock do not have any relative, participating, optional or other special voting rights or powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

### ***Information Rights***

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series A Preferred Stock are outstanding, we will use our best efforts to (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series A Preferred Stock, as their names and addresses appear on our record books and without cost to such holders, copies of the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holders or prospective holder of Series A Preferred Stock. We will use our best effort to mail (or otherwise provide) the information to the holders of the Series A Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information

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would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a “non-accelerated filer” within the meaning of the Exchange Act.

### ***No Conversion Rights***

The Series A Preferred Stock is not convertible into our common stock or any other security.

### ***No Preemptive Rights***

No holders of the Series A Preferred Stock will, as holders of Series A Preferred Stock, have any preemptive rights to purchase or subscribe for our common stock or any other security.

### **Anti-Takeover Effects of Our Certificate of Incorporation and Bylaws**

Our Certificate of Incorporation and our Bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with the board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give the board of directors the power to discourage acquisitions that some stockholders may favor.

### ***Authorized but Unissued Capital Stock***

The authorized but unissued shares of our common stock and our preferred stock will be available for future issuance without any further vote or action by our stockholders. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of our common stock and our preferred stock could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

### ***Undesignated Preferred Stock***

Under our Certificate of Incorporation, our board of directors has the express authority to provide, out of the unissued shares of preferred stock, for one or more series of preferred stock and to fix the powers, preferences and rights thereof without further action by our stockholders. The issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control of us or other corporate action. In addition, the issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation.

### ***No Cumulative Voting***

Under Delaware law, the right to vote cumulatively does not exist unless a corporation’s certificate of incorporation specifically authorizes cumulative voting. Our Certificate of Incorporation does not authorize cumulative voting.

### ***Special Stockholder Meetings***

Special meetings of the stockholders may be called only by the Chairman of the board of directors, by the Chief Executive Officer or the Secretary by resolution of the board of directors or at the request in writing of one or more stockholders owning shares in the aggregate entitled to cast at least a majority of the votes at the meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice of meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control or management of the Company.

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### ***Amendment Provisions***

The Delaware General Corporation Law (the “DGCL”) provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation’s certificate of incorporation or bylaws, unless a corporation’s certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our Bylaws vest the power to adopt, alter and repeal the Bylaws of the Company exclusively in the board of directors.

### ***Business Combinations***

We are subject to the “business combination” provisions of Section 203 of the DGCL. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in various “business combination” transactions with an interested stockholder for a period of three (3) years after the date of the transaction in which the person became an interested stockholder, unless:

- the transaction is approved by the corporation’s board of directors prior to the date the interested stockholder became an interested stockholder;
- upon the consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or subsequent to such date the business combination is approved by the corporation’s board of directors and authorized at an annual or special meeting of the corporation’s stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

In general, a “business combination” is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an “interested stockholder” is a person who, together with affiliates and associates, owns or, within three (3) years prior to the determination of interested stockholder status, previously owned 15% or more of a corporation’s outstanding voting stock. This statute may encourage companies interested in acquiring our company to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. This statute also may have the effect of preventing changes in our board of directors and may make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

### ***Exclusive Forum***

Our Certificate of Incorporation provides, subject to limited exceptions, that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee or stockholder of the Company to the Company or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or our Certificate of Incorporation or our Bylaws, or (iv) any other action asserting a claim governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction, which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction.

### ***Limitations of Liability and Indemnification***

Our Certificate of Incorporation and Bylaws provide for indemnification of our directors and officers to the fullest extent permitted by Delaware law.

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In addition, our Certificate of Incorporation provides that no director will be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duty as a director, except that a director will be personally liable for:

- any breach of his or her duty of loyalty to us or our stockholders;
- acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law;
- the payment of dividends or the redemption or purchase of stock in violation of Delaware law; or
- any transaction from which the director derived an improper personal benefit.

To the extent our directors and officers are indemnified under the provisions contained in our Certificate of Incorporation, our Bylaws, Delaware law or contractual arrangements against liabilities arising under the Securities Act of 1933, as amended (the “Securities Act”), we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

[We have entered into indemnification agreements and employment agreements with our directors and our executive officers, respectively, pursuant to which we have agreed to indemnify such persons against any liability, damage, cost or expense incurred in connection with the defense of any action, suit or proceeding to which such persons are a party to the extent permitted by applicable law, subject to certain exceptions.]

