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 December 31, 2023
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 0-6966

ESCALADE, INCORPORATED
(Exact name of registrant as specified in its charter)

Indiana (State of incorporation)	13-2739290 (I.R.S. EIN)
817 Maxwell Ave, Evansville, Indiana (Address of Principal Executive Office)	47711 (Zip Code)

812-467-1358
(Registrant's Telephone Number, including area code)

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

Title of each class	Trading Symbol	Name of Exchange on which registered
Common Stock, No Par Value	ESCA	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
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 Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to 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.
Yes ☒ No ☐

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). Yes ☐ No ☒

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

Aggregate market value of common stock held by nonaffiliates of the registrant as of June 30, 2023 based on the closing sale price as reported on the NASDAQ Global Market: $132,971,358.

The number of shares of Registrant's common stock (no par value) outstanding as of March 13, 2024: 13,861,552.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on May 8, 2024 are incorporated by reference into Part III of this Report, which Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the Registrant's fiscal year covered by this Form 10-K.

ESCALADE, INCORPORATED AND SUBSIDIARIES

Table of Contents

Part I

ITEM 1—BUSINESS

General

Escalade, Incorporated (Escalade, the Company, we, us or our) operates in one business segment: Sporting Goods (Escalade Sports). Escalade and its predecessors have more than 95 years of manufacturing and selling experience in this industry.

Headquartered in Evansville, Indiana, Escalade Sports manufactures, imports, and distributes widely recognized sporting goods brands in basketball goals, archery, indoor and outdoor game recreation and fitness products through major sporting goods retailers, specialty dealers, key on-line retailers, direct-to-consumer e-commerce, traditional department stores and mass merchants. Escalade is a leader in table tennis tables, residential in-ground basketball goals and in archery bows. Some of the Company's most recognized brands, owned or distributed, include:

Product Category	Brand Names
Archery	Bear Archery®, Trophy Ridge®, Whisker Biscuit®, Cajun Bowfishing™, Karnage®, SIK®, BearX™
Table Tennis	STIGA®, Ping-Pong®
Basketball Goals	Goalrilla™, Goalsetter®, Goaliath®, Silverback®, Hoopstar®
Pickleball	Onix®, DURA®, Pickleball Now®
Play Systems	Woodplay®, Childlife®, Jack & June®
Fitness	The STEP®, Lifeline®, Kettleworx®, Natural Fitness®, PER4M®, USW®
Safety	US WEIGHT®
Game Tables (Hockey and Soccer)	Triumph™ Sports, Atomic®, American Legend®, HJ Scott®, Air-Hockey®
Water Sports	RAVE ®
Billiard Tables and Accessories	American Heritage Billiards®, Brunswick Billiards®, Gold Crown®, Centennial®, Cue&Case®, Lucasi®, Mizerak®, PureX®, Rage®, Players®, Minnesota Fats®, Mosconi™
Darting	Unicorn®, Arachnid®, Accudart®, DMI®, Prodigy®
Outdoor Games	Victory Tailgate®, Triumph™ Sports , Zume Games®, ACL®

During 2023, 2022 and 2021, the Company had one customer that accounted for approximately 20%, 23% and 21%, respectively of the Company's revenues. During 2023, 2022 and 2021 the Company had another customer which accounted for approximately 11%, 12% and 11%, respectively, of the Company's revenues.

As of December 31, 2023, the Company had approximately 29% of its total accounts receivable with one customer. As of December 31, 2022, the Company had approximately 28% of its total accounts receivable with one customer.

Escalade Sports currently manufactures in the USA and imports product from South America and Asia, where the Company utilizes a number of contract manufacturers.

Certain products produced by Escalade Sports are subject to regulation by the Consumer Product Safety Commission. The Company believes it is in material compliance with all applicable regulations.

Business Development

The Company is the successor to The Williams Manufacturing Company, founded in 1922, an Ohio-based manufacturer and retailer of women's and children's footwear, and to the Indian Archery and Toy Corp., founded in 1927, an Evansville, Indiana-based manufacturer of archery equipment, badminton sets, and darts. In the 1960's, Indian Archery entered the table tennis manufacturing business and changed its name to Indian Industries, Inc. Williams Manufacturing and Indian Industries operated independently of each other until a series of transactions in the early 1970's. In 1972, Williams Manufacturing acquired Martin-Yale Industries, Inc., an Illinois-based manufacturer of office and graphic arts products, and crafts and toys. In 1973, Williams Manufacturing acquired both Indian Industries and Harvard Table Tennis, Inc., a Massachusetts-based manufacturer of table tennis accessories. The resulting enterprise, renamed as Escalade, Incorporated, became a diversified manufacturer of sporting goods, recreational products, office products, graphic arts products, hobby and craft items, toys, and footwear.

In the following decades, Escalade continued to diversify its product lines through acquisitions and organic growth, including increasing its manufacturing capabilities for table tennis tables, pool tables, basketball backboards, goals, and poles, and related accessories. In order to focus on areas of potential growth, Escalade also has divested certain product lines and businesses over the years. Most notably, Escalade exited the footwear and toy businesses in the 1970's and ultimately completed its exit from the office products and graphic arts businesses in 2014. Such divestitures have resulted in Escalade now focusing 100% on its Sporting Goods business segment. Escalade's Sporting Goods segment competes in a variety of product categories including basketball goals, archery, billiards, indoor and outdoor games, recreational, fitness, and related products.

Core components of Escalade's business development and growth strategy have been, and continue to be, investing in product innovation, developing strong brand names, and making strategic acquisitions. Escalade's strategic acquisitions include, among others, its acquisitions of: the table tennis and pool table assets of the Ideal Toy Company in 1977 and of Harvard Sports, Inc. in 1980; the home exercise equipment business of Marcy Fitness Products, Inc. in 1989; the high quality basketball system assets of Zue Corporation, including the Goalrilla™ brand in 1999; the table tennis assets of Lifetime Products, Inc. in 2000; the darting assets of Accudart in 2001; the filled vinyl weight assets and manufacturing business of U.S. Weight, Inc. in 2001; the assets of North American Archery Group, including the Bear® Archery brand in 2003; the residential playground systems businesses of ChildLife, Inc. in 2005 and of Woodplay in 2006; and the archery assets of Carolina Archery Products in 2006, of Trophy Ridge, LLC in 2007, and of Cajun Archery in 2012. Escalade entered the pickleball product category through acquisitions of Pickleball Now and Onix Sports in 2014 and 2015, expanded its billiard accessory business with the acquisition of Cue&Case Sales, Inc. in 2014, and expanded its basketball distribution and domestic sourcing by acquiring Goalsetter Systems, Inc. in 2015. In 2016, Escalade acquired the assets of Triumph Sports USA, a leader in the indoor and outdoor games categories, in 2017 acquired the assets of Lifeline Fitness, Inc., a leader in the fitness industry, in 2018 acquired Victory Tailgate, a manufacturer of premium licensed and custom tailgating games, in 2020 acquired the billiard table, game room and recreational product lines of American Heritage Billiards, and in 2020 also acquired the assets of RAVE Sports, providing entry into the water recreational products category. In January 2022, Escalade acquired the assets of the Brunswick Billiards® business from Life Fitness, LLC, which complemented the Company's existing portfolio of billiards brands and other offerings in the Company's indoor recreation market.

For more information regarding Escalade's business development and strategies for growth, please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview."

Marketing and Product Development

The Company makes a substantial investment in product development and brand marketing to differentiate its product line from its competition. We conduct market research and development efforts to design products which satisfy existing and emerging consumer needs. The Company markets directly to the consumer or end-user as well as through its retail partners in the form of advertising and other promotional allowances.

Competition

Escalade is subject to competition with various manufacturers in each product line. The Company is not aware of any other single company that is engaged in the same product lines as Escalade or that produces the same range of products as Escalade. Nonetheless, competition exists for many Escalade products. Some competitors are larger and have substantially greater resources than the Company. Escalade believes that its long-term success depends on its ability to strengthen its relationship with existing customers, attract new customers, to be a reliable source of products to timely supply customers with their needs, and to develop new products that satisfy the quality and price requirements of sporting goods customers.

Licenses, Trademarks and Brand Names

The Company owns several registered trademarks and brand names including but not limited to Goalrilla™, Goalsetter®, Bear Archery®, Brunswick Billiards®, Onix®, Ping-Pong®, The Step®, Lifeline® and Woodplay®. The Company has an agreement and contract with STIGA Sports AB for the exclusive right and license to distribute and produce table tennis equipment under the brand name STIGA® for North America.

Backlog and Seasonality

Sales are based primarily on standard purchase orders and in most cases, orders are shipped within the same month received. Unshipped orders at the end of the fiscal year (backlog) were not material and therefore are not an indicator of future results. Due to diversity in product categories, revenues have not been seasonal and are not expected to be so in the future.

Employees

The number of employees at December 31, 2023 and December 31, 2022 were as follows:

	2023	2022
Sporting Goods		
USA	438	473
Mexico	10	90
Asia	31	30
Total	479	593

Of Escalade’s 479 employees at December 31, 2023, 472 were full time employees and 7 were part time employees. The I.U.E./C.W.A. (United Electrical Communication Workers of America, AFL-CIO) represents hourly rated employees at the Escalade Sports’ Evansville, Indiana distribution center. There were approximately 29 covered employees at December 31, 2023. A labor contract was negotiated and renewed in May 2021 and expires on January 31, 2025.

Sources of Supplies

Raw materials for Escalade's various product lines consist of, but are not limited to, wood, steel, aluminum, plastics, fiberglass and packaging materials. Escalade relies upon suppliers in various countries and upon various third party Asian manufacturers for many of its products. The Company believes these sources will continue to provide adequate supplies as needed and that all other materials needed for the Company’s various operations are available in adequate quantities from a variety of domestic and foreign sources. From time to time, Escalade may experience disruptions in its supply chain due to circumstances beyond its control, such as the outbreak of the coronavirus or other public health crises and limited availability of shipping containers and other third party logistics backlog, which disruptions could adversely impact Escalade in the future. To alleviate these concerns, Escalade continues its efforts to develop other potential sources of products and raw materials. In recent years, Escalade has increased its sourcing of some products and raw materials from Brazil and Vietnam. Escalade’s acquisition of the Brunswick Billiards® business has opened additional sourcing opportunities within Indonesia.

SEC Reports

The Company’s Internet site (www.escaladeinc.com) makes available free of charge to all interested parties the Company’s annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and all amendments to those reports, as well as all other reports and schedules filed electronically with the Securities and Exchange Commission (the Commission), as soon as reasonably practicable after such material is electronically filed with or furnished to the Commission. Interested parties may also find reports, proxy and information statements and other information on issuers that file electronically with the Commission at the Commission's Internet site at www.sec.gov.

ITEM 1A—RISK FACTORS

OPERATIONAL RISKS TO THE COMPANY AND OUR BUSINESS

Markets are highly competitive which could limit the Company's growth and reduce profitability.

The market for sporting goods is highly fragmented and intensely competitive. A majority of the Company’s products are in markets that are experiencing low growth rates. Escalade competes with a variety of regional, national and international manufacturers for customers, employees, products, services and other important aspects of the business. The Company has historically sold a large percentage of its sporting goods products to mass merchandisers and has increasingly attempted to expand sales to specialty retailer and dealer markets and to on-line retailers. In addition to competition for sales into those distribution channels, vendors also must compete in sporting goods with large format sporting goods stores, traditional sporting goods stores and chains, warehouse clubs, discount stores and department stores. Competition from on-line retailers may also impact sales. Some of the current and potential competitors are larger than Escalade and have substantially greater financial resources that may be devoted to sourcing, promoting and selling their products, and may discount prices more heavily than the Company can afford.

If the Company is unable to predict or effectively react to changes in consumer demand, it may lose customers and sales may decline.

Success depends in part on the ability to anticipate and respond in a timely manner to changing consumer demand and preferences regarding sporting goods. Products must appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to change. The Company often makes commitments to manufacture products months in advance of the proposed delivery to customers. If Escalade misjudges the market for products, sales may decline significantly. The Company may have to take significant inventory markdowns on unpopular products that are overproduced and/or miss opportunities for other products that may rise in popularity, both of which could have a negative impact on profitability. A major shift in consumer demand away from sporting goods products could also have a material adverse effect on the Company’s business, results of operations and financial condition.

The Company's operating results have been adversely impacted by higher inventory levels.

In response to supply chain issues and other factors, the Company accelerated its product purchases to meet expected demand. Although the Company endeavors to accurately predict changes in customer demands and consumer spending patterns with respect to the Company’s products, demand for products can change significantly between the time inventory is ordered and the date of sale. While the Company continues to experience product demand in excess of pre-COVID-19 levels, the Company’s inventories at the beginning of 2023 were higher than desired. During 2023, the Company successfully reduced inventory to more normalized levels across most of its categories. The reduction in inventories and increased costs associated with the higher inventory levels, adversely impacted the Company’s operating results in 2023.

The Company may pursue strategic acquisitions, divestitures, or investments and the failure of a strategic transaction to produce anticipated results or the inability to fully integrate an acquired company could have an adverse impact on the Company's business.

The Company has made acquisitions of complementary companies or businesses, which have been part of the strategic plan, and may continue to pursue acquisitions in the future from time to time. Acquisitions may result in difficulties in assimilating acquired companies, and may result in the diversion of capital and management's attention from other business issues and opportunities. The Company may not be able to successfully integrate operations that it acquires, including personnel, financial and information systems, cybersecurity measures, distribution, and operating procedures. If the Company fails to successfully integrate acquisitions, the Company's business could suffer. In addition, acquisitions may result in the incurrence of debt, contingent liabilities, amortization expense or write-offs of goodwill or other intangibles, any of which could affect the Company's financial position. The Company also has sometimes divested or discontinued certain operations, assets, and products that did not perform to the Company's expectations or no longer fit with the Company's strategic objectives.

Divestitures may result in gains, losses, contingent liabilities, write-offs, tax consequences, or other related costs and expenses that could affect the Company's financial position. Escalade will consider acquisitions, divestitures, and investments in the future, one or more of which, individually or in the aggregate, could be material to the Company's overall business, operations or financial position.

Growth may strain resources, which could adversely affect the Company 's business and financial performance.

The Company has grown in the past through strategic acquisitions, and continues to make acquisitions in its Sporting Goods business. Our growth strategy also depends on our ability to grow our e-commerce business, including continued expansion and development of our own direct to consumer e-commerce distribution channel. Growth places additional demands on management and operational systems. If the Company is not successful in continuing to support operational and financial systems, expanding the management team and increasing and effectively managing customers and suppliers, growth may result in operational inefficiencies and ineffective management of the Company's business, which could adversely affect its business and financial performance.

The Company's ability to operate and expand its business and to respond to changing business and economic conditions will be dependent upon the availability of adequate capital.

The rate of expansion will also depend on the availability of adequate capital, which in turn will depend in large part on cash flow generated by the business and the availability of equity and debt capital. The Company can make no assurances that it will be able to obtain equity or debt capital on acceptable terms or at all. Our current senior secured revolving credit facility contains provisions that limit our ability to incur additional indebtedness or make substantial asset sales, which might otherwise be used to finance our operations. In the event of our insolvency, liquidation, dissolution or reorganization, the lenders under our senior secured revolving credit facility would be entitled to payment in full from our assets before distributions, if any, to our stockholders.

The Company could suffer if it fails to attract and retain skilled management and key personnel.

The Company's success depends in large part on its ability to attract and retain highly qualified management executives and key personnel. Significant competition for qualified candidates exists in the Company's business lines and geographic locations. If the Company is not able to hire and retain its executives and key personnel, or if the compensation costs required to attract and retain such individuals becomes more expensive, the Company may suffer adverse consequences to its business, operations, and financial condition.

The Company derives a substantial portion of its revenue from a few significant customers and loss of any of these customers could materially affect our results of operations and financial condition.

The Company has two major customers, each of which accounted for more than ten percent of consolidated gross sales in the Company’s 2023 fiscal year. The Company also has several other large customers, none of which represent more than ten percent of consolidated gross sales, and historically has derived substantial revenues from these customers. Our customers continue to experience industry consolidation, which increases our risk that we may be unable to find sufficient alternative customers. The Company needs to continue to expand its customer base, including sales of new product offerings to existing customers, in order to minimize the effects of the loss of any single customer in the future. If sales to one or more of the large customers would be lost or materially reduced, there can be no assurance that the Company will be able to replace such revenues, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's customers may experience financial difficulties that could result in losses to the Company.

From time to time, one or more of the Company’s customers have experienced, are experiencing, or may in the future experience financial difficulties that impair their ability to pay all amounts owed to the Company. In such instances, the customer may file bankruptcy or take other actions to restructure the amounts owed to secured and unsecured creditors, including unsecured trade creditors such as the Company. When this occurs, the Company may not be able to collect the full amount owed to it by the customer, and in severe situations may have to write off all or a substantial portion of those customer receivables. Any significant resulting losses incurred by the Company relating to these or other customers could have a material adverse effect on the Company’s business, results of operation, and financial condition.

The Company's business may be adversely affected by the actions of and risks associated with third-party suppliers.

The raw materials that the Company purchases for manufacturing operations and many of the products that it sells are sourced from a wide variety of third-party suppliers. The Company cannot control the supply, design, function or cost of many of the products that are offered for sale and are dependent on the availability and pricing of key materials and products. Disruptions in the availability of raw materials used in production of these products may adversely affect sales and result in customer dissatisfaction. The ability to find qualified suppliers and to access products in a timely and efficient manner is a significant challenge, especially with respect to goods sourced outside the United States. Political instability, financial instability of suppliers, merchandise quality issues, trade restrictions, tariffs, currency exchange rates, transport capacity and costs, inflation and other factors relating to foreign trade are beyond the Company’s control.

Historically, instability in the political and economic environments of the countries in which the Company or its suppliers obtain products and raw materials has not had a material adverse effect on operations. However, the Company cannot predict the effect that future changes in economic or political conditions in the United States and in such foreign countries may have on operations. In the event of disruptions or delays in supply due to economic or political conditions, such disruptions or delays could adversely affect results of operations unless and until alternative supply arrangements could be made. In addition, products and materials purchased from alternative sources may be of lesser quality or more expensive than the products and materials currently purchased abroad.

Deterioration in relationships with suppliers or in the financial condition of suppliers could adversely affect liquidity, results of operations and financial position.

Access to materials, parts and supplies is dependent upon close relationships with suppliers and the ability to purchase products from the principal suppliers on competitive terms. The Company does not enter into long-term supply contracts with these suppliers, and has no current plans to do so in the future. These suppliers are not required to sell to the Company and are free to change the prices and other terms. Any deterioration or change in the relationships with or in the financial condition of the Company's significant suppliers could have an adverse impact on its ability to procure materials and parts necessary to produce products for sale and distribution. If the Company or any of the significant suppliers terminated or significantly curtailed its relationship with a significant supplier or the Company, respectively, or if a significant supplier ceased operations, the Company would be forced to expand relationships with other suppliers, seek out new relationships with new suppliers or risk a loss in market share due to diminished product offerings and availability. Any change in one or more of these suppliers' willingness or ability to continue to supply the Company with their products could have an adverse impact on the Company's liquidity, results of operations and financial position.

Disruptions to our supply chain could have an adverse impact on our operations.

Many of the Company's products are manufactured outside the United States. Those products must be transported by third parties over large geographic distances. Delays in the shipment or delivery of our products could occur due to work stoppages, port strikes, lack of availability of transportation, and other factors beyond the Company's control. The Company continues to experience increased shipping costs for products obtained from overseas due to a shortage of available shipping containers. If the Company experiences any significant disruption in its supply chain or sharply rising costs, for any reason, such as the coronavirus pandemic, the Company may be unable to satisfy customer demand for our products resulting in lost sales. Such delays and increased costs could impair our ability to timely and efficiently deliver our products, and could adversely impact our operating results.

Intellectual property rights are valuable, and any inability to protect them could reduce the value of products.

The Company obtains patents, trademarks and copyrights for intellectual property, including its brand names, which represent important assets to the Company. If the Company fails to adequately protect intellectual property through patents, trademarks and copyrights, its intellectual property rights may be misappropriated by others, invalidated or challenged, and our competitors could duplicate the Company's products or may otherwise limit any competitive design or manufacturing advantages. The Company believes that success is likely to depend upon continued innovation, technical expertise, marketing skills, branding, customer support and services rather than on legal protection of intellectual property rights. However, the Company intends to aggressively assert its intellectual property rights when necessary.

The expiration or termination of our material trademarks, brand names and licensing agreements could have a material adverse effect on the Company's business.

The Company has invested substantial resources in developing and marketing the Company's brands and products over many years. The expiration or termination of one or more of the Company's material trademarks, patents or licensing agreements could result in the loss of such intellectual property. In such event, the Company may not be able to recoup its investments in, and continue to benefit from the affected brand names or products. The loss of such intellectual property and related rights could have a material adverse effect on the Company.

Breaches of data or technology security could damage the Company's reputation, cause the Company to incur additional expense, expose the Company to litigation, and adversely affect the Company's business.

A breach of our data or technology security could result in an unauthorized transfer or release of Company proprietary, employee, customer and other Company related information, or the loss of valuable business data or technology, that could cause a disruption in our business. Hackers are increasingly sophisticated and operate large scale and complex cyber security attacks. In the event of such an attack, we may expend significant capital and other resources to protect against, respond to, and/or alleviate problems caused by a breach. Such an event could also result in unwanted negative media attention, damage to the Company's reputation, damage to our customers, and result in lost sales and lawsuits. The Company also must comply with increasingly complex regulatory cyber security and privacy standards, which can be costly and negatively impact the Company's profitability.

Unauthorized disclosure of sensitive or confidential customer information could harm the Company's business and its standing with its customers.

Through sales and marketing activities, the Company collects and stores certain information that customers provide to purchase products or services or otherwise communicate and interact with the Company. Despite instituted safeguards for the protection of such information, the Company cannot be certain that all of its systems are entirely free from vulnerability to attack. Computer hackers may attempt to penetrate the Company's network security and, if successful, misappropriate confidential customer or business information. In addition, an employee, a contractor or other third party with whom the Company does business may attempt to circumvent the Company's security measures in order to obtain such information or inadvertently cause a breach involving such information. Loss of customer or business information could disrupt operations, damage the Company's reputation, and expose the Company to claims from customers, financial institutions, payment card associations and other persons, any of which could have an adverse effect on the Company's business, results of operations and financial condition. In addition, compliance with tougher privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes.

Cybersecurity breaches or other data security incidents could result in unauthorized access, theft, modification, or destruction of Company assets, including bank accounts, intellectual property, and confidential information, which may adversely affect the Company's business.

The Company has experienced an increase in cybersecurity threats and attempts to breach the Company's security networks. The techniques used to conduct cyber-attacks, including phishing, hacking, and malicious software, are increasingly sophisticated and the sources and targets of these attacks change frequently. Cyber-attacks may not be recognized until after attacks have been launched successfully or have been in place for a period of time. The Company has been, is currently, and likely will continue to be, the target of cyber and other security threats. To the Company's knowledge, the Company has not experienced a significant cybersecurity breach that had a material impact on the Company's business or operating results, although there can be no assurance that the Company's efforts to maintain the security of the Company's information technology networks and related systems will be effective or that attempted security breaches will not be damaging in the future. The Company maintains cyber liability insurance, however, such insurance may not be sufficient to cover the financial, legal, business or reputational losses that could result from a breach of the Company's systems.

The Company's business involves the potential for product recalls, warranty liability, product liability, and other claims against us, which could adversely affect our reputation, earnings and financial condition.

As a manufacturer, marketer and distributor of consumer products, the Company is subject to the United States Consumer Products Safety Act of 1972, as amended by the Consumer Product Safety Improvement Act of 2008, which empowers the Consumer Products Safety Commission ("CPSC") to recall or exclude from the market products that are found to be unsafe or hazardous. Although recalls of our products have been infrequent, the Company's subsidiaries voluntarily recalled the Ping Pong Avenger table tennis table in 2021 due to concerns that it could create a potential fall risk to consumers and certain Goalsetter wall-mounted basketball goals in 2022 that could detach and fall to the ground unexpectedly if not installed correctly. Our sales of such wall-mounted basketball goals have been adversely impacted as well. Notwithstanding that we extensively and rigorously test our products, there can be no assurance we will be able to detect, prevent, or fix all defects and safety concerns. Under certain circumstances, the CPSC could require us to repurchase or recall additional products, even if we disagree with the defect determination or have data that shows the actual safety risk to be nominal. Any repurchase or recall of our products, monetary judgment, fine or other penalty could be costly and damaging to our reputation and/or adversely affect our brands. Furthermore, the occurrence of any material defects in our products could expose us to liability for warranty claims in excess of our current reserves, and/or to product liability claims that could exceed the limits of our insurance coverage, to the extent coverage may exist. If our warranty reserves and/or insurance coverage are inadequate to cover future warranty claims and/or potential product liability claims, our financial condition and operating results may be harmed.

The Company may be subject to various types of litigation, and our insurance may not be sufficient to cover damages related to those claims.

From time-to-time the Company may be involved in lawsuits or other claims arising in the ordinary course of business, including those related to product liability, consumer protection, employment, intellectual property, tort, privacy and data protection, and other matters. The Company may incur losses relating to claims filed against it, including costs associated with defending against such claims, and there is risk that any such claims or liabilities will exceed its insurance coverage, or affect the Company's ability to retain adequate liability insurance in the future. Even if a claim is unsuccessful or is not fully pursued, the negative publicity surrounding any such assertions could adversely affect the Company's reputation. Due to the inherent uncertainties of litigation and other claims, we cannot accurately predict the ultimate outcome of any such matters.

Unseasonable or extreme weather conditions, alone or together with natural disasters, as well as other catastrophic events, could adversely affect the Company's business and results of operations.

Unseasonable or extreme weather conditions, natural disasters and other catastrophic events could negatively impact consumer shopping patterns, consumer confidence and disposable income, or otherwise could have a negative effect on the company's financial performance. The Company's business is susceptible to unseasonable weather conditions, particularly as it relates to sports equipment and recreational outdoor products, which could lead to lost sales or greater than expected markdowns. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could reduce demand for a portion of the Company's inventory and thereby reduce sales and profitability. In addition, extreme weather conditions, natural disasters and other catastrophic events could damage or destroy our facilities, cause staffing shortages or make it difficult for customers to travel to stores and dealers where the Company's products are sold. Such events and circumstances could negatively affect the Company's business and results of operations from time to time.

The market price of the Company's common stock is likely to be highly volatile as the stock market in general can be highly volatile.

The public trading of the Company's common stock is based on many factors which could cause fluctuation in the Company's stock price. These factors may include, among other things:

- General economic and market conditions;
- Actual or anticipated variations in quarterly operating results;
- Limited research coverage by securities analysts;
- Relatively low market capitalization resulting in low trading volume in the Company's stock;
- If securities analysts provide coverage, our inability to meet or exceed securities analysts' estimates or expectations;
- Conditions or trends in the Company's industries;
- Changes in the market valuations of other companies in the Company's industries;
- Announcements by the Company or the Company's competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives;
- Capital commitments;
- Additions or departures of key personnel;
- Tariffs, quotas, customs, import and export restrictions, and other trade barriers;
- Global events, including acts or threats of war or terrorism, international conflicts, political instability, natural disasters, and public health crises (such as the COVID 19 pandemic);
- Sales and repurchases of the Company's common stock; and
- The ability to maintain listing of the Company's common stock on the NASDAQ Global Market and/or inclusion in market indices such as the Russell 2000.

Many of these factors are beyond the Company's control. These factors may cause the market price of the Company's common stock to decline, regardless of operating performance.

If we are unable to pay quarterly dividends at intended levels, our reputation and stock price may be harmed.

Our quarterly cash dividend is currently $0.15 per common share. The dividend program requires the use of a portion of our cash flow. Our ability to pay dividends will depend on our ability to generate sufficient cash flows from operations in the future. This ability may be subject to certain economic, financial, competitive and other factors that are beyond our control. Our Board of Directors (Board) may, at its discretion, increase or decrease the intended level of dividends or entirely discontinue the payment of dividends at any time. Any failure to pay dividends after we have announced our intention to do so may negatively impact our reputation, investor confidence in us and negatively impact our stock price.

RISKS OF INTERNATIONAL OPERATIONS

International operations expose the Company to the unique risks inherent in foreign operations.

The Company sources many of its products and raw materials from Mexico, Brazil, China, Vietnam and other Asian countries. Foreign operations encounter risks similar to those faced by U.S. operations, as well as risks inherent in foreign operations, such as local customs and regulatory constraints, control over product quality and content, foreign trade policies, competitive conditions, foreign currency fluctuations and unstable political and economic conditions. Additionally, our international operations may be adversely affected by political events, domestic or international terrorist events and hostilities, complications due to natural, nuclear or other disasters, or public health crises. These types of events, developments and/or health concerns in locations in which the Company conducts business could result in social, economic and labor instability. Such uncertainties could have a material adverse effect on the continuity of the Company's operations and on the Company's income and profitability.

The Company's business is subject to risks associated with sourcing and manufacturing outside of the United States, and risks arising from tariffs and/or international trade wars.

The Company imports many of its raw materials and finished goods from countries outside of the United States, including but not limited to China, Brazil, Vietnam and Mexico. The Company's ability to import products in a timely and cost-effective manner may be affected by conditions, such as public health crises, labor disputes, political unrest, and security requirements of the U.S. and other countries that could delay importation of products or require us to locate alternative sources. Our import operations are subject to complex custom laws, regulations, tax requirements, and trade regulations, such as tariffs set by governments through mutual agreements or bilateral actions. U.S. tariffs on goods imported into the U.S., particularly goods from China, have increased the cost of goods purchased by the Company and the ongoing adverse effects of such tariffs potentially could become even more severe. The overall effect of these risks is that our costs may increase, which in turn may result in lower profitability if we are unable to offset such increases through higher prices, and/or that we may suffer a decline in sales if our customers do not accept price increases.

The United States, Mexico and Canada have entered into the United States-Mexico-Canada Agreement ("USMCA"), the successor agreement to the North American Free Trade Agreement ("NAFTA") which became effective on July 1, 2020. In January 2020, the United States entered into a "Phase 1" trade agreement with China. The Phase 1 agreement expired December 31, 2021 and has not been extended or replaced. Trade negotiations between the United States and China regarding a potential new trade agreement have not progressed and prospects for a new agreement are highly uncertain. Accordingly, it remains unclear what the U.S. administration or foreign governments, including China, specifically will or will not do with respect to tariffs, the USMCA or other international trade agreements and policies. A trade war, other governmental action related to tariffs or international trade agreements, changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently manufacture and sell products or any resulting negative sentiments towards the United States could materially adversely affect the Company's business, financial condition, operating results and cash flows.

Substantially all of our import operations are subject to customs and tax requirements as well as trade regulations, such as tariffs and quotas set by governments through mutual agreements or bilateral actions. In addition, the countries in which our products are manufactured or imported may from time to time impose additional quotas, duties, tariffs or other restrictions on our imports or adversely modify existing restrictions. Adverse changes in these import costs and restrictions, or our suppliers' failure to comply with customs regulations or similar laws, could harm our business. In this regard, possible changes in U.S. policies and the potential effects of foreign laws and policies create significant uncertainty with respect to future tax and trade regulations. Changes in tax policy or trade regulations, such as the disallowance of tax deductions on imported merchandise or the imposition of new tariffs on imported products, could have a material adverse effect on our business and results of operations.

Our operations are also subject to the effects of international trade agreements and regulations that impose requirements that could adversely affect our business, such as setting quotas on products that may be imported from a particular country.

The Company could be adversely affected by changes in currency exchange rates and/or the value of the United States dollar.

The Company is exposed to risks related to the effects of changes in foreign currency exchange rates and the value of the United States dollar. Changes in currency exchange rates and the value of the United States dollar can have a significant impact on earnings. While the Company carefully watches fluctuations in currency exchange rates, these types of changes can have material adverse effects on the Company's business, results of operations and financial condition.

LEGAL, TAX, ACCOUNTING AND REGULATORY RISKS

The Company has identified material weaknesses in its internal control over financial reporting. Failure to remediate, improve and maintain the quality of internal control over financial reporting could result in material misstatements in the Company's financial statements and could materially and adversely affect the Company's ability to provide timely and accurate financial information about the Company, which could harm the Company's reputation and share price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, the Company's management is required to report on, and the Company's independent registered public accounting firm is required to attest to, the effectiveness of the Company's internal control over financial reporting. The rules governing the standards that must be met for management to assess the Company's internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Annually, the Company's management performs activities that include reviewing, documenting and testing the Company's internal control over financial reporting. In addition, if the Company fails to maintain the adequacy of its internal control over financial reporting, the Company's management will not be able to conclude on an ongoing basis that the Company maintains effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

In connection with the preparation of the financial statements for the year ended December 31, 2023, management, with the assistance of its independent registered public accounting firm, identified deficiencies in the Company's internal control over financial reporting. Management then concluded, with the oversight of the Company's Audit Committee, that such deficiencies represent material weakness in the Company's internal control over financial reporting even though these material weaknesses did not result in any material errors or any restatement of the Company's previously reported financial results. For further discussion of these material weaknesses, see "Item 9A, Controls and Procedures." 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 a company's annual or interim financial statements will not be prevented or detected on a timely basis. Management cannot be certain that other deficiencies or material weaknesses will not arise or be identified or that the Company will be able to correct and maintain adequate controls over financial processes and reporting in the future.

Management and the Company's Audit Committee are committed to achieving and maintaining a strong internal control environment and are currently evaluating remediation efforts that will be designed and implemented to enhance the Company's control environment. The identified material weaknesses in internal control and procedures will only be considered remediated when the relevant controls have operated effectively for a sufficient period of time for management to conclude that they have been remediated.

The Company believes that it will be successful in remediating the material weaknesses identified by management, although there can be no assurances in this regard. In addition, in the future, the Company may be unable to identify and remediate additional control deficiencies, including material weaknesses. If not successfully remediated, the Company's failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in material misstatements in, or restatements of, the Company's financial statements, could cause the Company to fail to meet its reporting obligations and/or could cause investors to lose confidence in the Company's reported financial information, which could adversely affect the trading price of the Company's common stock and harm the Company's reputation. In addition, such failures could result in violations of applicable securities laws, an inability to meet NASDAQ listing requirements, a default in covenants under the Company's credit facilities, and/or exposure to lawsuits, investigations or other legal proceedings.

The Company is subject to risks associated with laws and regulations related to health, safety and environmental protection.

Products, and the production and distribution of products, are subject to a variety of laws and regulations relating to health, safety and environmental protection. Laws and regulations relating to health, safety and environmental protection have been passed in several jurisdictions in which the Company operates in the United States and abroad. Although the Company does not anticipate any material adverse effects based on the nature of operations and the thrust of such laws, there is no assurance such existing laws or future laws will not have a material adverse effect on the Company’s business, results of operations and financial condition.

New laws, policies, regulations, rulemaking and oversight, as well as changes to those currently in effect, could adversely impact our earnings, cash flows and operations.