#### **Transfer Agent**

We have appointed Computershare Trust Company (“Computershare”) as the transfer agent for our common stock and Series A Preferred Stock. The principal office of Computershare is located at 150 Royall St, Canton, MA 02021, and its telephone number dedicated to Outdoor Holding Company customer service is (877) 373-6374.

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## SEPARATION AGREEMENT

This **SEPARATION AGREEMENT** (“*Agreement*”) is entered into as of March 14, 2025 (the “*Execution Date*”) by and among AMMO, Inc., a Delaware corporation headquartered at 7681 E. Gray Rd in Scottsdale, Arizona (the “*Company*”), and the Company’s Vice President of Sales, Anthony Tate, an individual (“*Employee*”). The Company and Employee are hereafter referred to collectively as the “*Parties*” and individually as a “*Party*”. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned in the Employment Agreement (defined below).

### RECITALS

**WHEREAS**, the Company and Employee entered into that certain employment agreement dated March 23, 2021 (the “*Employment Agreement*”), pursuant to which Employee agreed to serve as the Company’s Director of National Accounts;

**WHEREAS**, the parties dispute the amount of compensation owed to Employee pursuant to the Employment Agreement;

**WHEREAS**, the Company is divesting itself from its ammunition division on or around March 31, 2025 (**Ammo Divestiture**);

**WHEREAS**, the Employee’s position will be eliminated as a result of the Ammo Divestiture; and

**WHEREAS**, Employee and the Company desire to terminate their employment relationship amicably and to resolve, fully and finally, all matters relating to such termination and employment relationship prior to Employee’s departure from the Company.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth hereinafter, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

#### 1. Separation.

- 1.1. Employee’s employment as the Company’s VP of Sales shall terminate (“*Termination*”) effective March 31, 2025 (the “*Termination Date*”). Employee shall execute all documents and take such further steps as may be required to effectuate such Termination, including executing the notice of resignation attached as **Exhibit A**. Employee agrees that he shall not execute any documents, make any representations, or take any other actions, on behalf of the Company after the Termination Date except as expressly directed by the Company’s General Counsel, in writing. The Company will pay Employee all earned and unpaid wages through the Termination Date, minus lawful taxes and withholdings, within the time period required by applicable law. Employee agrees that all compensation, equity, bonuses, commissions, monies, paid time off, vacation and benefits which relate to his employment with the Company shall cease as of the Termination Date and that except as specifically set forth in this Agreement, Employee is not entitled to any additional payments from the Company.
- 1.2. Before and after the Termination Date, Employee shall take any and all actions as reasonably requested by the Company in order to efficiently effect the Termination, including, but not limited to:

- 1.2.1.sharing electronic and physical access to all of Employee's employment resources
- 1.2.2.transferring access to all of the Company's books and records;
- 1.2.3.sharing access codes for EDGAR filings to which Employee has access;
- 1.2.4.returning all Company property; and
- 1.2.5.executing additional documents necessary to complete the Termination.

1.3. The Parties hereby waive any requirement by either Party to give written notice of termination.

2. **Termination Compensation.** Employee shall be entitled to the following salary and fringe benefits as termination compensation (collectively, the "**Termination Compensation**"), provided that Employee complies with the terms of this Agreement and all surviving provisions of any confidentiality agreement by and between Employee and the Company:

2.1. Employee shall continue to receive all compensation and benefits to which he is entitled under the Employment Agreement through the Termination Date.

2.2. **Cash Severance.** Subject to the provisions of Section 19 below, Employee shall be entitled to receive a cash severance payment equal to \$450,000.00 ("**Cash Severance**"). The Cash Severance shall be paid in a single installment, less applicable state, federal and employee directed withholdings on the first payroll date immediately following the Termination Date. Such Cash Severance shall be payable by ACH/wire or automatic deposit at Employee's election.

2.3. **Insurance Continuation.** If Employee is eligible for and timely elects continuation coverage under the Company's health plan pursuant to the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**"), the Employee may pay for his own COBRA continuation coverage at the same level of coverage that Employee had in place as of the Termination Date (the "**COBRA Benefit**") until the date that Employee is no longer eligible for COBRA for any reason other than non-payment of premiums. Employer shall not pay any portion of Employee's COBRA Benefit. Nothing herein shall limit the right of the Company to change the provider and/or the terms of its group health insurance plans at any time hereafter.