Our assets and operations are subject to regulation and oversight by federal, state, and local regulatory authorities. Legislative changes, as well as regulatory actions taken by these agencies, have the potential to adversely affect our profitability. In addition, a certain degree of regulatory uncertainty is created by the U.S. political climate. It remains unclear specifically what the current presidential administration, Congress and the courts may do with respect to future policies, regulations and legal decisions that may affect us. Regulation affects many aspects of our business and extends to such matters as (i) federal, state, and local taxation; (ii) rates (which include tax, commodity, surcharges and fuel); (iii) the integrity, safety and security of facilities and operations; (iv) environmental, social and governance issues that could impact the way we conduct our business; (v) the acquisition of other businesses; (vi) the acquisition, extension, disposition or abandonment of services or facilities; (vii) reporting and information requirements; and (viii) the maintenance of accounts and records.

The preparation of the Company's financial statements requires the use of estimates that may vary from actual results.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make significant estimates that may affect financial statements. Due to the inherent nature of making estimates, actual results may vary substantially from such estimates, which could materially adversely affect the Company’s business, results of operations and financial condition. For more information on the Company’s critical accounting estimates, please see the Critical Accounting Estimates section of this Form 10-K.

Changes in accounting standards could impact reported earnings and financial condition.

The accounting standard setters, including the Financial Accounting Standards Board and the Securities and Exchange Commission, periodically change the financial accounting and reporting standards that govern the preparation of the Company’s consolidated financial statements. These changes can be hard to predict and apply and can materially affect how the Company records and reports its financial condition and results of operations. In some cases, the Company could be required to apply a new or revised standard retrospectively, which may result in the restatement of prior period financial statements.

MACROECONOMIC AND GENERAL BUSINESS RISKS

Operating results may be impacted by changes in the economy that influence business and consumer spending.

Operating results are directly impacted by the health of the North American and to a lesser extent, European and Asian economies. We cannot predict how robust the economy will be or whether or not it will be sustained. If economic recovery is slow to occur, or if the economy experiences a prolonged period of decelerating or negative growth, the Company’s results of operations may be negatively impacted. In general, the Company’s sales depend on discretionary spending by consumers. Business and financial performance may be adversely affected by current and future economic conditions, including unemployment levels, energy costs, interest rates, recession, inflation, the impact of natural disasters and terrorist activities, public health crisis, and other matters that influence business and consumer spending.

Fluctuation in economic conditions could prevent the Company from accurately forecasting demand for its products which could adversely affect its operating results or market share.

Fluctuation in economic conditions and market instability in the United States and globally makes it difficult for the Company, customers and suppliers to accurately forecast future product demand trends, which could cause the Company to produce and/or purchase excess products that can increase inventory carrying costs and result in obsolete inventory. Alternatively, this forecasting difficulty could cause a shortage of products, or materials used in products, that could result in an inability to satisfy demand for products and a loss of market share.

Failure to sustain a continuing economic recovery in the United States and elsewhere could have a substantial adverse effect on our business.

Our business is tied to general economic and industry conditions as demand for sporting goods depends largely on the strength of the economy, employment levels, consumer confidence levels and the availability and cost of credit. These factors have had and could continue to have a substantial impact on our business.

Adverse global economic conditions could also cause our customers and suppliers to experience severe economic constraints in the future, including bankruptcy, which could have a material adverse impact on our financial position and results of operations.

Quarterly operating results are subject to fluctuation.

Operating results have fluctuated from quarter to quarter in the past, and the Company expects they will continue to do so in the future. Factors that could cause these quarterly fluctuations include the following: international, national and local general economic and market conditions; the size and growth of the overall sporting goods markets; intense competition among manufacturers, marketers, distributors and sellers of products; demographic changes; changes in consumer preferences; popularity of particular designs, categories of products and sports; seasonal demand for products; adverse weather conditions that may create fluctuations in demand for certain of our products; the size, timing and mix of purchases of products; fluctuations and difficulty in forecasting operating results; ability to sustain, manage or forecast growth and inventories; new product development and introduction; ability to secure and protect trademarks, patents and other intellectual property; performance and reliability of products; customer service; the loss of significant customers or suppliers; dependence on distributors; business disruptions; disruptions or delays in our supply chain, including potential disruptions or delays arising from political unrest, war, labor strikes, natural disasters, and public heath crises such as the coronavirus pandemic; increased costs of freight and transportation to meet delivery deadlines; changes in business strategy or development plans; general risks associated with doing business outside the United States, including, without limitation: exchange rates, import duties, tariffs, quotas and political and economic instability; changes in government regulations; any liability and other claims asserted against the Company; ability to attract and retain qualified personnel; and other factors referenced or incorporated by reference in this Form 10-K and any other filings with the Securities and Exchange Commission.

The Company's operating results during the peak of the COVID-19 pandemic may not be indicative of operating results going forward.

During the peak of the COVID-19 pandemic in fiscal years 2020, 2021 and 2022, demand for the Company’s products increased substantially compared to pre-pandemic sales. While the Company’s financial results exceeded historical levels in many respects, such gains were offset to some degree by the adverse effects of the pandemic on the Company in other areas, such as higher supply chain costs and inventory levels, and by the adverse impacts on many of the Company’s customers and suppliers. Consumer demand for the Company’s products decreased in 2023, but remained above pre-COVID-19 levels and market share has increased in several key categories. As a result of these pandemic related factors, the comparability of year-over-year and quarterly performance going forward may not be indicative of future performance. The ultimate extent of the effects of the COVID-19 pandemic on the Company remains uncertain and will depend on future developments.

Terrorist attacks, acts of war, natural disasters, and public health crises may seriously harm the Company's business.

Among the chief uncertainties facing the nation and the world and, as a result, our business, is the instability and conflicts in the Middle East and in Ukraine and uncertainties regarding North Korea, Russia, China and other Asian and European countries. Obviously, no one can predict with certainty what the overall economic impact will be as a result of these circumstances. Terrorist attacks may cause damage or disruption to the Company, employees, facilities and customers, which could significantly impact net sales, costs and expenses and financial condition. The potential for future terrorist attacks, the national and international responses to terrorist attacks, and other acts of war and hostility may cause greater uncertainty and cause business to suffer in ways the Company currently cannot predict.

In addition, any natural disaster or other serious disruption to one of the Company’s manufacturing or distribution sites due to fire, tornado, earthquake or other natural disasters in countries where the Company conducts business, or political unrest, war, labor strikes, work stoppages or public health crises, such as outbreaks of the coronavirus in countries where our suppliers are located could result in the disruption of the Company’s shipments and supply chain of products and raw materials. Although we obtained product shipments from China and other countries during the peak of COVID-19 pandemic, product shipments from China and/or other countries may be delayed in the future. Any significant disruption of the Company’s supply chain, manufacturing operations, and/or product shipments resulting from similar events on a large scale or over a prolonged period could cause significant delays until the Company would be able to resume normal operations or shift to other third party suppliers, if needed. There can be no assurance that alternative capacity could be obtained on favorable terms, if at all, and could negatively affect the Company’s sales and profitability.

The occurrence of future pandemics or similar events and their ultimate magnitude is unpredictable, volatile and uncertain.

The COVID-19 pandemic created significant public health concerns and economic disruption, which materially impacted the Company, our customers, suppliers and sales channels. We cannot predict whether the coronavirus will resurface or whether future pandemics or other public health crises will emerge. Nor can we predict the impact of such occurrences nor whether and to what degree any disruptions might be caused thereby. In such events, many indeterminable factors may arise, including the duration and severity of the occurrence, the amount of time it may take for more normalized economic activity to resume, future government actions that may be taken, the effects on the Company's customers and suppliers, including their ability to pay for our products, the effects on operations of the Company's logistics providers, and the impact on the ability of the Company's employees to work and travel. Governmental actions may cause the Company to modify its business operations or otherwise adversely impact the Company. There can be no assurance that the Company will be able to respond quickly enough or appropriately to circumstances that may change rapidly and/or that are outside of our control. The short-term and long-term impacts of such occurrences on the Company's business is unknown and ultimately could result in material adverse effects on the Company's business, financial performance and results of operations.

These risks are not exhaustive.

Other sections of this Form 10-K may include additional factors which could adversely impact the Company's business and financial performance. Moreover, the Company operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all risk factors, nor can the Company assess the impact of all factors on business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

ITEM 1B—UNRESOLVED STAFF COMMENTS

None.

ITEM 1C—CYBERSECURITY

Cybersecurity Risk Management and Strategy

As a company committed to safeguarding our operations, assets and stakeholders against cyber threats, we recognize the critical importance of the need for cybersecurity risk management and strategy. In today's digital landscape, where cyber threats continue to evolve and proliferate, it is imperative that we remain vigilant and proactive in our approach to cybersecurity.

In this section, we outline our cybersecurity risk management strategies and initiatives aimed at mitigating cyber risks and ensuring the resilience of our organization. From risk assessment and threat detection and continuous improvement, our approach to cybersecurity reflects our resolve to maintain the confidentiality, integrity and availability of our systems and data.

Key components of our cybersecurity risk management program include:

- Risk Assessment – We regularly conduct risk assessments to identify and evaluate potential cybersecurity threats and vulnerabilities. These assessments consider factors such as our current IT infrastructure, the sensitivity of our data, industry best practices, and emerging cybersecurity trends.

- Threat Detection and Prevention – Given our limited resources, we prioritize the deployment of cost-effective tools and technologies for threat detection and prevention. This includes the use of firewalls, intrusion detection systems, antivirus software, and security information and event management (SIEM) solutions to monitor and mitigate potential security incidents.

- Employee Training and Awareness – We understand that employees play a crucial role in maintaining cybersecurity. Therefore, we provide regular training and awareness programs to educate our staff about cybersecurity best practices, common threats and how to recognize and report suspicious activities.

- Engagement of Third-Party Consultants and Assessors – In addition to our internal efforts to manage cybersecurity risks, we recognize the value of engaging third-party consultants, firms or assessors to provide specialized expertise and support in enhancing our cybersecurity posture, policies and procedures. While our internal IT staff possess valuable skills and knowledge, leveraging external resources can provide additional insights, validation and assurance in our cybersecurity initiatives.

- Continuous Improvement – We are committed to continuously improving our cybersecurity posture in line with industry standards and best practices. This includes staying informed about emerging threats and vulnerabilities, conducting regular security audits and assessments and investing in cybersecurity technologies and training as resources allow.

Currently, we have not identified any risks stemming from known cybersecurity threats, including those resulting from previous cybersecurity incidents, which have significantly impacted our operations, business strategy, financial condition or results of operations. We face certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to materially affect the Company's business. See "*Risk Factors – Operational Risks to the Company and Our Business.*"

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of cybersecurity and other threats or risks. The Audit Committee is primarily responsible for overseeing the Company's risk management processes, which include cybersecurity, global operations, product compliance and other regulatory risks.

The Audit Committee receives reports from management regarding the Company's assessment of the cybersecurity risks, and other risks, on an annual basis. In addition, management updates the Audit Committee, as necessary, regarding any significant cybersecurity incidents. The Audit Committee reports regularly to the full Board regarding its activities, including those related to cybersecurity.

Management of the Company is responsible for the day to day risk management process, specifically the Director of IT, who reports and operates under the direction of the Chief Financial Officer (CFO), who then reports directly to the Audit Committee regarding such risks. The CFO provides updates to the Audit Committee on cybersecurity risks and threats annually, but the Director of IT attends both the Audit Committee meetings and the Board meetings to provide further updates on cybersecurity and other IT related matters. At a minimum, the Audit Committee is given updates on a quarterly basis, but if a situation were to arise, the Audit Committee would be notified once the Company was aware of the issue.

Our management team, led by our CFO, is informed about and monitors the prevention, detection, mitigation and remediation of cybersecurity risks and incidents through updates by our Director of IT. This management team is responsible for assessing and managing risks that may arise from cybersecurity threats. Our CFO has over 10 years of experience managing IT operations including strategy, infrastructure and execution. Our Director of IT has over 20 years of experience in information technology including roles managing operations, compliance, development, applications, information security, support and execution.

ITEM 2—PROPERTIES

At December 31, 2023, the Company owned or operated from the following locations:

Location	Square Footage	Owned or Leased	Use
Evansville, Indiana, USA	771,000	Owned	Distribution; sales and marketing; engineering; administration
Rosarito, Mexico	161,139	Owned	Manufacturing and distribution
Gainesville, Florida, USA	154,200	Owned	Manufacturing and distribution
Orlando, Florida, USA	143,000	Leased	Sales and marketing; manufacturing and distribution
Bristol, WI, USA	118,350	Owned	Distribution; sales and marketing; engineering
Olney, Illinois, USA	108,500	Owned	Distribution; sales and marketing; engineering; manufacturing
Olney, Illinois, USA	30,000	Owned	Distribution
Eagan, MN, USA	41,600	Leased	Distribution; sales and marketing; engineering
Shanghai, China	6,674	Leased	Sales and sourcing

The Company believes that its facilities are in satisfactory and suitable condition for their respective operations. The Company also believes that it is in material compliance with all applicable environmental regulations and is not subject to any proceeding by any federal, state or local authorities regarding such matters. The Company provides regular maintenance and service on its plants and machinery as required. As of December 31, 2022, our Rosarito, Mexico location, including land, buildings and long-lived assets, were classified as assets held for sale. As of December 31, 2023, all manufacturing and distribution operations at our Rosarito, Mexico location have ceased and all inventories have been moved to our Olney, Illinois and Evansville, Indiana facilities and to third party logistic warehouses.

ITEM 3—LEGAL PROCEEDINGS

The Company is involved in litigation arising in the normal course of its business, but the Company does not believe the disposition or ultimate resolution of such claims or lawsuits will have a material adverse effect on the business or financial condition of the Company.

The Company is not aware of any probable or levied penalties against the Company relating to the American Jobs Creation Act.

ITEM 4—MINE SAFETY DISCLOSURES

Not applicable.

Part II

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

The Company's common stock is traded under the symbol “ESCA” on the NASDAQ Global Market.
As of March 13, 2024, there were approximately 93 stockholders of record of our common stock, although there is a significantly larger number of beneficial owners of our common stock.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Share purchases prior to 9/30/2023 under the current repurchase program.	2,153,132	$ 13.38	2,153,132	$ 4,153,252
Fourth quarter purchases:				
10/1/2023 – 10/31/2023	None	None	No Change	No Change
11/1/2023 – 11/30/2023	None	None	No Change	No Change
12/1/2023 – 12/31/2023	None	None	No Change	No Change
Total share purchases under the current program	2,153,132	$ 13.38	2,153,132	$ 4,153,252

The Company has one stock repurchase program which was established in February 2003 by the Board of Directors and which initially authorized management to expend up to $3,000,000 to repurchase shares on the open market as well as in private negotiated transactions. In February 2005, February 2006, August 2007 and February 2008 the Board of Directors increased the remaining balance on this plan to its original level of $3,000,000. In September 2019, the Board of Directors increased the stock repurchase program from $3,000,000 to $5,000,000. In December 2020, the Board of Directors increased the stock repurchase program to $15,000,000. From its inception date through December 31, 2023, the Company has repurchased 2,153,132 shares of its common stock under this repurchase program for an aggregate price of $28,812,686. The repurchase program has no termination date and there have been no share repurchases that were not part of a publicly announced program.

ITEM 6—[RESERVED]

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

The following section should be read in conjunction with Item 1: Business; Item 1A: Risk Factors; and Item 8: Financial Statements and Supplementary Data.

Forward-Looking Statements

This report contains forward-looking statements relating to present or future trends or factors that are subject to risks and uncertainties. These risks include, but are not limited to: Escalade's ability to achieve its business objectives; Escalade's ability to successfully achieve the anticipated results of strategic transactions, including the integration of the operations of acquired assets and businesses and of divestitures or discontinuances of certain operations, assets, brands, and products; the continuation and development of key customer, supplier, licensing and other business relationships; Escalade's ability to develop and implement our own direct to consumer e-commerce distribution channel; the impact of competitive products and pricing; product demand and market acceptance; new product development; Escalade's ability to successfully negotiate the shifting retail environment and changes in consumer buying habits; the financial health of our customers; disruptions or delays in our business operations, including without limitation disruptions or delays in our supply chain, arising from political unrest, war, labor strikes, natural disasters, public health crises such as the coronavirus pandemic, and other events and circumstances beyond our control; the impact of management's conclusion, in consultation with the Audit Committee, that material weaknesses existed in the Company's internal control procedures over financial reporting; the evaluation and implementation of remediation efforts designed and implemented to enhance the Company's control environment; the potential identification of one or more additional material weaknesses in the Company's internal control of which the Company is not currently aware or that have not yet been detected; Escalade's ability to control costs, including managing inventory levels; Escalade's ability to successfully implement actions to lessen the potential impacts of tariffs and other trade restrictions applicable to our products and raw materials, including impacts on the costs of producing our goods, importing products and materials into our markets for sale, and on the pricing of our products; general economic conditions, including inflationary pressures; fluctuation in operating results; changes in foreign currency exchange rates; changes in the securities markets; continued listing of the Company's common stock on the NASDAQ Global Market; the Company's inclusion or exclusion from certain market indices; Escalade's ability to obtain financing, to maintain compliance with the terms of such financing and to manage debt levels; the availability, integration and effective operation of information systems and other technology, and the potential interruption of such systems or technology; the potential impact of actual or perceived defects in, or safety of, our products, including any impact of product recalls or legal or regulatory claims, proceedings or investigations involving our products; risks related to data security of privacy breaches; the potential impact of regulatory claims, proceedings or investigations involving our products; potential residual impacts of the COVID-19 global pandemic on Escalade's financial condition and results of operations; and other risks detailed from time to time in Escalade's filings with the Securities and Exchange Commission. Escalade's future financial performance could differ materially from the expectations of management contained herein. Escalade undertakes no obligation to release revisions to these forward-looking statements after the date of this report.

Overview

Escalade, Incorporated (Escalade, the Company, we, us or our) is focused on growing its Sporting Goods segment through organic growth of existing categories, strategic acquisitions, and new product development. The Sporting Goods segment competes in a variety of categories including basketball goals, archery, indoor and outdoor recreation and fitness products. Strong brands and on-going investment in product development provide a solid foundation for building customer loyalty and continued growth.

Within the sporting goods industry, the Company has successfully built a robust market presence in several niche markets. This strategy is heavily dependent on expanding our customer base, barriers to entry, strong brands, excellent customer service and a commitment to innovation. A key strategic advantage is the Company's established relationships with major customers that allow the Company to bring new products to market in a cost-effective manner while maintaining a diversified portfolio of products to meet the demands of consumers. In addition to strategic customer relations, the Company has substantial manufacturing and import experience that enable it to be a reliable and low-cost supplier.

To enhance growth opportunities, the Company has focused on promoting new product innovation and development and brand marketing. In addition, the Company has embarked on a strategy of acquiring companies or product lines that complement or expand the Company's existing product lines or provide expansion into new or emerging categories in sporting goods. A key objective is the acquisition of product lines with barriers to entry the Company can take to market through its established distribution channels or through new market channels. Significant synergies are achieved through assimilation of acquired product lines into the existing Company structure.

In January 2022, the Company acquired the assets of the Brunswick Billiards® business, complementing its existing portfolio of billiards brands and other offerings in the Company’s indoor recreation market. Management seeks acquisitions that strengthen the Company’s leadership in various product categories or provide entry into attractive new product categories. The Company also sometimes divests or discontinues certain operations, assets, and products that do not perform to the Company's expectations or no longer fit with the Company's strategic objectives.

Management believes that key indicators in measuring the success of these strategies are revenue growth, earnings growth, new product introductions, and the expansion of channels of distribution. The following table sets forth the annual percentage change in revenues and net income over the past three years:

	2023	2022	2021
Net sales			
Sporting Goods	(16.0%)	0.1%	14.6%
Consolidated	(16.0%)	0.1%	14.6%
Net income			
Sporting Goods	(45.6%)	(26.4%)	(7.3%)
Consolidated	(45.4%)	(26.3%)	(5.9%)

As the most significant impacts of the COVID-19 pandemic appear to have waned, consumer demand for the Company’s products has slowed but remains above pre-COVID-19 demand. General economic conditions, inflation, recessionary fears, rising interest rates, changes in the housing market and declining consumer confidence also may impact the Company adversely. Management cannot predict the full impact of these factors on the Company. Due to the above circumstances and as described generally in this Form 10-K, the Company’s results of operations for the 2023 fiscal year are not necessarily indicative of the results to be expected for fiscal year 2024.

Results of Operations

The following schedule sets forth certain consolidated statement of operations data as a percentage of net sales:

	2023	2022	2021
Net sales	100.0%	100.0%	100.0%
Cost of products sold	76.6%	76.5%	75.4%
Gross margin	23.4%	23.5%	24.6%
Selling, administrative and general expenses	15.7%	14.3%	13.8%
Amortization	0.9%	0.8%	0.6%
Operating income	6.8%	8.4%	10.2%

Revenue and Gross Margin

Net sales decreased 16.0% in 2023 compared to 2022. The Company recognized declines in sales across multiple categories. Many of our outdoor categories, including archery, playground and basketball, continue to slide back down from COVID-19 peak, but remain higher than pre-COVID-19 levels.

The overall gross margin decreased to 23.4% in 2023 compared with 23.5% in 2022. Gross margins were unfavorably impacted by less absorption due to large reductions in inventory levels as well as ongoing inventory handling and storage costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) were $41.5 million in 2023 compared to $44.8 million in 2022, a decrease of $3.3 million or 7.3%. SG&A as a percent of sales is 15.7% in 2023 compared with 14.3% in 2022.

Provision for Income Taxes

The effective tax rate for 2023 and 2022 was 21.3% and 20.5%, respectively. The 2023 effective tax rate is slightly higher than the federal statutory rate primarily due to the impact of state taxes partially offset by captive insurance premiums being tax exempt and federal income tax credits. The 2022 effective tax rate is slightly lower than the federal statutory rate primarily due to the captive insurance premiums being tax exempt, with federal income tax credits helping to offset the impact of the state taxes and lower the statutory rate.

Sporting Goods

Net sales, operating income, and net income for the Sporting Goods segment for the three years ended December 31, 2023 were as follows:

In Thousands	2023	2022	2021
Net sales	$ 263,566	$ 313,757	$ 313,612
Operating income	17,496	25,925	31,534
Net income	8,767	16,117	21,892

Net sales decreased 16.0% in 2023 compared to 2022.

Gross margin in 2023 was 23.4% compared to 23.5% in 2022. Operating income, as a percentage of net sales, decreased to 6.6% in 2023 compared to 8.3% in 2022.

Financial Condition and Liquidity

The current ratio, a basic measure of liquidity (current assets divided by current liabilities), for 2023 was 4.4, compared to 4.8 in 2022. Receivable levels decreased to $50.0 million in 2023 compared with $57.4 million in 2022 and net inventory decreased $29.4 million to $92.5 million in 2023 from $121.9 million in 2022, due to company-wide objectives to right size our on hand inventory. Trade accounts payable and accrued liabilities decreased $5.6 million to $25.1 million from $30.7 million in 2022.

The Company’s working capital requirements are primarily funded through cash flows from operations and revolving credit agreements with its bank. During 2023, the Company’s maximum borrowings under its primary revolving credit lines and overdraft facility totaled $100.6 million compared to $113.8 million in 2022. The overall effective interest rate in 2023 was 6.3% compared to the effective rate of 3.8% in 2022. Total debt at the end of the Company’s 2023 fiscal year was $50.9 million.

On January 21, 2022, the Company and its wholly owned subsidiary, Indian Industries, Inc. (“Indian”), entered into an Amended and Restated Credit Agreement (the “2022 Restated Credit Agreement”) with its issuing bank, JPMorgan Chase Bank, N.A. (“Chase”), and the other lenders identified in the Restated Credit Agreement (collectively, the “Lenders”). The 2022 Restated Credit Agreement amended and restated the Amended and Restated Credit Agreement dated as of January 21, 2019, as amended, in its entirety, and continues the existing Company’s credit facilities which have been in place since April 30, 2009. The Company’s indebtedness under the 2022 Restated Credit Agreement continues to be collateralized by liens on all of the present and future equity of each of the Company’s domestic subsidiaries and substantially all of the assets of the Company (excluding real estate). Under the terms of the 2022 Restated Credit Agreement, Old National Bank was added as a Lender. The Lenders have now made available to Escalade and Indian a senior revolving credit facility with increased maximum availability of $65.0 million (the “Revolving Facility”), up from $50.0 million, plus an accordion feature that would allow borrowings up to $90.0 million under the Revolving Facility subject to certain terms and conditions. The maturity date of the revolving credit facility was extended to January 21, 2027. The Company may prepay the Revolving Facility, in whole or in part, and reborrow prior to the revolving loan maturity date. The 2022 Restated Credit Agreement further extended the maturity date for the existing $50.0 million term loan facility to January 21, 2027.

In addition to the increased borrowing amount and extended maturity date, the 2022 Restated Credit Agreement provided a $7.5 million swingline commitment by Chase, replaced LIBOR with the replacement benchmark secured overnight financing rate, and adjusted certain financial covenants relating to the fixed charge coverage ratio.

On July 18, 2022, the Company entered into the First Amendment to the 2022 Restated Credit Agreement. Under the terms of the First Amendment, the Lender increased the maximum availability under the senior revolving credit facility from $65.0 million to $75.0 million pursuant to the accordion feature in the 2022 Restated Credit Agreement. The First Amendment also adjusted the funded debt to EBITDA ratio financial covenant to 3:00 to 1:00 as of the end of the Company’s third and fourth fiscal quarters of 2022.

On October 26, 2022, the Company entered into the Second Amendment ("Second Amendment”) to the 2022 Restated Credit Agreement. Under the terms of the Second Amendment, the Lender increased the maximum availability under the senior revolving credit facility from $75.0 million to $90.0 million pursuant to the accordion feature in the 2022 Restated Credit Agreement. The Second Amendment adjusted the funded debt to EBITDA ratio financial covenant to 3:25 to 1:00 as of the end of the Company’s third and fourth fiscal quarters of 2022 and 3:00 to 1:00 as of the end of the Company’s first fiscal quarter of 2023. The Second Amendment also modified the EBITDA definition to permit add-backs of a) up to $2.0 million for disposition related expenses; and b) up to $2.0 million for unusual or non-recurring expenses which are incurred prior to the end of fiscal year 2023 and which are subject to the approval of the Administrative Agent.

On May 8, 2023, the Company entered into the Third Amendment (the “Third Amendment”) to the Restated Credit Agreement. The Third Amendment adjusted the funded debt to EBITDA ratio financial covenant to 4:25 to 1:00 as of the end of the Company’s second fiscal quarter of 2023, 3:00 to 1:00 as of the end of the Company’s third fiscal quarter of 2023, and 2:75 to 1:00 as of the end of the Company’s fourth fiscal quarter of 2023 and thereafter. The Third Amendment adjusted the fixed charge coverage ratio covenant to 1:10 to 1:00 commencing as of the Company’s fourth fiscal quarter of 2023 and 1:25 to 1:00 as of the end of the Company’s first fiscal quarter of 2024 and thereafter. For the Company’s second and third fiscal quarters in 2023, the Third Amendment suspended the fixed charge coverage ratio covenant and added a minimum EBITDA covenant of $22.5 million as of the end of each such fiscal quarter. Under the terms of the Third Amendment, the Company and the Lender also agreed to decrease the maximum availability under the senior revolving credit facility from $90.0 million to $75.0 million, upon the consummation of the sale of the Company’s Mexican subsidiary and the dissolution of Escalade Insurance, Inc. The proceeds from such sale and dissolution, respectively, will be used to partially prepay the amounts outstanding under the revolving credit facility. As reflected in the Fourth Amendment to the Restated Credit Agreement effective September 1, 2023, the maximum availability of the senior revolving credit facility was reduced to $85.0 million following the dissolution of Escalade Insurance, Inc.

As of December 31, 2023, the outstanding principal amount of the term loan was $32.7 million and total amount drawn under the Revolving Facility was $18.2 million.

Cash flows from operations and revolving credit agreements were used to fund acquisitions, to pay shareholder dividends, and to fund stock repurchases.

In 2024, the Company estimates capital expenditures to be approximately $4.0 million.

The Company believes cash generated from its projected 2024 operations and the commitment of borrowings from its primary lender will provide it with sufficient cash flows for its operations.

It is possible that if economic conditions deteriorate, this could have adverse effects on the Company's ability to operate profitably during fiscal year 2024. To the extent that occurs, management will pursue cost reduction initiatives and consider realignment of its infrastructure in an effort to match the Company's overhead and cost structure with the sales level dictated by current market conditions.

New Accounting Pronouncements

Refer to Note 1 to the consolidated financial statements under the sub-heading "New Accounting Pronouncements".

Contractual Obligations

The following schedule summarizes the Company's material contractual obligations as of December 31, 2023:

Amounts in thousands	Total	2024	2025 – 2026	2027 – 2028	Thereafter
Debt(1)	$ 50,896	$ 7,143	$ 14,286	$ 29,467	$ --
Future interest payments(1)	8,532	2,985	4,618	929	--
Operating leases	10,971	1,480	2,846	2,388	4,257
Minimum payments under purchase, royalty and license agreements	5,143	1,106	2,112	1,261	664
Total	$ 75,542	$ 12,714	$ 23,862	$ 34,045	$ 4,921

Note:
(1) Assumes that the Company will not increase borrowings under its long-term credit agreements and that the effective interest rate experienced in 2023 of 6.3% will continue for the life of the agreements.

Critical Accounting Estimates

The methods, estimates and judgments used in applying the Company's accounting policies have a significant impact on the results reported in its financial statements. Some of these accounting policies require difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The most critical accounting estimates are described below and in the Notes to the Consolidated Financial Statements.

Product Warranty

The Company provides limited warranties on certain of its products for varying periods. Generally, the warranty periods range from 30 days to one year. However, some products carry extended warranties of three-year, five-year, seven-year, ten-year, fifteen-year, and lifetime warranties. The Company records an accrued liability and reduction in sales for estimated future warranty claims based upon historical experience and management's estimate of the level of future claims. Changes in the estimated amounts recognized in prior years are recorded as an adjustment to the accrued liability and sales in the current year. To the extent there are product defects in current products that are unknown to management and do not fall within historical defect rates, the product warranty reserve could be understated and the Company could be required to accrue additional product warranty costs thus negatively affecting gross margin.

Inventory Valuation Reserves

The Company evaluates inventory for obsolescence and excess quantities based on demand forecasts over specified time frames, usually one year. The demand forecast is based on historical usage, sales forecasts and current as well as anticipated market conditions. All amounts in excess of the demand forecast are deemed to be potentially excess or obsolete and a reserve is established based on the anticipated net realizable value. To the extent that demand forecasts are greater than actual demand and the Company fails to reduce manufacturing output accordingly, the Company could be required to record additional inventory reserves which would have a negative impact on gross margin.

Allowance for Credit Losses

The Company provides an allowance for credit losses based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due between 30 and 60 days after the issuance of the invoice. Accounts are considered delinquent when more than 90 days past due. Delinquent receivables are reserved or written off based on individual credit evaluation and specific circumstances of the customer. To the extent that actual bad debt losses exceed the allowance recorded by the Company, additional reserves would be required which would increase selling, general and administrative costs.

Customer Allowances

Customer allowances are common practice in the industries in which the Company operates. These agreements are typically in the form of advertising subsidies, volume rebates and catalog allowances and are accounted for as a reduction to gross sales. The Company reviews such allowances on an ongoing basis and accruals are adjusted, if necessary, as additional information becomes available.

Impairment of Goodwill

The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable, in accordance with guidance in Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 350, *Intangibles – Goodwill and Other*. A qualitative assessment is first performed to determine if the fair value of the reporting unit is "more likely than not" less than the carrying value. If so, we proceed to a quantitative assessment, in which the fair value of the reporting unit is compared to its carrying value. If the carrying value of the reporting unit exceeds the fair value, an impairment charge to current operations is recorded to reduce the carrying value to the fair value.

If a quantitative assessment of goodwill impairment testing is required, the Company establishes fair value by using an income approach or a combination of a market approach and an income approach. The market approach uses the guideline-companies method to estimate the fair value of a reporting unit based on reported sales of publicly-held entities engaged in the same or a similar business as the reporting unit. The income approach uses the discounted cash flow method to estimate the fair value of a reporting unit by calculating the present value of the expected future cash flows of the reporting unit. The discount rate is based on a weighted average cost of capital determined using publicly-available interest rate information on the valuation date and data regarding equity, size and country-specific risk premiums/decrements compiled and published by a commercial source. The Company uses assumptions about expected future operating performance in determining estimates of those cash flows, which may differ from actual cash flows.

The Company has one reporting unit that is identical to our operating segment, Sporting Goods. Of the total recorded goodwill of $42.3 million at December 31, 2023, the entire amount was allocated to the Escalade Sports reporting unit. The results of the qualitative impairment assessment of the Escalade Sports reporting unit indicated that it was not “more likely than not” that the fair value of the reporting unit was less than the carrying value as of December 31, 2023.

Long Lived Assets
The Company evaluates the recoverability of certain long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Estimates of future cash flows used to test recoverability of long-lived assets include separately identifiable undiscounted cash flows expected to arise from the use and eventual disposition of the assets. Where estimated future cash flows are less than the carrying value of the assets, impairment losses are recognized based on the amount by which the carrying value exceeds the fair value of the assets.

Capital Expenditures

As of December 31, 2023, the Company had no material commitments for capital expenditures. In 2024, the Company estimates capital expenditures to be approximately $4.0 million.

ITEM 7A — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK [Not Required]

ITEM 8 — FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by Item 8 are set forth in Part IV, Item 15.

ITEM 9 — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A —CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Escalade maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company’s Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of “disclosure controls and procedures” in Rules 13a-15(e) and 15d-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, could provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were not effective because of material weaknesses in internal control over financial reporting (as described below in Management’s Report on Internal Control over Financial Reporting). See also, “Risk Factors – Legal, Tax, Accounting and Regulatory Risks.”

Management's Report on Internal Control over Financial Reporting

Escalade's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Escalade's internal control system was 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. Internal control over financial reporting of the Company includes those policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions 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 Company's financial statements.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error or circumvention through collusion or improper overriding of controls. Therefore, even those internal control systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

The management of Escalade assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making its assessment of internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework* (published in 2013) and implemented a process to monitor and assess both the design and operating effectiveness of the Company's internal control. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. In connection with the preparation of the Company's financial statements for the year ended December 31, 2023, management identified the following material weaknesses in the Company's internal control over financial reporting:

- Information technology general controls particularly as such controls related to user access, program change management, and ineffective complementary user-organization controls, which limited management's ability to rely on technology dependent controls relevant to the preparation of the Company's consolidated financial statements.

- Controls over the period end process, including the review and approval process of journal entries, account reconciliations, segregation of duties conflicts, and consolidation of intercompany entries.

- Documentation and design of controls related to various key financial statement accounts and assertions.

- The risk assessment, control activities, information and communication, and monitoring components of the Company's internal control framework such that internal control weaknesses were not detected, communicated, addressed with mitigating control activities, or remediated.