2.4. **Shares.** Employee shall be permitted to retain one hundred percent (100%) of his vested shares of Common Stock (the "**Shares**"), subject to the terms and conditions of the AMMO, Inc. 2017 Equity Incentive Plan (as and to the extent amended, the "**Plan**").

2.5. Subject to the terms of this Section 2.e., the Company shall reimburse Employee for all reimbursable expenses, if any, due to him under the Employment Agreement as of the Termination Date. Employee shall, by the Termination Date, provide the Company with a list of such reimbursable expenses and the Company shall, assuming none of the listed reimbursable expenses are in dispute, provide such reimbursement within fifteen (15) days of receipt. In the event that any part of the reimbursable expenses is disputed by the Company, the Company shall only be required to provide reimbursement for the expenses not in dispute in the manner provided above and the Parties shall use their reasonable best efforts to promptly resolve any disputed reimbursement requests.

2.6. **PTO.** Employee shall be entitled to the equivalent cash value of all accrued, but unused, paid time off ("**PTO Payout**"). The PTO Payout shall be paid in a single installment, less applicable state, federal and employee directed withholdings on the first payroll date immediately following the Termination Date. Such PTO Payout shall be payable by ACH/wire or automatic deposit at

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Employee's election.

2.7. It is expressly acknowledged and agreed by the Parties that the consideration payable to Employee provided in this Section 2 constitutes the full consideration to secure the general release of claims in Section 6 below. Except as set forth in this Agreement, no additional consideration shall be owing by the Company to Employee in the form of severance, performance bonuses, equity, stock payments, cash compensation, health or other benefits, expense reimbursement or otherwise. Except as otherwise set forth in this Agreement, this Agreement is a full and complete settlement of any and all amounts claimed to be due and owing by the Company to Employee.

3. **Return of Company Property.** Notwithstanding any other provision of this Agreement, the obligation of the Company to provide the Termination Compensation is subject to Employee returning to the Company by the Termination Date, any and all property of the Company in his possession, including, but not limited to, security key cards, keys, corporate credit cards, computers, corporate documents, corporate records and information, data, work product, identification tags, Confidential Information, including Company trade secrets and inventions, customer and supplier information, competitor information, cost information, marketing methods, product pricing information, Company business plans and presentations, shareholder information, proprietary software and other proprietary property of the Company that Employee has received as a result of his employment by the Company. The foregoing includes, without limitation, all electronic information (including passwords), e-mails, or hard-copies or drafts of documents relating to or concerning Employee's work at the Company. By executing this Agreement, Employee represents and warrants, under penalty of perjury, that he has returned all of the Company's property (including, but not limited to samples, ammunition, munition components, data, paper and all copies or derivations thereof), by the Termination Date.

4. **Representations.** Employee and the Company make the following representations, each of which is an important consideration to the other Party's willingness to enter into this Agreement:

4.1. Employee understands and agrees he has been advised to consult with an attorney of his choice concerning the legal consequences of this Agreement. Employee hereby acknowledges that prior to signing this Agreement, he had the opportunity to consult with an attorney of his choosing regarding the effect of each and every provision of this Agreement, including the general release of claims set forth in Section 6.

4.2. Employee acknowledges and agrees that he knowingly and voluntarily entered into this Agreement with complete understanding of all relevant facts, and that he was neither fraudulently induced nor coerced to enter into this Agreement.

4.3. Each of the Parties represent and warrant to the other that they have the capacity and authority to enter into this Agreement and be bound by its terms and that as of the Execution Date, this Agreement will constitute a valid and binding agreement of such Party enforceable against such Party in accordance with its terms.

5. **Covenants of Confidentiality and Nondisclosure.**

a. Employee acknowledges that, as a result of his employment with the Company, he is in possession of confidential or proprietary information of special value to the Company. Employee covenants and agrees that he shall not at any time, directly or indirectly, disclose, reveal, divulge or communicate to any person other than authorized officers, directors, employees, and professional advisors of the Company, or use or otherwise exploit for his own benefit or for the benefit of anyone

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other than the Company, any Confidential Information. Employee shall not have any obligation to keep confidential any Confidential Information if and to the extent disclosure thereof is specifically required by applicable law; provided, however, that in the event disclosure is required by applicable law, Employee shall, to the extent reasonably possible and legally permissible, provide the Company with prompt notice of such requirement prior to making any disclosure so that the Company may seek an appropriate protective order, at the Company's sole cost and expense. "**Confidential Information**" means any confidential information with respect to the Company, including, without limitation, methods of operation, customer lists, products, prices, fees, costs, technology, formulas, inventions, trade secrets, know-how, proprietary software, marketing methods, plans, suppliers, competitors, markets or other specialized information or proprietary matters that is not otherwise in the public domain or available to the public upon request or through publicly available research and discovery.