Based on this assessment, management believes that, as of December 31, 2023, the Company's internal control over financial reporting was not effective.

Our independent auditor, FORVIS LLP (“FORVIS”), a registered public accounting firm, is appointed by the Audit Committee of our Board of Directors. As a result of the material weaknesses described above, FORVIS has issued an adverse opinion on the effectiveness of our internal control over financial reporting as of December 31, 2023, which appears in Item 8. Financial Statements and Supplementary Data of this 2023 Form 10-K.

This annual report on Form 10-K includes an attestation report of the Company’s registered public accounting firm regarding internal control over financial reporting. Management’s report regarding internal control over financial reporting is subject to attestation by the Company’s registered public accounting firm pursuant to rules of the Securities and Exchange Commission. In addition, this report by management regarding internal control over financial reporting is specifically not incorporated by reference into any other filing by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Remediation Plan and Status

The Company’s management and the Company’s Audit Committee are committed to achieving and maintaining a strong internal control environment. The Company’s management, with the Audit Committee’s oversight, is actively engaged in the planning for, and implementation of, remediation efforts to address the above described material weaknesses.

In response to the material weaknesses discussed above, we plan to continue efforts already underway to remediate internal control over financial reporting, including the following:

- We are in the process of engaging third-party resources to support our internal control testing and remediation efforts, and we intend to bring in additional resources to oversee remediation efforts.
- We are in the process of hiring an Internal Auditor, a senior level position.
- We are in the process of conducting a risk assessment over our internal control environment, and we are reviewing and prioritizing individual control deficiencies for remediation, including those which aggregated to the above material weaknesses.
- We are in the process of documenting and executing remediation action items, including expansion of mitigating controls where appropriate.
- We are exploring tools to enhance and centralize general information technology components.

Management and our Audit Committee will monitor these specific remedial measures and the effectiveness of our overall control environment. The identified material weaknesses in internal control over financial reporting will only be considered remediated when the relevant controls have operated effectively for a sufficient period of time for management to conclude that they have been remediated. We can provide no assurance as to when the remediation of these material weaknesses will be completed to provide for an effective control environment.

/s/ *Walter P. Glazer, Jr., Chief Executive Officer* */s/ Stephen R. Wawrin, Chief Financial Officer*

Changes in Internal Control over Financial Reporting

Management of the Company has evaluated, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the fourth quarter of 2023. In connection with such evaluation, except for the material weaknesses described above, there have been no changes to the Company's internal control over financial reporting that occurred since the beginning of the Company's fourth quarter of 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B — OTHER INFORMATION

None.

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

Not applicable.

Part III

ITEM 10 — DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required under this item with respect to Directors and Executive Officers is contained in the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on May 8, 2024 under the captions "Certain Beneficial Owners," "Election of Directors," "Executive Officers of the Registrant," "Board of Directors, Its Committees, Meetings and Functions," and "Delinquent Section 16(a) Reports," and is incorporated herein by reference.

ITEM 11— EXECUTIVE COMPENSATION

Information required under this item is contained in the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on May 8, 2024 under the captions "Compensation Discussion and Analysis," "Compensation Committee Interlocks and Insider Participation," "Report of the Compensation Committee" and "Executive Compensation" and is incorporated herein by reference, except that the information required by Item 407(e)(5) of Regulation S-K which appears under the caption "Report of the Compensation Committee" is specifically not incorporated by reference into this Form 10-K or into any other filing by the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934.

ITEM 12—SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except for the information required by Item 201(d) of Regulation S-K, which is included below, information required by this item is contained in the registrant's proxy statement relating to its annual meeting of stockholders scheduled to be held on May 8, 2024 under the captions "Certain Beneficial Owners" and "Election of Directors" and is incorporated herein by reference.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (2)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders (1)	--	--	800,971
Equity compensation plans not approved by security holders	--	--	--
Total	--		800,971

(1) The maximum number of shares that can be awarded under the Escalade, Incorporated 2017 Incentive Plan is 1,661,598. The plan was approved by stockholders at Escalade's Annual Meetings of Stockholders in 2017.

(2) Does not include 305,126 shares subject to outstanding, unvested restricted stock unit awards.

ITEM 13—CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Item 407(a) of Regulation S-K is contained in the registrant's proxy statement relating to its annual meeting of stockholders to be held on May 8, 2024 under the captions "Election of Directors" and "Board of Directors, Its Committees, Meetings and Functions" and is incorporated herein by reference. The information required by Item 404 of Regulation S-K is contained in the registrant's proxy statement relating to its annual meeting of stockholders scheduled to be held on May 8, 2024 under the caption "Certain Relationships and Related Person Transactions" and is incorporated herein by reference.

ITEM 14 — PRINCIPAL ACCOUNTING FEES AND SERVICES

The Company's independent registered accounting firm is FORVIS, LLP, formerly BKD, LLP; Evansville, IN; PCAOB ID: 686. The information required by this item is contained in the registrant's proxy statement relating to its annual meeting of stockholders scheduled to be held on May 8, 2024 under the caption "Principal Accounting Firm Fees" and is incorporated herein by reference.

Part IV

ITEM 15—EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(A) Documents filed as a part of this report:

(1) **Financial Statements**

Reports of Independent Registered Public Accounting Firm

Consolidated financial statements of Escalade, Incorporated and subsidiaries:

Consolidated balance sheets—December 31, 2023 and December 31, 2022

Consolidated statements of operations—fiscal years ended December 31, 2023, December 31, 2022, and December 25, 2021

Consolidated statements of stockholders' equity—fiscal years ended December 31, 2023, December 31, 2022, and December 25, 2021

Consolidated statements of cash flows—fiscal years ended December 31, 2023, December 31, 2022, and December 25, 2021

Notes to consolidated financial statements

All other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the consolidated financial statements or notes thereto.

(3) **Exhibits**

3.1	Articles of Incorporation of Escalade, Incorporated (a)
3.2	Amended By-Laws of Escalade, Incorporated (c)
10.1	Amended and Restated Credit Agreement dated as of January 21, 2022 among Escalade, Incorporated, Indian Industries, Inc., each of their domestic subsidiaries, and JPMorgan Chase Bank, N.A., as Administrative Agent (without exhibits and schedules, which Escalade has determined are not material) (g)
10.2	Amended and Restated Pledge and Security Agreement dated as of January 21, 2022 among Escalade, Incorporated, Indian Industries, Inc., each of their domestic subsidiaries, and JPMorgan Chase Bank, N.A., as Administrative Agent (without exhibits and schedules, which Escalade has determined are not material) (g)
10.3	First Amendment dated July 18, 2022 to the Amended and Restated Credit Agreement dated as of January 21, 2022 among Escalade, Incorporated, Indian Industries, Inc., each of their domestic subsidiaries, and JPMorgan Chase Bank, N.A., as Administrative Agent (d)
10.4	Second Amendment dated October 26, 2022 to the Amended and Restated Credit Agreement dated as of January 21, 2022 among Escalade, Incorporated, Indian Industries, Inc., each of their domestic subsidiaries, and JPMorgan Chase Bank, N.A., as Administrative Agent (f)
10.5	Third Amendment dated May 8, 2023 to the Amended and Restated Credit Agreement dated as of January 21, 2022 among Escalade, Incorporated, Indian Industries, Inc., each of their domestic subsidiaries, and JPMorgan Chase Bank, N.A., as Administrative Agent (h)

(4) **Executive Compensation Plans and Arrangements**

10.6	Escalade, Incorporated 2017 Incentive Plan, incorporated by reference herein from Annex 1 to the Registrant's 2017 Definitive Proxy Statement (e)
10.7	Form of Stock Option Award Agreement utilized in Stock Option grants to employees pursuant to the Escalade, Incorporated 2017 Incentive Plan (b)
10.8	Form of Stock Option Award Agreement utilized in Stock Option grants to Directors pursuant to the Escalade, Incorporated 2017 Incentive Plan (b)
10.9	Form of Restricted Stock Unit Agreement utilized in Restricted Stock Unit grants to employees pursuant to the Escalade Incorporated 2017 Incentive Plan (b)
10.10	Form of Restricted Stock Unit Agreement utilized in Restricted Stock Unit grants to Directors pursuant to the Escalade, Incorporated 2017 Incentive Plan (b)
19.1	Escalade, Incorporated Confidentiality of Insider Information and Securities Trades by Company Personnel
21	Subsidiaries of the Registrant

23.1	Consent of FORVIS, LLP
31.1	Chief Executive Officer Rule 13a-14(a)/15d-14(a) Certification
31.2	Chief Financial Officer Rule 13a-14(a)/15d-14(a) Certification
32.1	Chief Executive Officer Section 1350 Certification
32.2	Chief Financial Officer Section 1350 Certification
97.1	Escalade, Incorporated Amended and Restated Policy for Recovery of Incentive Compensation
99.1	Fourth Amendment effective as of September 1, 2023 to the Amended and Restated Credit Agreement dated as of January 21, 2022 among Escalade, Incorporated, Indian Industries, Inc., each of their domestic subsidiaries, and JPMorgan Chase Bank, N.A., as Administrative Agent (which Amendment Escalade has determined did not contain any material new or amended terms) (i)
101.Cal	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.Def	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.Lab	Inline XBRL Taxonomy Extension Label Linkbase Document
101.Pre	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.Ins	Inline XBRL Instance Document
101.Sch	Inline XBRL Taxonomy Extension Schema Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(a) Incorporated by reference from the Company's 2007 First Quarter Report on Form 10-Q
(b) Incorporated by reference from the Company’s Form 10-K for the fiscal year ended December 30, 2017 and filed on February 27, 2018
(c) Incorporated by reference from the Company’s 2022 Third Quarter Report on Form 10-Q filed on October 27, 2022
(d) Incorporated by reference from the Company’s Form 8-K filed on July 21, 2022
(e) Incorporated by reference from the Company’s 2017 Proxy Statement
(f) Incorporated by reference from the Company’s Form 8-K filed on October 27, 2022
(g) Incorporated by reference from the Company’s Form 8-K filed on January 24, 2022
(h) Incorporated by reference from the Company’s Form 8-K filed on May 9, 2023
(i) Incorporated by reference from the Company’s 2023 Third Quarter Report on Form 10-Q filed on October 26, 2023.

ITEM 16—FORM 10-K SUMMARY
None.

ESCALADE, INCORPORATED AND SUBSIDIARIES

Index to Financial Statements

The following consolidated financial statements of the Registrant and its subsidiaries and Independent Accountants' Reports are submitted herewith:

Report of Independent Registered Public Accounting Firm

To the Shareholders, Board of Directors, and Audit Committee
Escalade, Incorporated

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Escalade, Incorporated (the “Company”) as of December 31, 2023, and December 31, 2022, and the related consolidated statements of operations, stockholders’ equity and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Escalade, Incorporated as of December 31, 2023, and December 31, 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), Escalade, Incorporated’s internal control over financial reporting as of December 31, 2023, 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 March 29, 2024, expressed an adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 audits to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 consolidated 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 was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our 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 matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Customer Allowances

As more fully described in Notes 2 and 15 within the consolidated financial statements, revenue is recognized net of various sales adjustments, which includes estimated customer allowances for advertising subsidies, volume rebates and catalog allowances. The Company reviews such allowances on an ongoing basis and accruals are adjusted based on the information within the customer agreements. These estimated sales adjustments are included as part of *Net Sales* on the consolidated statements of operations. At December 31, 2023, the total accrued for these customer allowances was $4.1 million and was presented as part of accrued liabilities on the consolidated balance sheet.

We identified the customer allowance accruals to be a critical audit matter due to the manual nature of how the calculations are maintained and performed, the high volume of customer contracts containing allowance terms, multiple types of allowances offered to certain customers and the frequency of contract term updates. Based on these factors, determining our audit procedures involved a significant level of judgment and effort.

The primary procedures we performed to address this critical audit matter included:

- Testing the completeness and accuracy of the underlying data used to estimate the customer allowance accruals by:
  - For select allowances, agreeing the sales data used in the calculations to reports that were reconciled to the financial statements and agreeing the various allowance percentages on a test basis to signed customer contracts.
  - Tracing the allowance amounts remitted to a sample of customers during the year to supporting documentation.

- Testing the clerical accuracy of the individual customer allowances computed by management and agreeing the total of all estimated allowances to the respective account on the consolidated financial statements.

- Comparing the estimated accrual for select allowances at the end of each reporting period to actual results that occurred during subsequent reporting periods.

- Performing a retrospective review for select allowances by comparing amounts remitted to customers subsequent to prior year accrued amounts.

/s/ FORVIS, LLP

We have served as Escalade, Incorporated’s auditor since 1977.

Tysons, VA
March 29, 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders, Board of Directors, and Audit Committee
Escalade, Incorporated

Opinion on the Internal Control Over Financial Reporting

We have audited Escalade, Incorporated's (the "Company") internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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. The following material weaknesses have been identified and included in management's assessment:

- Information technology general controls, particularly as such controls related to user access, program change management, and ineffective complementary user-organization controls, which limited management's ability to rely on technology dependent controls relevant to the preparation of the Company's consolidated financial statements.
- Controls over the period end close process, including the review and approval process of journal entries, account reconciliations, segregation of duties conflicts, and consolidation of intercompany entries.
- Documentation and design of controls related to various key financial statement accounts and assertions.
- The risk assessment, control activities, information and communication, and monitoring components of the Company's internal control framework such that internal control weaknesses were not detected, communicated, addressed with mitigating control activities, or remediated.

These material weaknesses were considered in determining the nature, timing, and extent of auditing procedures applied in our audit of the Company's consolidated financial statements, and this report does not affect our report dated March 29, 2024, on those consolidated financial statements.

In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and our report dated March 29, 2024, expressed an unqualified opinion on those financial statements.

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 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 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.

Definitions 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 reliable 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/ FORVIS, LLP

Tysons, Virginia
March 29, 2024

Escalade, Incorporated and Subsidiaries
Consolidated Balance Sheets

All Amounts in Thousands Except Share Information	December 31, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 16	$ 3,967
Receivables, less allowances of $652 and $492; respectively	49,985	57,419
Inventories	92,462	121,870
Prepaid expenses	4,280	4,942
Prepaid income tax	88	--
TOTAL CURRENT ASSETS	146,831	188,198
Property, plant and equipment, net	23,786	24,751
Assets held for sale	2,653	2,823
Operating lease right-of-use assets	8,378	9,100
Intangible assets	28,640	31,120
Goodwill	42,326	42,326
Other assets	391	400
TOTAL ASSETS	$ 253,005	$ 298,718
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 7,143	$ 7,143
Trade accounts payable	9,797	9,414
Accrued liabilities	15,283	21,320
Income tax payable	--	71
Current operating lease liabilities	1,041	993
TOTAL CURRENT LIABILITIES	33,264	38,941
Long-term debt	43,753	87,738
Deferred income tax liability	3,125	4,516
Operating lease liabilities	7,897	8,641
Other liabilities	387	407
TOTAL LIABILITIES	88,426	140,243
Commitments and contingencies		
Stockholders' equity:		
Preferred stock		
Authorized: 1,000,000 shares, no par value, none issued		
Common stock		
Authorized: 30,000,000 shares, no par value		
Issued and outstanding: 2023 — 13,736,800 shares, 2022 — 13,594,407 shares	4,480	2,025
Retained earnings	160,099	156,450
TOTAL STOCKHOLDERS' EQUITY	164,579	158,475
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 253,005	$ 298,718

See notes to consolidated financial statements.

Escalade, Incorporated and Subsidiaries
Consolidated Statements of Operations

All Amounts in Thousands Except Per Share Data	Years Ended December 31, 2023	December 31, 2022	December 25, 2021
Net Sales	$ 263,566	$ 313,757	$ 313,612
Costs and Expenses			
Cost of products sold	201,795	240,118	236,482
Selling, administrative and general expenses	41,480	44,765	43,367
Amortization	2,480	2,559	1,867
Operating Income	17,811	26,315	31,896
Other Income (Expense)			
Interest expense	(5,349)	(3,780)	(1,510)
Other income (expense)	31	79	163
Income Before Income Taxes	12,493	22,614	30,549
Provision for Income Taxes	2,664	4,625	6,144
Net Income	$ 9,829	$ 17,989	$ 24,405
Earnings Per Share Data:			
Basic earnings per share	$ 0.72	$ 1.33	$ 1.78
Diluted earnings per share	$ 0.71	$ 1.31	$ 1.76

See notes to consolidated financial statements.

ESCALADE, INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity

All Amounts in Thousands	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balances at December 26, 2020	13,919	$ 4,598	$ 134,558	$ 139,156
Net income			24,405	24,405
Expense of stock options and restricted stock units		902	--	902
Exercise of stock options	10	144	--	144
Settlement of restricted stock units	50	--	--	--
Dividends declared			(7,693)	(7,693)
Stock issued to directors as compensation	6	135	--	135
Purchase of stock	(492)	(5,779)	(4,655)	(10,434)
Balances at December 25, 2021	13,493	$ --	$ 146,615	$ 146,615
Net income			17,989	17,989
Expense of stock options and restricted stock units		1,974	--	1,974
Settlement of restricted stock units	97	--	--	--
Dividends declared			(8,154)	(8,154)
Stock issued to directors as compensation	4	51	--	51
Balances at December 31, 2022	13,594	$ 2,025	$ 156,450	$ 158,475
Net income			9,829	9,829
Expense of restricted stock units		2,008	--	2,008
Settlement of restricted stock units	108	--	--	--
Dividends declared			(6,180)	(6,180)
Stock issued to directors as compensation	4	52	--	52
Issuance of common stock for service	31	395	--	395
Balances at December 31, 2023	13,737	$ 4,480	$ 160,099	$ 164,579

See notes to consolidated financial statements.

ESCALADE, INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Years Ended		
All Amounts in Thousands	December 31, 2023	December 31, 2022	December 25, 2021
Operating Activities:			
Net Income	$ 9,829	$ 17,989	$ 24,405
Reconciling adjustments:			
Depreciation and amortization	5,671	6,063	4,835
Allowance for credit losses	566	108	(408)
Stock option and restricted stock unit expense	2,008	1,974	902
Common stock issued in lieu of bonus to officers	395	--	--
Director stock compensation	52	51	135
Deferred income taxes	(1,391)	(244)	567
Gain on disposals of assets	(111)	(22)	(19)
Changes in			
Accounts receivable	6,867	9,738	(301)
Inventories	29,409	(15,847)	(19,894)
Prepaids and other assets	752	3,433	(4,163)
Accounts payable and accrued expenses	(5,719)	(14,668)	(4,985)
Net cash provided by operating activities	48,328	8,575	1,074
Investing Activities:			
Purchase of property and equipment	(2,085)	(2,111)	(9,696)
Acquisitions	--	(35,757)	--
Proceeds from sale of property and equipment	140	40	43
Net cash used in investing activities	(1,945)	(37,828)	(9,653)
Financing Activities:			
Dividends paid	(6,180)	(8,154)	(7,693)
Proceeds from issuance of long-term debt	93,998	197,369	232,065
Payments on long-term debt	(137,983)	(160,027)	(204,601)
Proceeds from exercise of stock options	--	--	144
Deferred financing fees	(169)	(342)	(33)
Purchase of stock	--	--	(10,434)
Net cash provided by (used in) financing activities	(50,334)	28,846	9,448
Increase (decrease) in Cash and Cash Equivalents	(3,951)	(407)	869
Cash and Cash Equivalents, beginning of year	3,967	4,374	3,505
Cash and Cash Equivalents, end of year	$ 16	$ 3,967	$ 4,374
Supplemental Cash Flows Information			
Interest paid	$ 5,330	$ 3,867	$ 1,433
Income taxes paid	$ 4,260	$ 4,144	$ 6,284
Information regarding the Company’s acquisitions in 2022:			
Fair value of assets acquired	$ --	$ 41,496	$ --
Cash paid for assets	--	(35,757)	--
Liabilities assumed	$ --	$ 5,739	$ --

See notes to consolidated financial statements.

Note 1 — Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations
Escalade, Incorporated and its wholly-owned subsidiaries (Escalade, the Company, we, us or our) are engaged in the manufacture and sale of sporting goods products. The Company is headquartered in Evansville, Indiana and currently has manufacturing facilities in the United States of America. The Company sells products to customers primarily in North America with minimal sales throughout the remainder of the world.

Principles of Consolidation
The consolidated financial statements include the accounts of Escalade, Incorporated and its wholly-owned subsidiaries. All material inter-company accounts and transactions have been eliminated.

Basis of Presentation
The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The books and records of subsidiaries located in foreign countries are maintained according to generally accepted accounting principles in those countries. Upon consolidation, the Company evaluates the differences in accounting principles and determines whether adjustments are necessary to convert the foreign financial statements to the accounting principles upon which the consolidated financial statements are based. As a result of this evaluation no material adjustments were identified.

Correction of Immaterial Errors
During the year ended December 31, 2023, management became aware of an error in reporting of common stock value within the consolidated balance sheet and statement of stockholders' equity. Common stock previously was reported with a $1.00 stated value even though, per the Company's Articles of Incorporation, the common stock has no par value. Additionally, components of equity that should have been reflected within common stock were improperly reported within retained earnings. We have reviewed historical activity reflected in common stock and retained earnings and have identified adjustments to be made to correct the immaterial reporting error. The consolidated balance sheet and consolidated statement of stockholders' equity have been corrected and have been updated for prior years within this Form 10-K.

We assessed the materiality of this error on prior periods' financial statements in accordance with the Securities and Exchange Commission Staff Accounting Bulletin No. 99, *Materiality*, codified in Accounting Standards Codification (ASC) 250, *Presentation of Financial Statements*. We concluded that the error was not material to any prior annual or interim period and therefore, amendments of previously filed reports are not required. In accordance with ASC 250, we have corrected the reporting for all prior periods presented by revising the consolidated financial statements appearing herein. Periods not presented herein will be revised, as applicable, in future filings. The revisions had no impact on total assets, total liabilities, total shareholders' equity, net income or the cash flow statement.

The impact of this revision on our consolidated balance sheet and consolidated statement of stockholders' equity as of December 31, 2022 was as follows:

Year Ended December 31, 2022	As Previously Reported	Correction	As Corrected
In Thousands			
Common Stock	$ 13,594	$ (11,569)	$ 2,025
Retained Earnings	144,881	11,569	156,450
Total Stockholders' Equity	$ 158,475	--	$ 158,475

The impact of this revision on our consolidated statement of stockholders' equity as of December 25, 2021 was as follows:

Year Ended December 25, 2021	As Previously Reported	Correction	As Corrected
In Thousands			
Common Stock	$ 13,493	$ (13,493)	$ --
Retained Earnings	133,122	13,493	146,615
Total Stockholders' Equity	$ 146,615	--	$ 146,615

Fiscal Year End

Through and including December 31, 2022, the Company's fiscal year was a 52 or 53 week period ending on the last Saturday in December. Fiscal year 2022 was 53 weeks long, ending December 31, 2022. Fiscal year 2021 was 52 weeks long, ending December 25, 2021.

On August 10, 2022, Escalade's Board of Directors approved a change in its fiscal year end from the last Saturday in December of each year to December 31 of each year. Escalade's fiscal quarters will end on March 31, June 30, and September 30. The fiscal year change was effective beginning with Escalade's 2023 fiscal calendar, which began on January 1, 2023. Consistent with SEC guidance, no transition report was required in connection with the change in Escalade's fiscal year end.

Cash and Cash Equivalents

Highly liquid financial instruments with insignificant interest rate risk and with original maturities of three months or less are classified as cash and cash equivalents. Cash and cash equivalent balances may at times be in excess of federally insured limits. The Company maintains its cash and cash equivalent balances at high-credit quality financial institutions. Book overdrafts that result from outstanding checks in excess of our bank balance are reclassified to accrued liabilities. As of December 31, 2023, the Company reclassed $3.4 million of book overdrafts to accrued liabilities. As of December 31, 2022, the Company reclassed $6.9 million of book overdrafts to accrued liabilities.

Accounts Receivable

Revenue from the sale of the Company's products is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs with the transfer of control of our goods at a point in time based on shipping terms and transfer of title. Accounts receivable are stated at the amount billed to customers. Interest and late charges billed to customers are not material and, because collection is uncertain, are not recognized until collected and are therefore not included in accounts receivable. The Company provides an allowance for credit losses which is described in Note 2 – Certain Significant Estimates.

Inventories

Inventory cost is computed on a currently adjusted standard cost basis (which approximates actual cost on a current average or first-in, first-out basis). Work in process and finished goods inventory are determined to be saleable based on a demand forecast within a specific time horizon, generally one year or less. Inventory in excess of saleable amounts is reserved, and the remaining inventory is valued at the lower of cost or net realizable value. This inventory valuation reserve totaled $891 thousand and $1,568 thousand at fiscal year-end 2023 and 2022, respectively.

Inventories, net of the valuation reserve, at fiscal year-ends were as follows:

In Thousands	2023	2022
Raw materials	$ 4,050	$ 7,789
Work in process	2,308	3,478
Finished goods	86,104	110,603
	$ 92,462	$ 121,870

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation and amortization are computed for financial reporting purposes principally using the straight-line method over the following estimated useful lives: buildings, 20-30 years; leasehold improvements, term of the lease; machinery and equipment, 5-15 years; and tooling, dies and molds, 2-5 years. Property, plant and equipment consist of the following:

In Thousands	2023	2022
Land	$ 1,306	$ 1,306
Buildings and leasehold improvements	28,207	27,406
Machinery and equipment	29,194	27,497
Total cost	58,707	56,209
Accumulated depreciation and amortization	(34,921)	(31,458)
	$ 23,786	$ 24,751

Depreciation expenses relating to property, plant and equipment for the years ended December 31, 2023 and 2022 were $ 3,191 thousand and $3,504 thousand, respectively.

The Company evaluates the recoverability of certain long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Estimates of future cash flows used to test recoverability of long-lived assets include separately identifiable undiscounted cash flows expected to arise from the use and eventual disposition of the assets. Where estimated future cash flows are less than the carrying value of the assets, impairment losses are recognized based on the amount by which the carrying value exceeds the fair value of the assets. No asset impairment was recognized during the years ended 2023, 2022, or 2021.

We classify assets as held for sale when our management approves and commits to a formal plan of sale that is probable of being completed within one (1) year. Assets designated as held for sale are recorded at the lower of their current carrying value or their fair market value, less costs to sell, beginning in the period in which the assets meet the criteria to be classified as held for sale.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over fair value of net tangible and identifiable intangible assets of acquired businesses. Intangible assets consist of patents, consulting agreements, non-compete agreements, customer lists, developed technology, license agreements, and trademarks. Goodwill is deemed to have an indefinite life and is not amortized, but is subject to impairment testing annually in accordance with guidance included in FASB ASC 350, *Intangibles – Goodwill and Other*. Other intangible assets are amortized using the straight-line method over the following lives: license agreements, 17 years; developed technology, 5 years; trademarks, 20 years to indefinite life; consulting agreements, the life of the agreement; customer lists, 3 to 15 years; non-compete agreements, the lesser of the term or 5 years; and patents, the lesser of the remaining life or 5 to 15 years.

The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable, in accordance with guidance in FASB ASC 350, *Intangibles – Goodwill and Other*. A qualitative assessment is first performed to determine if the fair value of the reporting unit is "more likely than not" less than the carrying value. If so, we proceed to a quantitative assessment, in which the fair value of the reporting unit is compared to its carrying value. If the carrying value of the reporting unit exceeds the fair value, an impairment charge to current operations is recorded to reduce the carrying value to the fair value. The results of the qualitative impairment assessment of the Escalade Sports reporting unit indicated that it was not “more likely than not” that the fair value of the reporting unit was less than the carrying value as of December 31, 2023 and December 31, 2022.

Employee Incentive Plan

During 2017, the Company approved an incentive plan explained in Note 9. The Company accounts for this plan under the recognition and measurement principles of FASB ASC 718, *Equity Based Payments*.

Debt Issuance Costs
Costs incurred with the issuance of the Company's senior revolving credit facility have been deferred and amortized over the term of the facility as a component of interest expense using the straight-line method. These deferred costs are included in other assets in the consolidated balance sheets.

Foreign Currency
The functional currency for the foreign operations of Escalade is the U.S. dollar. Gains or losses resulting from foreign currency transactions are included in selling, general and administrative expense in the Consolidated Statements of Operations and were insignificant in fiscal years 2023, 2022, and 2021.

Cost of Products Sold
Cost of products sold is comprised of those costs directly associated with or allocated to the products sold and include materials, labor and factory overhead.

Research and Development
Research and development costs are charged to expense as incurred. Research and development costs incurred during 2023, 2022 and 2021 were approximately $3.1 million, $2.7 million, and $2.0 million, respectively.

Selling, General and Administrative Expense
Selling, general and administrative expenses include personnel-related costs, including stock-based compensation, selling, advertising, and other general operating expenses. Advertising costs are expensed in the period incurred. Total advertising expenses incurred during 2023, 2022 and 2021 were approximately $6.9 million, $7.8 million, and $7.5 million, respectively.

Provision for Income Taxes
Income tax in the consolidated statement of operations includes deferred income tax provisions or benefits for all significant temporary differences in recognizing income and expenses for financial reporting and income tax purposes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax asset will not be realized.

The Company accounts for uncertainty in tax positions by recognizing in its financial statements the impact of a tax position only if that position is more likely than not of being sustained.

New Accounting Pronouncements and Changes in Accounting Principles
Standards Adopted:
In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This amendment requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model which requires the use of forward-looking information to calculate credit loss estimates. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. These changes will result in earlier recognition of credit losses.

The Company adopted this standard on January 1, 2023. The adoption of this standard did not have a material impact on the financial statements of the Company.

New Accounting Standards to be Adopted
In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* This amendment expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. This guidance is effective for annual periods beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024, with early adoption permitted, including adoption in any interim period. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently in the process of evaluating the disclosure requirements related to the new standard.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* This amendment requires entities to provide additional information in the income tax rate reconciliation and additional disclosures about income taxes paid. The amendment requires entities to disclose in their rate reconciliation table additional categories of information about federal, state and foreign income taxes and to provide more details about the reconciling items in some categories if the items meet a quantitative threshold. The amendment is effective for annual periods beginning after December 15, 2024, and should not be applied prospectively, but entities have the option to apply it retrospectively for each period presented. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is in the process of evaluating the impact of the new standard on the related disclosures.

Note 2 — **Certain Significant Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the consolidated financial statements; and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments are evaluated on an ongoing basis and are based on experience; current and expected future conditions; third party evaluations; and various other assumptions believed reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and liabilities. Actual results may differ from the estimates and assumptions used in the financial statements and related notes.

Listed below are certain significant estimates and assumptions related to the preparation of the consolidated financial statements:

Goodwill and Intangible Assets
The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable, in accordance with guidance in FASB ASC 350*, Intangibles – Goodwill and Other*. A qualitative assessment is first performed to determine if the fair value of the reporting unit is "more likely than not" less than the carrying value. If so, we proceed to a quantitative assessment, in which the fair value of the reporting unit is compared to its carrying value. If the carrying value of the reporting unit exceeds the fair value, an impairment charge to current operations is recorded to reduce the carrying value to the fair value.

Other intangible assets are amortized using the straight-line method over the following lives: license agreements, 17 years; developed technology, 5 years; trademarks, 20 years to indefinite life; consulting agreements, the life of the agreement; customer lists, 3 to 15 years; non-compete agreements, the lesser of the term or 5 years; and patents, the lesser of the remaining life or 5 to 15 years.

Indefinite-lived intangible assets are reviewed for impairment annually, or whenever events or changes in circumstances indicate the carrying amount of an intangible asset may not be recoverable. There are inherent assumptions and judgments required in the analysis of goodwill and intangible impairment.

Product Warranty

The Company provides limited warranties on certain of its products, for varying periods. Generally, the warranty periods range from 30 days to one year. However, some products carry extended warranties of three-year, five-year, seven-year, ten-year, fifteen-year, and lifetime warranties. The Company records an accrued liability and reduction in sales for estimated future warranty claims based upon historical experience and management's estimate of the level of future claims. Changes in the estimated amounts recognized in prior years are recorded as an adjustment to the accrued liability and sales in the current year. Changes in product warranty were as follows:

In Thousands	2023	2022	2021
Beginning balance	$ 1,013	$ 1,119	$ 962
Additions	528	2,472	2,487
Deductions	(951)	(2,578)	(2,330)
Ending balance	$ 590	$ 1,013	$ 1,119

Inventory Valuation Reserves

The Company evaluates inventory for obsolescence and excess quantities based on demand forecasts based on specified time frames; usually one year. The demand forecast is based on historical usage, sales forecasts and current as well as anticipated market conditions. All amounts in excess of the demand forecast are deemed to be potentially excess or obsolete and a reserve is established based on the anticipated net realizable value. Changes in inventory valuation reserves were as follows:

In Thousands	2023	2022	2021
Beginning balance	$ 1,568	$ 748	$ 697
Additions	725	1,083	446
Deductions	(1,402)	(263)	(395)
Ending balance	$ 891	$ 1,568	$ 748

Allowance for Credit Losses

The Company provides an allowance for credit losses based upon a review of outstanding receivables, historical collection information and existing and forecasted economic conditions. Accounts receivable are ordinarily due between 30 and 60 days after the issuance of the invoice. Accounts are considered delinquent when more than 90 days past due. Delinquent receivables are reserved or written off based on individual credit evaluation and specific circumstances of the customer. Changes in allowance for credit losses were as follows:

In Thousands	2023	2022	2021
Beginning balance	$ 492	$ 457	$ 896
Additions (Reductions)	566	108	(408)
Deductions	(406)	(73)	(31)
Ending balance	$ 652	$ 492	$ 457

Customer Allowances

Customer allowances are common practice in the industries in which the Company operates. These agreements are typically in the form of advertising subsidies, volume rebates and catalog allowances and are accounted for as a reduction to gross sales. The Company reviews such allowances on an ongoing basis and accruals are adjusted, if necessary, as additional information becomes available. Changes in customer allowances for advertising subsidies, volume rebates and catalog allowances were as follows:

In Thousands	2023	2022	2021
Beginning balance	$ 1,641	$ 2,340	$ 2,296
Additions	10,792	11,627	12,930
Deductions	(10,762)	(12,326)	(12,886)
Ending balance	$ 1,671	$ 1,641	$ 2,340

Note 3 — Accrued Liabilities

Accrued liabilities consist of the following:

In Thousands	2023	2022
Employee compensation	$ 2,653	$ 3,647
Customer co-op and volume allowances	1,671	1,641
Customer return accruals and other allowances	3,654	4,225
Other accrued items	7,305	11,807
	$ 15,283	$ 21,320

Note 4 — Leases

We have operating leases for office, manufacturing and distribution facilities as well as for certain equipment. Our leases have remaining lease terms of 1 year to 8 years. As of December 31, 2023, the Company has not entered into any lease arrangements classified as a finance lease.

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities and operating lease liabilities on our consolidated balance sheet. The Company has elected an accounting policy to not recognize short-term leases (one year or less) on the balance sheet. The Company also elected the package of practical expedients which applies to leases that commenced before the adoption date. By electing the package of practical expedients, the Company did not need to reassess the following; whether any existing contracts are or contain leases, the lease classification for any existing leases and initial direct costs for any existing leases.