- b. The negotiations in connection with this Agreement were and are intended by the Parties to be confidential. No Party shall disclose or make any statements regarding such negotiations or the circumstances surrounding this Agreement, or the terms and conditions hereof; provided, however, that the Parties agree and acknowledge that the Company may, in its sole discretion, file this Agreement with the U.S. Securities and Exchange Commission and that any legally required disclosure with respect to information contained in this Agreement shall be permissible.
  - c. Notwithstanding any other provision of this Agreement, Employee may disclose Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having authority over Employee or the business of the Company or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Employee to divulge, disclose or make accessible such information. The Parties hereby clarify and agree, and by executing this Agreement, Employee acknowledges, that no provision of this Agreement prohibits or otherwise limits Employee's ability to: (i) provide information in any form to or otherwise communicate with, including voluntarily, proactively, or in response to subpoenas, court orders or other legal processes, any government agency, including but not limited to, the U.S. Securities and Exchange Commission (the "**SEC**"), the Equal Employment Opportunity Commission (the "**EEOC**"), any state human rights commission, the National Labor Relations Board, the Occupational Safety and Health Administration ("**OSHA**"), or any other federal, state or local governmental or law enforcement agency (each a "**Government Agency**"), without notice to the Company; (ii) file a charge or complaint with, or otherwise report possible violations of federal, state or local law or regulation to, any Government Agency; (iii) make other disclosures that are protected under applicable law, including the whistleblower provisions of federal, state or local law or regulation, to the extent applicable; (iv) testify, assist, or participate in an investigation, hearing, or proceeding conducted by any Government Agency or court of competent jurisdiction. The Parties further agree that nothing in this Agreement affects any eligibility that Employee may have to receive a whistleblower award or bounty for information provided to the SEC or any other Government Agency or official.
  - e. Employee agrees that he will use his best efforts to do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the Company may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement, including with respect to agreements, certificates, instruments and documents that he is required to deliver to the Company in connection with this Agreement.
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6. **Release of Claims.**

6.1. Employee acknowledges and agrees that the Termination Compensation represents settlement in full of all outstanding obligations owed to him by the Company and its current, former and prospective officers, directors, employees, agents, consultants, investors, attorneys, shareholders, administrators, affiliates, subsidiaries, assigns, predecessors, successors, insurers, subrogees, representatives, transferees, and any firm, trust, partnership, corporation, investment vehicle, fund or other entity managed or controlled by the Company or in which the Company has or had a controlling interest (collectively, the “**Releasees**”). Employee on his own behalf and on behalf of his respective heirs, family members, executors, agents, assigns, any firm, trust, corporation, partnership, investment vehicle, fund or other entity managed or controlled by Employee or in which Employee has or had a controlling interest (collectively, the “**Releasing Parties**”), hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, right, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that they may now have or may hereafter have or claim to have against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred from the beginning of time through the ADEA Effective Date (defined below), including, without limitation:

6.1.1.any and all claims relating to or arising from Employee’s employment relationship with the Company and the termination thereof;

6.1.2.any and all claims, whether based in contract, tort or alleged violations of any statute, known or unknown, that have been asserted, or that could be asserted by the Releasing Parties against the Releasees, including but not limited to claims under any federal, state or local laws such as the Americans with Disabilities Act, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act (hereinafter, the “**ADEA Claims**”), the Equal Pay Act, the Family Medical Leave Act, the Patient Protection and Affordable Care Act of 2010, the Uniform Services Employment and Re-Employment Rights Act, the Lilly Ledbetter Act, Arizona’s wage laws, the Arizona Employment Protection Act (AEPA), the Arizona Civil Rights Act, the Arizona criminal code, Arizona equal pay laws, the Arizona Occupational Safety and Health Act, Arizona right-to-work laws, Arizona employee drug testing laws, the Arizona Medical Marijuana Act, the Delaware Discrimination in Employment Act, the Delaware Persons With Disabilities Employment Protection Act, the Delaware Whistleblowers’ Protection Act, the Delaware Wage Payment and Collection Act, the Delaware Fair Employment Practices Act, the Delaware Volunteer Emergency Responders Job Protection Act, and Delaware’s social media law, all as amended and including all of their respective implementing regulations, or any other federal, state or local statute, regulation or ordinance.