ROU assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date. When the implicit rate of the lease is not provided or cannot be determined, we use our incremental borrowing rate based on the information available at the commencement date to determine the present value of future payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise those options. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Components of lease expense and other information is as follows:

All Amounts in Thousands	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
Lease Expense		
Operating Lease Cost	$ 1,522	$ 1,481
Short-term Lease Cost	1,998	2,587
Variable Lease Cost	464	502
Total Operating Lease Cost	$ 3,984	$ 4,570
Operating Lease – Operating Cash Flows	$ 1,020	$ 860
New ROU Assets – Operating Leases (non-cash)	$ 325	$ 8,084

Other information about lease amounts recognized in our consolidated financial statements is summarized as follows:

	Period Ended December 31, 2023	Period Ended December 31, 2022
Weighted Average Remaining Lease Term – Operating Leases (years)	8.09	8.98
Weighted Average Discount Rate – Operating Leases	5.20%	5.06%

Future minimum lease payments under non-cancellable leases as of December 31, 2023 were as follows:

All Amounts in Thousands	
2024	$ 1,480
2025	1,445
2026	1,401
2027	1,314
2028	1,074
Thereafter	4,257
Total future minimum lease payments	10,971
Less imputed interest	(2,033)
Total	$ 8,938
Reported as of December 31, 2023	
Current operating lease liabilities	1,041
Long-term operating lease liabilities	7,897
Total	$ 8,938

Note 5 — Acquired Intangible Assets and Goodwill

The carrying basis and accumulated amortization of recognized intangible assets are summarized in the following table:

In Thousands	2023 Gross Carrying Amount	2023 Accumulated Amortization	2022 Gross Carrying Amount	2022 Accumulated Amortization
Patents	24,715	24,410	24,715	24,270
Non-compete agreements	2,749	2,749	2,749	2,749
Customer list	22,017	11,466	22,017	9,783
Trademarks	18,636	1,339	18,636	802
Developed technology	475	475	475	396
License agreements	700	213	700	172
	69,292	40,652	69,292	38,172

Amortization expense was $2.5 million, $2.6 million and $1.9 million for 2023, 2022 and 2021, respectively. At December 31, 2023, the net carrying amount of trademarks includes $7.8 million related to indefinite-lived intangible assets which are not amortized but are evaluated for impairment.

Estimated future amortization expense is summarized in the following table:

All Amounts in Thousands	
2024	$ 2,356
2025	2,307
2026	2,259
2027	2,172
2028	1,523
Thereafter	10,239
Subtotal	20,856
Indefinite-lived intangible asset balance	7,784
Total	$ 28,640

Consistent with our operating segment conclusion, we have concluded one reporting unit exists and all goodwill is allocated to that reporting unit. The changes in the carrying amount of goodwill were:

In Thousands	Sporting Goods
Balance at December 25, 2021	$ 32,695
Acquisition	9,631
Balance at December 31, 2022	$ 42,326
Acquisition	--
Balance at December 31, 2023	$ 42,326

The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable, in accordance with guidance in FASB ASC 350, *Intangibles – Goodwill and Other*. Annually, the Company evaluates goodwill for impairment as of the last day of the fiscal year. A qualitative assessment is first performed to determine if the fair value of the reporting unit is "more likely than not" less than the carrying value. If so, we proceed to a quantitative assessment, in which the fair value of the reporting unit is compared to its carrying value. If the carrying value of the reporting unit exceeds the fair value, an impairment charge to current operations is recorded to reduce the carrying value to the fair value.

Note 6 — Borrowings

On January 21, 2019, the Company entered into an Amended and Restated Credit Agreement ("2019 Restated Credit Agreement") among the Company and its wholly owned subsidiary, Indian Industries, Inc. ("Indian"), each of their domestic subsidiaries, and JPMorgan Chase Bank, N.A., as Administrative Agent and as Lender (the "Lender"). Under the terms of the 2019 Restated Credit Agreement, the Lender made available to the Company a senior revolving credit facility with maximum availability of $50.0 million having a maturity date of January 31, 2022. The 2019 Restated Credit Agreement also allowed Escalade to request the issuance of letters of credit of up to $5.0 million.

On December 14, 2020, the Company entered into the Third Amendment dated as of December 14, 2020 (the "Third Amendment") to the 2019 Restated Credit Agreement. Under the terms of the Third Amendment, the maximum availability under the senior revolving credit facility increased to $75.0 million and the maturity date was extended to December 14, 2023. Other significant changes reflected in the Third Amendment included: increases in borrowing base availability if the Company's funded debt to EBITDA ratio is less than 1.75 to 1:00; increasing to $30.0 million the total consideration that the Company may use for acquisitions without obtaining the Lender's consent, as long as no event of default exists; resetting the maximum authorized stock repurchases to $15.0 million for the period commencing upon entry into the Third Amendment; increasing the interest rate on borrowings by twenty five basis points; increasing the unused facility fee by five basis points; and adding specific provisions and procedures for replacement of LIBOR if and when LIBOR would no longer be the benchmark for determining interest rates.

On July 7, 2021, the Company entered into the Fourth Amendment dated as of July 7, 2021 (the "Fourth Amendment") to the 2019 Restated Credit Agreement. Under the terms of the Fourth Amendment, the Lender extended a $50.0 million term loan to the Company and reduced the maximum availability under the senior revolving credit facility from $75.0 million to $50.0 million. The proceeds of the term loan were used to pay down the Company's then-outstanding indebtedness under the revolving credit facility, with the balance of the term loan proceeds being available for general working capital purposes. The maturity date of the term loan was July 7, 2026 and the maturity date of the revolving credit facility likewise was extended to July 7, 2026.

On January 21, 2022, the Company entered into an Amended and Restated Credit Agreement ("2022 Restated Credit Agreement") with its issuing bank, JP Morgan Chase Bank, N.A. ("Chase"), and the other lenders identified in the 2022 Restated Credit Agreement (collectively, the "Lenders"). Under the terms of the 2022 Restated Credit Agreement, Old National Bank was added as a Lender. The Lenders made available to the Company a senior revolving credit facility with increased maximum availability of $65.0 million (the "Revolving Facility"), up from $50.0 million, plus an accordion feature that would allow borrowings up to $90.0 million under the Revolving Facility subject to certain terms and conditions. The maturity date of the revolving credit facility was extended to January 21, 2027. The Company may prepay the Revolving Facility, in whole or in part, and reborrow prior to the revolving loan maturity date. The Restated Credit Agreement further extended the maturity date for the term loan facility to January 21, 2027.

In addition to the increased borrowing amount and extended maturity date, the 2022 Restated Credit Agreement provided a $ 7.5 million swingline commitment by Chase, replaced LIBOR with the replacement benchmark secured overnight financing rate, and adjusted certain financial covenants relating to the fixed charge coverage ratio.

On July 18, 2022, the Company entered into the First Amendment (the "First Amendment") to the 2022 Restated Credit Agreement. Under the terms of the First Amendment, the Lenders increased the maximum availability under the senior revolving credit facility from $65.0 million to $75.0 million pursuant to the accordion feature in the 2022 Restated Credit Agreement. The First Amendment also adjusted the funded debt to EBITDA ratio financial covenant to 3:00 to 1:00 as of the end of the Company's third and fourth fiscal quarters of 2022.

On October 26, 2022, the Company entered into the Second Amendment (the "Second Amendment") to the 2022 Restated Credit Agreement. Under the terms of the Second Amendment, the Lenders increased the maximum availability under the senior revolving credit facility from $75.0 million to $90.0 million pursuant to the accordion feature in the 2022 Restated Credit Agreement. The Second Amendment adjusted the funded debt to EBITDA ratio financial covenant to 3:25 to 1:00 as of the end of the Company's third and fourth fiscal quarters of 2022 and 3:00 to 1:00 as of the end of the Company's first fiscal quarter of 2023. The Second Amendment also modified the EBITDA definition to permit add-backs of a) up to $2.0 million for disposition related expenses; and b) up to $2.0 million for unusual or non-recurring expenses which are incurred prior to the end of fiscal year 2023 and which are subject to the approval of the Administrative Agent.

On May 8, 2023, the Company entered into the Third Amendment (the “Third Amendment”) to the Restated Credit Agreement. The Third Amendment adjusted the funded debt to EBITDA ratio financial covenant to 4:25 to 1:00 as of the end of the Company’s second fiscal quarter of 2023, 3:00 to 1:00 as of the end of the Company’s third fiscal quarter of 2023, and 2:75 to 1:00 as of the end of the Company’s fourth fiscal quarter of 2023 and thereafter. The Third Amendment adjusted the fixed charge coverage ratio covenant to 1:10 to 1:00 commencing as of the Company’s fourth fiscal quarter of 2023 and 1:25 to 1:00 as of the end of the Company’s first fiscal quarter of 2024 and thereafter. For the Company’s second and third fiscal quarters in 2023, the Third Amendment suspended the fixed charge coverage ratio covenant and added a minimum EBITDA covenant of $22.5 million as of the end of each such fiscal quarter. Under the terms of the Third Amendment, the Company and the Lender also agreed to decrease the maximum availability under the senior revolving credit facility from $90.0 million to $75.0 million, upon the consummation of the sale of the Company’s Mexican subsidiary and the dissolution of Escalade Insurance, Inc. The proceeds from such sale and dissolution, respectively, will be used to partially prepay the amounts outstanding under the revolving credit facility. As reflected in the Fourth Amendment to the Restated Credit Agreement effective September 1, 2023, the maximum availability of the senior revolving credit facility was reduced to $85.0 million following the dissolution of Escalade Insurance, Inc.

Each loan will bear interest based on the applicable SOFR rate for the interest period in effect plus the Applicable Rate. From May 8, 2023 up to and including the fiscal quarter ending December 31, 2023, the applicable rate per annum is set forth below in Category 1. After the fiscal quarter ending December 31, 2023, the Applicable Rate shall be determined as of the end of each quarter based upon Escalade’s Funded Debt to Adjusted Ratio as of the most recent determination date:

Funded Debt to EBITDA Ratio	Revolving Commitment ABR Spread	Revolving Commitment Term Benchmark Spread	Letter of Credit Fee	Commitment Fee Rate
Category 1 Greater than or equal to 3.50 to 1.0	1.25%	3.00%	3.00%	0.50%
Category 2 Greater than or equal to 3.00 to 1.0 but less than 3.50 to 1.0	0.75%	2.50%	2.50%	0.35%
Category 3 Greater than or equal to 2.50 to 1.0 but less than 3.00 to 1.0	0.25%	2.00%	2.00%	0.30%
Category 4 Greater than or equal to 1.50 to 1.0 but less than 2.50 to 1.0	-0-	1.75%	1.75%	0.25%
Category 5 Less than 1.50 to 1.0	(0.25%)	1.50%	1.50%	0.20%

The Applicable Rate is determined as of the end of each quarter based upon the Company’s annual or quarterly consolidated financial statements and is effective during the period commencing the date of delivery to the agent. The Company’s indebtedness under the 2022 Restated Credit Agreement continues to be collateralized by liens on all of the present and future equity of each of the Company’s and Indian’s domestic subsidiaries and substantially all of the assets of the Company (excluding real estate). Each direct and indirect domestic subsidiary of the Company and Indian has secured its guaranty of indebtedness incurred under the revolving facility with a first priority security interest and lien on all of such subsidiary’s assets. The obligations, guarantees, liens and other interests granted by the Company, Indian, and their domestic subsidiaries continues in full force and effect. The Company was in compliance with the debt covenants set forth in the 2022 Restated Credit Agreement as of December 31, 2023.

Long-Term Debt

Long-term debt at fiscal year-ends was as follows:

In Thousands	2023	2022
Senior secured revolving credit facility of $ 85.0 million with a maturity of January 21, 2027. The interest rate at December 31, 2023 was 8.54% and 6.92% at December 31, 2022.	$ 18,158	$ 55,000
Term loan of $50.0 million with a maturity date of January 21, 2027. The interest rate at December 31, 2023 and December 31, 2022, was 2.97%.	32,738	39,881
	50,896	94,881
Current portion of long-term debt	(7,143)	(7,143)
	$ 43,753	$ 87,738

The Company makes monthly principal payments under the Term loan of $ 595 thousand. As of December 31, 2023, the Company had $66.8 million of availability on its senior secured revolving credit facility.

Note 7 — Earnings Per Share

The shares used in the computation of the Company's basic and diluted earnings per common share are as follows:

In Thousands	2023	2022	2021
Weighted average common shares outstanding	13,714	13,572	13,747
Dilutive effect of stock options and restricted stock units	190	117	119
Weighted average common shares outstanding, assuming dilution	13,904	13,689	13,866
Number of anti-dilutive stock options and unvested restricted stock units	--	--	--

Weighted average common shares outstanding, assuming dilution, includes the incremental shares that would be issued upon the assumed exercise of stock options outstanding.

Note 8 — Employee Benefit Plans

The Company has an employee profit-sharing salary reduction plan, pursuant to the provisions of Section 401(k) of the Internal Revenue Code, for all employees. The Company's contribution is a matching percentage of the employee contribution as determined by the Board of Directors annually. The Company's expense for the plan was $1,094 thousand, $1,179 thousand and $1,041 thousand for 2023, 2022 and 2021, respectively.

Note 9 — Stock Compensation Plans

In May 2017, Shareholders approved the Escalade, Incorporated 2017 Incentive Plan (2017 Incentive Plan), which is an incentive plan for key employees, directors and consultants with various equity-based incentives as described in the plan document. The 2017 Incentive Plan is a replacement for the 2007 Incentive Plan, which expired at the end of April 2017. All options issued and outstanding under the expired plans will remain in effect until exercised, expired or forfeited.

The 2017 Incentive Plan is administered by the Board of Directors or a committee thereof, which is authorized to determine, among other things, the key employees, directors or consultants who will receive awards under the plan, the amount and type of award, exercise prices or performance criteria, if applicable, and vesting schedules. Under the original terms of the plan and subject to various restrictions contained in the plan document, the total number of shares of common stock which may be issued pursuant to awards under the Plan may not exceed 1,661,598.

Restricted Stock Awards

During 2023, and pursuant to the 2017 Incentive Plan, the Company issued 30,921 shares of common stock with a fair market value of $ 395 thousand in lieu of accrued and unpaid annual cash incentives for fiscal year 2022 to certain officers. During 2023, and pursuant to the 2017 Incentive Plan, in lieu of cash payments of director fees, the Company awarded to certain directors 4,441 shares of common stock.

In 2023, the Company awarded 21,200 restricted stock units to directors and 145,563 restricted stock units to employees. The restricted stock units awarded to directors time vest over two years (one-half one year from grant date and one-half two years from grant date) provided that the director is still a director of the Company at the vest date. Director restricted stock units are subject to forfeiture, except for termination of services as a result of retirement, death or disability, if on the vesting date the director no longer holds a position with the Company. All of the 2023 restricted stock units awarded to employees time vest over three years (one-third one year from grant, one-third two years from grant and one-third three years from grant) provided that the employee is still employed by the Company on the vesting date. The Company has elected to account for forfeitures when they actually occur.

A summary of restricted stock awards activity is as follows:

	Number of Shares		Weighted Average Grant Date Fair Value
Non-vested stock units as of December 25, 2021	154,120	$	13.19
Granted	216,254		14.15
Vested	(97,189)		12.16
Forfeited	(21,156)		14.10
Non-vested stock units as of December 31, 2022	252,029	$	14.33
Granted	166,763		12.68
Vested	(107,031)		13.97
Forfeited	(6,635)		13.31
Non-vested stock units as of December 31, 2023	305,126	$	13.58

When vesting is dependent on certain market criteria, the fair value of restricted stock units is determined by the use of Monte Carlo techniques. The market price of the Company's stock on the grant date is used to value restricted stock units where vesting is not contingent on market criteria. For fiscal years 2023, 2022, and 2021 no awards were granted that were contingent on market criteria. In 2023, 2022, and 2021 the Company recognized $2,008 thousand, $1,974 thousand, and $902 thousand respectively in compensation expense related to restricted stock units and as of December 31, 2023 and December 31, 2022, there was $1,433 thousand and $1,415 thousand respectively, of unrecognized compensation expense related to restricted stock units. The unrecognized compensation expense of unvested restricted stock awards not yet recognized as of December 31, 2023 are expected to be recognized over the weighted average period of 1.33 years.

Note 10 — Provision for Taxes

Income before taxes and the provision for taxes consisted of the following:

In Thousands	2023	2022	2021
Income before taxes:	$ 12,493	$ 22,614	$ 30,549
Provision (benefit) for taxes:			
Current			
Federal	$ 3,472	$ 4,149	$ 4,819
State	583	720	758
	4,055	4,869	5,577
Deferred			
Federal	(1,230)	(502)	408
State	(161)	258	159
	(1,391)	(244)	567
	$ 2,664	$ 4,625	$ 6,144

The provision for income taxes was computed based on financial statement income. A reconciliation of the provision for income taxes to the amount computed using the statutory rate follows:

In Thousands	2023	2022	2021
Income tax at statutory rate	$ 2,623	$ 4,749	$ 6,415
Increase (decrease) in income tax resulting from			
State tax expense, net of federal effect	333	773	724
Federal true-ups	(53)	(49)	(38)
Federal tax credits	(405)	(413)	(251)
Captive insurance earnings	(112)	(478)	(456)
Incentive stock options	33	(18)	(214)
Other	245	61	(36)
Recorded provision for income taxes	$ 2,664	$ 4,625	$ 6,144

The provision for income taxes was computed based on financial statement income. In accordance with FASB ASC 740, the Company has an uncertain tax position as of and for the years ended December 31, 2023 and December 31, 2022. Interest costs and penalties related to income taxes are classified as interest expense and selling, general and administrative costs, respectively in the Company's financial statements. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and multiple state and foreign jurisdictions. The Company is subject to future examinations by federal, state and other tax authorities for all years after 2019.