6.1.3.any and all claims relating to or arising from Employee’s ownership of capital stock in the Company;

6.1.4.any and all claims relating to or arising from the Plan or Employee’s right to purchase, or actual purchase of shares of common stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

6.1.5.any and all claims for wrongful discharge of employment; constructive discharge;

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termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

6.1.6any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement or the Employment Agreement, including, but not limited to any claims for violations of Section 409A of the Internal Revenue Code of 1986, as amended (the “*Code*”);

6.1.7.any and all claims for attorneys’ fees and costs, except as otherwise expressly provided herein; and

6.1.8any and all claims based upon discovered facts in addition to or different from those that any of the Releasing Parties now knows or believes to be true, or the claims or other legal forms of action released herein, and Employee fully, finally, and forever settles and releases any and all claims set forth above, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, that now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts.

6.2. Notwithstanding the foregoing, Employee does not release the Company from or waive or discharge his rights to payments under this Agreement.

6.3. Employee acknowledges that the inclusion of “unknown claims” in this Agreement was separately bargained for and was a key element of the Agreement, and that he assumes the risk of any mistake of fact or law. If Employee should subsequently discover that his understanding of the facts or of the law was or is incorrect, he shall not be entitled to relief in connection therewith, including without limitation of the generality of the foregoing, any alleged right or claim to set aside or rescind this Agreement. This Agreement is intended to be, and is, final and binding upon Employee according to the terms hereof regardless of any claims of mistake of fact or law.

6.4. Employee agrees that the release set forth in this Section 6 shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement and does not release claims that cannot be released as a matter of law, claims for indemnification (under the Company’s bylaws, certificate of incorporation, the terms of this Agreement or otherwise) or directors and officer’s liability insurance, or any claims or rights to vested benefits, such as pension or retirement benefits, or the right to seek continuation of health coverage under COBRA. Employee represents that he has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section 6.

6.5. Company Release. As consideration for Employee to enter into this Agreement, Company and its Releasees release Employee from any and all claims arising out of Employee’s employment with

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Company prior to the execution of this Agreement.

7. **Non-Disparagement.** Each Party agrees that they shall not at any time, directly or indirectly, in any capacity or manner, make, express, transmit speak, write, verbalize or otherwise communicate in any way (or cause, further, assist, solicit, encourage, support or participate in any of the foregoing), any remark, comment, message, information, declaration, communication or other statement of any kind, whether verbal, in writing, electronically transferred or otherwise, that might reasonably be construed to be derogatory, critical or negative toward, or harm the other Party or the current or prospective business plans of the other Party, or any of the Releasees. Employee hereby agrees and acknowledges that each of the Releasees is a third-party beneficiary of this Section 7 and hereby consents to any such Releasee's standing with respect to a claim arising out of their non-disparagement obligations to such Releasees contained in this Section 7.
  8. **Post-Termination Cooperation.** Employee agrees and covenants that, following the Termination Date, he shall, to the extent requested by the Company, cooperate in good faith with the Company to assist the Company in the pursuit or defense of (except if Employee is directly adverse with respect to) any claim, administrative charge, or cause of action by or against the Company as to which Employee, by virtue of his prior employment with the Company or any other position that Employee held that was affiliated with or was held at the request of the Company, has relevant knowledge or information, including by acting as the Company's representative in any such proceeding and, without the necessity of a subpoena, providing truthful testimony in any jurisdiction or forum. The Company shall reimburse Employee for his reasonable out-of-pocket expenses incurred in compliance with this Section 8. Company shall also compensate Employee at the rate of \$120.00 per hour for cooperation in compliance with this Section 8.
  9. **Post-Termination Non-Assistance.** Employee agrees and covenants that, following the Termination Date, he shall not voluntarily assist, support, or cooperate with, directly or indirectly, any person or entity alleging or pursuing or defending against any allegation, claim, administrative charge, or cause or action against the Company or any Releasee, including by providing testimony or other information or documents, except under compulsion of law. Should Employee be compelled to testify, nothing in this Agreement is intended or shall prohibit Employee from providing complete and truthful testimony. Notwithstanding anything to the contrary in this Agreement, this Agreement shall not be interpreted to preclude the Parties from making truthful statements to any court or government agency pursuant to an official request by such government agency, court order, or legally enforceable subpoena, or cooperating with any federal, state or local governmental agency or commission. The Parties further agree that nothing in this Section 9 is intended to interfere with Employee's right to engage in the conduct outlined in Section 5.c. of this Agreement.
  10. **Enforcement.** Because Employee's services were special, unique, and extraordinary and because Employee had access to Confidential Information, the Parties agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement, the Company, or any of its successors or assigns, shall be entitled to specific performance and/or injunctive or other relief from a court of competent jurisdiction in order to enforce or prevent any violations of, the provisions hereof (without the necessity of posting of any bond or other security) because Employee acknowledges and agrees that substantial and immediate damages are presumed, would be inflicted, and would be challenging to immediately quantify.
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11. **Covenant Not to Sue.** Employee covenants and agrees that Employee will not now, or at any time in the future, commence, maintain, prosecute, or participate in as a party, or permit to be filed by any other person on Employee's behalf or as a member of any alleged class of persons, any action, suit, proceeding, claim, or complaint of any kind against any of the Releasees with respect to any matter which arises from or relates to Employee's employment with the Company or the termination thereof or which is encompassed in the release set forth in Section 6. Nothing in this Agreement prevents Employee from (i) filing a claim to enforce the terms of this Agreement; (ii) filing for and receiving unemployment compensation available under applicable state law, (iii) asserting a claim arising after the Execution Date of this Agreement; or (iv) the conduct outlined in Section 5.c of this Agreement. Employee promises, however, never to seek or accept any damages, remedies or other relief for Employee personally with respect to any claim released by this Agreement.
12. **No Admission of Liability.** The Parties acknowledge and agree that any payments or benefits provided to Employee under the terms of this Agreement do not constitute an admission by the Company or any Releasee that they have violated any law or legal obligation with respect to any aspect of Employee's employment by the Company or separation therefrom, or otherwise. If Employee does not accept this Agreement, this Agreement will not be admissible for any purpose against the Company or any Releasee, and any payments or benefits contemplated in this Agreement do not constitute (a) an admission of the truth or falsity of any actual or potential claims; or (b) an acknowledgment or admission by the Company or any Releasee of any fault or liability whatsoever to Employee.
13. **No Action.** Employee affirms that by executing this Agreement, that he has not filed any actions or charges against the Company or the Releasees in or with any federal, state or local court or agency. Employee further agrees that, upon payment of the Termination Compensation, he will not personally recover or attempt to recover monies from the Company or the Releasees with respect to any claim released by this Agreement.
14. **Cooperation.** Employee agrees to reasonably cooperate with the Company concerning the transition of any business matters or any litigation or regulatory matters in which Employee may have relevant knowledge or information. Such cooperation will include, without limitation, the following: (i) meeting and conferring, at a time mutually convenient to the Parties, with the Company's designated management representative or outside attorneys pertaining to any claim or litigation matter, including, without limitation, for trial preparation purposes, answering questions, explaining factual situations, preparing to testify; (ii) appearing for deposition or trial and providing truthful trial testimony without the need to serve a subpoena for such appearance and testimony; and (iii) giving truthful sworn statements to the Company's attorneys upon their request and, for purposes of any deposition or trial testimony, adopting the Company's attorneys as Employee's own attorneys (unless there is a conflict of interest), and complying with their instructions at deposition or trial. Consistent with paragraph 8 herein, Company shall also compensate Employee at the rate of \$120.00 per hour for cooperation in compliance with this Section.
15. **Protected Rights.** The Parties hereby agree and acknowledge that no provision of this Agreement limits Employee's ability to provide any information in any form, voluntarily, proactively, or in response to subpoenas, court orders or other legal processes, to file a charge or complaint, to communicate in any way, or to otherwise participate in any investigation or proceeding that may be conducted by any government agency, including but not limited to, the U.S. Securities and Exchange Commission (the "SEC"), the Equal Employment Opportunity Commission, any state human rights commission, the National Labor Relations Board, the Occupational Safety and Health Administration, or any other federal, state or local governmental agency or commission, without
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notice to the Company or affects any eligibility that Executive may have to receive a whistleblower award or bounty for information provided to the SEC or any other government agency or official (collectively, "Protected Rights").

The Parties agree and the Executive acknowledges that the Protected Rights supersede any language in this Agreement that could otherwise be interpreted to limit or impede such rights.

16. **Forfeiture of Payment.** If Employee is convicted, pleads nolo contendere, or enters a plea agreement for criminal activity involving fraud, larceny, or embezzlement or intentional financial impropriety in connection with his employment with the Company, he will forfeit his right to receive all Termination Compensation to the extent not theretofore paid to him as of the date of such charge and, if already made as of the time such charge, Employee agrees that he will reimburse the Company immediately for the amount of such payments on a pre-tax basis, except for the Released Consideration.

17. **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by a recognized overnight courier to the respective Party at the following addresses (or at such other address for a Party as shall be specified by like notice, provided that a notice of change of address(es) shall be effective only from the date of its receipt by the other Party):

if to Employee, then to:

Employee's personal physical and email addresses on the Company's records as of the date hereof:

if to the Company, then to:

AMMO, Inc.

7681 E. Gray Road

Scottsdale, AZ 85260

Attention: Jordan Christensen – General Counsel

Email: jchristensen@ammoinc.com

18. **Governing Law; Waiver of Jury Trial.** THE RELEASING PARTIES HEREBY WAIVE THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM AGAINST ANY RELEASEES, INCLUDING WITHOUT LIMITATION ANY CLAIM FOR BREACH OR ENFORCEMENT OF THIS AGREEMENT.

19. **Entirety of Agreement.** This Agreement contains the entire understanding by and between the Parties and supersedes any and all prior agreements, understandings and rights between them, whether such agreements, understandings, or rights were oral or written, and all of which prior agreements, understandings, and rights are hereby definitively terminated and of no further force or effect, except for those agreements executed in connection with this Agreement. The Parties acknowledge and represent that they have not relied on any statements, agreements, representations, promises, warranties, or other assurances, oral or written, other than those contained herein. Each Party agrees that this Agreement is intended to cover any and all matters and claims (including possible and contingent claims) arising out of or related to any and all prior agreements or understandings and this Agreement shall not be limited in scope to cover any and all prior matters, whether any such matters are known, unknown or hereafter discovered or ascertained.
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20. **Modification.** This Agreement shall not and cannot be modified by any Party by any oral promise or representation made before or after the execution of this Agreement and may only be modified by a writing signed by all Parties. This Agreement shall be binding upon and inure to the benefit of the Releasees.
21. **Construction.** The headings of paragraphs are used for convenience only and shall not affect the meaning or construction of the contents of this Agreement. Should any portion (e.g., word, clause, phrase, sentence, paragraph or section) of this Agreement be declared void or unenforceable, such portion shall be considered independent and severable from the remainder, the validity of which shall remain unaffected. This Agreement shall survive indefinitely. The terms and conditions of this Agreement have been, or will be deemed to be, jointly negotiated by the Parties, and in the event of any ambiguity or controversy it shall not be construed against either Party as the draftsman. For purposes of this Agreement, all references to the “**Company**” shall include any of the Company’s parents, subsidiaries, affiliates, or any other entity in which it holds a 50% or greater equity interest.
22. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed one and the same instrument. This Agreement may be executed in counterparts and may be delivered via fax or scan which shall have the same full force and effect as an original.
23. **Advice of Counsel.** Each Party has had ample opportunity to consult with counsel and has independently determined to proceed with this Agreement with or without such counsel. Employee has not relied upon Company counsel with respect to any advice of any nature or kind regarding this Agreement, and Employee acknowledges and agrees that Company counsel does not represent him individually or in any other capacity. Employee further acknowledges that he is competent to execute this Agreement, and that he fully understands the meaning and intent of this Agreement.
24. **Successors and Assigns.** This Agreement will be assigned to the Company’s successors and assigns, if any, including, without limitation, successors and assigns through merger, name change, consolidation, liquidation, or sale of a majority of the Company’s stock or assets, and shall be binding upon such successors and/or assigns.
25. **Competency.** Employee warrants that he is fully competent to enter into this Agreement; that he has read this Agreement and fully understands its meaning; that he knowingly and voluntarily enters into this Agreement; and that he agrees to comply with its terms and conditions.
26. **Section 409A.** Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to be exempt from Section 409A of the Code, including under the exemptions available in Treas. Reg. Sec. 1.409A-1(b)(4) and 1.409A-1(b)(9) and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, “**Section 409A**”) and shall be construed and administered in accordance with such intent; to the extent not so exempt, the provisions of this Agreement shall be construed and administered in compliance with Section 409A and shall incorporate all required defined terms by reference. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment.

IN WITNESS WHEREOF, the Parties have executed this Employee Separation Agreement as of the day and year first above written.

AMMO, INC.

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By: /s/ Jared Smith  
Name: Jared Smith  
Title: Chief Executive Officer

**Employee**

/s/ Anthony Tate  
Anthony Tate

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## SUBSIDIARIES

Outdoor Holding Company, a Delaware corporation, had the subsidiaries shown below as of June 16, 2025. Outdoor Holding Company is not a subsidiary of any other entity.

<b>Name</b>	<b>Jurisdiction</b>
OHC Munitions, Inc.	Delaware
OHC Technologies, Inc.	Arizona
Enlight Group II, LLC	Delaware
Firelight Group I, LLC	Delaware
SNI LLC	Arizona
Speedlight Group I, LLC	Delaware
GB Investments, Inc. (wholly owned subsidiary of Speedlight Group I, LLC)	Delaware
IA Tech, LLC (wholly owned subsidiary of GB Investments, Inc.)	Delaware
Cloud Catalyst Technologies, LLC (wholly owned subsidiary of IA Tech, LLC)	Delaware
Enthusiast Commerce, LLC (wholly owned subsidiary of IA Tech, LLC)	Delaware
Outdoors Online, LLC f/k/a GunBroker.com, LLC (wholly owned subsidiary of IA Tech, LLC)	Delaware
S&T Logistics, LLC (wholly owned subsidiary of IA Tech, LLC)	Delaware
Outdoor Liquidators, LLC (wholly owned subsidiary of Enthusiast Commerce, LLC)	Delaware
Outsource Commerce, LLC (wholly owned subsidiary of Enthusiast Commerce, LLC)	Delaware
RightFit Direct, LLC (wholly owned subsidiary of Enthusiast Commerce, LLC)	Delaware

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements of Outdoor Holding Company on Forms S-8 (No. 333-251677 and No. 333-277078) and Form S-3 (No. 333-252786) of our reports dated June 16, 2025, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting appearing in the Annual Report on Form 10-K of Outdoor Holding Company for the year ended March 31, 2025.

/s/ PANNELL KERR FORSTER OF TEXAS, P.C.

Houston, Texas  
June 16, 2025

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CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO  
EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven F. Urvan, certify that:

1. I have reviewed this Annual Report on Form 10-K of Outdoor Holding Company.;
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 officer(s) 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 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 fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. 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 the 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: June 16, 2025

By: /s/ Steven F. Urvan  
Name: Steven F. Urvan  
Title: Chief Executive Officer (Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul J. Kasowski, certify that:

1. I have reviewed this Annual Report on Form 10-K of Outdoor Holding Company;
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 officer(s) 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 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 fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. 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 the 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: June 16, 2025

By: /s/ Paul J. Kasowski

Name: Paul J. Kasowski

Title: Chief Financial Officer (Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Annual Report of Outdoor Holding Company (the “ Company”) on Form 10-K for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned Steven F. Urvan, Chief Executive Officer (Principal Executive Officer) of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13a-14(b) or 15d-14(b) 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.

Date: June 16, 2025

By: /s/ Steven F. Urvan  
Name: Steven F. Urvan  
Title: Chief Executive Officer (Principal Executive Officer)

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CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Annual Report of Outdoor Holding Company (the “ Company”) on Form 10-K for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Paul J. Kasowski, Chief Financial Officer (Principal Financial Officer) of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13a-14(b) or 15d-14(b) 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.

Date: June 16, 2025

By: /s/ Paul J. Kasowski  
Name: Paul J. Kasowski  
Title: Chief Financial Officer (Principal Financial Officer)

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