The Company has state, net of federal benefit, research tax credit carryforwards of $ 319 thousand as of December 31, 2023. The state research tax credit carryforwards begin to expire in 2025. A valuation allowance has been established in the amount of $319 thousand as of December 31, 2023 related to the state tax credit carryforwards, leaving an ending deferred, net of federal benefit, in the amount of zero. The increase in the valuation allowance relates to the decrease in the projected tax liability which would be offset by the credit carryforward. The valuation allowance is based on the historical results and estimated future results of the Company, as it is the judgment of management not all of these tax carryforward attributes will be realized before they begin to expire. In addition, the Company has foreign tax credit carryforwards of $521 thousand, as of December 31, 2023. The foreign tax credit carryforwards will begin to expire in 2030.

At December 31, 2023, the Company had domestic federal income taxes receivable of $ 150 thousand, domestic state income taxes payable of $ 62 thousand, and transition tax payable of $387 thousand recorded. At December 31, 2022, the Company had domestic federal income taxes payable of $158 thousand, domestic state income taxes receivable of $ 87 thousand, and transition tax payable of $ 387 thousand recorded.

The components of the net deferred tax liabilities are as follows:

In Thousands	2023	2022
Assets		
Valuation reserves	$ 1,088	$ 1,167
Stock based compensation	295	389
Federal and state credits	840	674
Lease obligation	2,090	2,252
Other	28	4
Capitalized research costs	2,104	605
Total assets	6,445	5,091
Liabilities		
Property and equipment	(1,206)	(1,502)
Goodwill and intangible assets	(5,732)	(5,347)
Lease – right of use asset	(1,959)	(2,127)
Prepaid insurance	(354)	(280)
Total liabilities	(9,251)	(9,256)
Valuation Allowance		
Beginning balance	(351)	(23)
(Increase) Decrease during period	32	(328)
Ending balance	(319)	(351)
	$ (3,125)	$ (4,516)

The following table reconciles the total amounts of unrecognized tax benefits:

In Thousands	2023	2022	2021
Balance at beginning of year	$ 20	$ 61	$ 61
Increases related to prior year tax positions	-	-	-
Decreases related to prior year tax positions	-	-	-
Increases related to current year tax positions	-	-	-
Settlements	-	-	-
Closure of tax years	(20)	(41)	-
Balance at end of year	$ --	$ 20	$ 61

The total amount of unrecognized tax benefits, net of federal income tax benefits, of zero at December 31, 2023, and $ 16 thousand at December 31, 2022, that if recognized, would affect the effective tax rate on income from continuing operations.

The Company had no accrued interest and penalties related to taxes, recognized as a liability, as of December 31, 2023.

The Company has assessed its risk associated with all tax return positions and believes its tax reserve estimate reflects its best estimate of the deductions and positions it will be able to sustain, or it may be willing to concede as part of a settlement. At this time, the Company does not anticipate any change in its tax reserves in the next twelve months. The Company will continue to monitor the progress and conclusion of all audits and will adjust its estimated liability as necessary.

Note 11 — Operating Segment and Geographic Information

The following table presents certain operating segment information.

In Thousands	2023	2022	2021
Sporting Goods			
Net sales	$ 263,566	$ 313,757	$ 313,612
Operating income	17,496	25,925	31,534
Interest expense	5,349	3,780	1,510
Provision for taxes	3,411	6,106	8,295
Net income	8,767	16,117	21,892
Identifiable assets	246,875	286,417	241,547
Depreciation & amortization	5,671	6,063	4,835
Capital expenditures	2,085	2,111	9,696
All Other			
Net sales	--	--	--
Operating income	315	390	362
Interest expense (income)	--	--	--
Benefit for taxes	(747)	(1,481)	(2,151)
Net income	1,062	1,872	2,513
Identifiable assets	6,130	12,301	10,251
Depreciation & amortization	--	--	--
Capital expenditures	--	--	--
Total			
Net sales	263,566	313,757	313,612
Operating income	17,811	26,315	31,896
Interest expense	5,349	3,780	1,510
Provision for taxes	2,664	4,625	6,144
Net income	9,829	17,989	24,405
Identifiable assets	253,005	298,718	251,798
Depreciation & amortization	5,671	6,063	4,835
Capital expenditures	2,085	2,111	9,696

There were no changes to the composition of segments in 2023. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

The Sporting Goods segment consists of home entertainment products such as table tennis tables and accessories; basketball goals; pickleball; pool tables and accessories; outdoor playsets; water sports; soccer and hockey tables; archery equipment and accessories; and fitness, arcade and darting products. Customers include retailers, dealers and wholesalers located throughout North America, Europe and the rest of the world.

All Other consist of general and administrative expenses not specifically related to the operating business segment.

The Company had net assets of $ 5.3 million and $14.8 million located in Mexico as of December 31, 2023 and December 31, 2022, respectively.

During 2023, 2022 and 2021, the Company had one customer that accounted for approximately 20%, 23% and 21%, respectively of the Company's revenues. During 2023, 2022 and 2021 the Company had another customer which accounted for approximately 11%, 12% and 11%, respectively, of the Company's revenues.

As of December 31, 2023 and December 31, 2022, the Company had approximately 29% and 28%, respectively, of its total accounts receivable with one customer.

As of December 31, 2023, approximately 29 employees of the Company's labor force were covered by a collective bargaining agreement that expires on January 31, 2025.

Raw materials for Escalade's various product lines consist of wood, tempered glass, particle board, standard grades of steel and steel tubing, aluminum, engineering plastics, fiberglass and packaging materials. Escalade relies upon domestic, Mexico, Brazil, and Asian suppliers for these materials and upon various Asian manufacturers for many of its products.

Net sales are attributed to country based on location of customer. Net sales by geographic region/country were as follows:

In Thousands	2023	2022	2021
North America	$ 257,228	$ 307,318	$ 309,211
Europe	2,856	3,036	2,153
Other	3,482	3,403	2,248
	$ 263,566	$ 313,757	$ 313,612

Note 12 — Acquisitions

All of the Company's acquisitions have been accounted for using the purchase method of accounting.

2022

On January 21, 2022, the Company completed its acquisition of the assets constituting the Brunswick Billiards business of Life Fitness, LLC. The purchase price of the acquisition was $35.8 million. Acquisition-related costs of $134 thousand were incurred during the year ended December 31, 2022. The acquisition was funded by cash and the Company's revolving credit facility. The Company allocated the purchase price to the assets acquired, net of the liabilities assumed, based on their estimated fair value as of the date of the acquisition. The excess of the purchase price over the fair value of the assets acquired, net of the fair value of liabilities assumed, was recorded as goodwill. The recorded goodwill is deductible for tax purposes. The allocation of the purchase price, including values assigned to assets, liabilities and the amount of goodwill and intangible assets are represented in the table below:

In thousands	
Assets acquired and liabilities assumed:	
Accounts receivable, net	$ 1,275
Inventories, net	13,641
Fixed assets, including building and land	4,049
Goodwill	9,631
Intangible assets	12,900
Accounts payable	(3,193)
Other liabilities	(2,546)
	$ 35,757

Note 13 — Commitments and Contingencies

The Company is involved in litigation arising in the normal course of its business. The Company does not believe that the disposition or ultimate resolution of existing claims or lawsuits will have a material adverse effect on the business or financial condition of the Company. The Company has entered into various agreements whereby it is required to make royalty and license payments. At December 31, 2023, the Company had future estimated minimum non-cancelable royalty and license payments as follows:

In Thousands		Amount
2024	$	1,106
2025		1,511
2026		601
2027		620
2028		641
Thereafter		664
	$	5,143

Note 14 — Fair Values of Financial Instruments

The following methods were used to estimate the fair value of all financial instruments recognized in the accompanying balance sheets at amounts other than fair values.

Cash and Cash Equivalents and Time Deposits

Fair values of cash and cash equivalents approximate cost due to the short period of time to maturity.

Notes Payable and Long-term Debt

The Company believes the carrying value of borrowings under our senior secured revolving credit facility, due to variable rate interest, adequately reflects the fair value of these instruments. The carrying value of our Term loan at December 31, 2023 was $32.7 million. The estimated fair value of the Term loan was approximately $29.4 million at December 31, 2023, which value was estimated using treasury rates for a similar instrument and is classified as Level 2 within the fair value hierarchy. The carrying value of our Term loan at December 31, 2022 was $39.9 million. The estimated fair value of the Term loan was approximately $34.7 million at December 31, 2022, which value was estimated using treasury rates for a similar instrument and is classified as Level 2 within the fair value hierarchy.

The following table presents estimated fair values of the Company’s financial instruments in accordance with FASB ASC 825 at December 31, 2023 and December 31, 2022.

			Fair Value Measurements Using					
2023 **In Thousands**		**Fair Value**		**Quoted Prices in Active Markets for Identical Assets (Level 1)**		**Significant Other Observable Inputs (Level 2)**		**Significant Unobservable Inputs (Level 3)**
Financial assets								
Cash and cash equivalents	$	16	$	16	$	--	$	--
Financial liabilities								
Notes Payable and Long-term debt	$	47,597	$	--	$	47,597	$	--

2022 In Thousands		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Cash and cash equivalents	$ 3,967	$ 3,967	$ --	$ --
Financial liabilities				
Notes Payable and Long-term debt	$ 89,744	$ --	$ 89,744	$ --

Note 15 — Revenue from Contracts with Customers

Revenue Recognition – Revenue is recognized when a contract exists with a customer that specifies the goods to be provided at an agreed upon sales price and when the performance obligations under the terms of the contract are satisfied; generally this occurs with the transfer of control of our goods at a point in time based on shipping terms and transfer of title. Sales are made on normal and customary short-term credit terms or upon delivery of point-of-sale transactions. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods. Sales commissions are expensed as incurred. These costs are recorded in selling, general and administrative expenses in the accompanying consolidated statements of operations. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Shipping and handling fees charged to customers are reported within revenue.

The Company enters into contractual arrangements with customers in the form of customer orders that specify goods, quantity, pricing, and associated order terms. The Company does not have long-term contracts that are satisfied over time. Due to the nature of the contracts, no significant judgment exists in relation to the identification of the customer contract, satisfaction of the performance obligations, or transaction price. The Company expenses incremental costs of obtaining a contract due to the short-term nature of the contracts.

Gross-to-net sales adjustments – We recognize revenue net of various sales adjustments to arrive at net sales as reported on the statement of operations. These adjustments are referred to as gross-to-net sales adjustments and primarily fall into one of three categories; returns, warranties and customer allowances.

Returns – The Company records an accrued liability and reduction in sales for estimated product returns based upon historical experience. An accrued liability and reduction in sales is also recorded for approved return authorizations that have been communicated by the customer.

Warranties – Limited warranties are provided on certain products for varying periods. We record an accrued liability and reduction in sales for estimated future warranty claims based upon historical experience and management's estimate of the level of future claims. Changes in the estimated amounts recognized in prior years are recorded as an adjustment to the accrued liability and sales in the current year.

Customer Allowances – Customer allowances are common practice in the industries in which the Company operates. These agreements are typically in the form of advertising subsidies, volume rebates and catalog allowances and are accounted for as a reduction to gross sales. The Company reviews such allowances on an ongoing basis and accruals are adjusted, if necessary, as additional information becomes available.

Disaggregation of Revenue – We generate revenue from the sale of widely recognized sporting goods brands in basketball goals, archery, indoor and outdoor game recreation and fitness products. These products are sold through multiple sales channels that include; mass merchants, specialty dealers, key on-line retailers (“E-commerce”) and international. The following table depicts the disaggregation of revenue according to sales channel:

	Years Ended		
All Amounts in Thousands	December 31, 2023	December 31, 2022	December 25, 2021
Gross Sales by Channel:			
Mass Merchants	$ 88,991	$ 104,097	$ 115,949
Specialty Dealers	85,713	98,954	96,166
E-commerce	101,964	119,401	119,550
International	12,011	16,183	11,337
Other	3,975	4,490	3,240
Total Gross Sales	292,654	343,125	346,242
Less: Gross-to-Net Sales Adjustments			
Returns	8,426	5,256	8,304
Warranties	528	2,472	2,488
Customer Allowances	20,134	21,640	21,838
Total Gross-to-Net Sales Adjustments	29,088	29,368	32,630
Total Net Sales	263,566	$ 313,757	$ 313,612

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.

ESCALADE, INCORPORATED

By:

/s/ Walter P. Glazer, Jr. Walter P. Glazer, Jr. President and Chief Executive Officer	March 29, 2024

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

/s/ Walter P. Glazer, Jr. Walter P. Glazer, Jr.	Chairman and Director and President and Chief Executive Officer	March 29, 2024
/s/ Katherine F. Franklin Katherine F. Franklin	Director	March 29, 2024
/s/ Edward E. Williams Edward E. Williams	Director	March 29, 2024
/s/ Richard Baalmann, Jr. Richard Baalmann, Jr.	Director	March 29, 2024
/s/ Anita Sehgal Anita Sehgal	Director	March 29, 2024
/s/ Patrick Griffin Patrick Griffin	Director	March 29, 2024
/s/ Stephen R. Wawrin Stephen R. Wawrin	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 29, 2024

Exhibit 19.1

ESCALADE, INCORPORATED

CONFIDENTIALITY OF INSIDER INFORMATION AND SECURITIES TRADES BY COMPANY PERSONNEL

As most recently approved by the Board of Directors as of February 5, 2024

Introduction

Escalade, Incorporated ("Escalade" or the "Company") is a public company, the common stock of which is traded on the Nasdaq National Market and registered under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). One of the principal purposes of the federal securities laws is to prohibit "insider trading." This Policy describes the standards of Escalade and its subsidiaries (the "Company") on trading, directly or indirectly, of Company securities or certain other publicly traded companies while in possession of confidential information. This Policy consists of two parts. Part I applies to all directors, officers and employees of the Company (all such persons referred to herein as "Insiders"). Part II imposes additional trading restrictions and applies to all "Restricted Insiders" defined as all Escalade directors, all Escalade executive officers and all other individuals designated by Escalade and who have been informed that they have been so designated.

PART I

As an Insider, you have the responsibility not to buy, sell or in any other manner trade in Company securities while in possession of **material non-public information** about the Company. The consequences of trading in the Company's securities by a director, officer or employee while in the possession of material nonpublic information concerning the Company, or the improper communication (however inadvertent) of such information to others, can be devastating to both the individual involved and to the Company. There are harsh civil and criminal penalties if you wrongly obtain or use material, non-public information when you buy or sell securities, or if you give that information to another person who uses it when buying or selling securities. If you do buy or sell securities while in possession of material non-public information, you will not only have to pay back any money you made, but you could be found guilty of criminal charges, and face substantial fines or even prison. Additionally, the Company could be held liable for your violations of insider trading laws.

In order to avoid these harsh consequences, the Company has developed the following guidelines to briefly explain the insider trading laws and set forth the Company's trading guidelines.

Background

The Insider Trading Sanctions Act of 1984 permits the SEC to bring a civil suit against persons who violate the prohibition on insider trading and, in such suit, recover up to three times the profit realized as a result of trading on the basis of material non-public information. Also, in 1988, Congress expanded the authority of the Securities and Exchange Commission and the Justice Department to enforce federal insider trading laws, by adopting the Insider Trading and Securities Fraud Enforcement Act (the "Fraud Act"). In addition to increasing the penalties for insider trading violations, the Fraud Act extends liability to employers and possibly other controlling persons (such as its directors and executive officers) for violations by company personnel. This means that the Company and/or its controlling persons could face sanctions because company personnel traded based upon inside information.

Individuals who trade on inside information or who improperly communicate inside information to others risk:

- a civil penalty of up to the greater of three times the profit gained or the loss avoided or $2.3 million (as of January 2023, and which amount by law will be automatically adjusted for inflation annually thereafter);
- a criminal fine (no matter how small the profit) of up to $5 million (up to $25 million for unnatural persons); and
- a jail term of up to twenty years.

Be aware that the SEC has imposed large fines even in “tipping” situations where the penalized individual did not profit from the insider trading violation but was determined to have communicated material non-public information to third parties.

The Company has adopted this Policy in an effort to assist its directors, officers and employees to avoid even the appearance of improper conduct. Even an investigation that does not result in prosecution can destroy the reputation and career of an individual and can damage the Company’s well-established reputation for integrity and ethical conduct.

Insider Trading Concepts

What is "Inside" Information?

Inside information is material non-public information, which includes anything you become aware of, whether because of your “special relationship” with the Company as an officer, director, employee or otherwise, which is material and has not been disseminated to the public. The information may be about the Company or any of its subsidiaries or affiliates. It may also include information you learn about another company in the course of performing services for or on behalf of the Company, for example, information about companies that are current or prospective customers or suppliers or those with which the Company may be in negotiations regarding a potential transaction.

What is Material Information?

Information is material if an investor would think that it is important in deciding whether to buy, sell or hold securities, or if it could affect the market price of the securities. Either good or bad information may be material.

Examples of material information typically include, but are not limited to:

- Company financial problems;
- annual or quarterly financial results;
- estimates of future earnings or losses;
- events that could result in restating financial information;
- a proposed acquisition, sale, divestiture, merger, strategic alliance or restructuring;
- beginning or settling a major lawsuit or regulatory proceeding or investigation;
- changes in dividend policies;
- declaring a stock split;
- changes in management;
- a securities offering of stocks, notes, bonds, convertible securities or derivatives thereof;
- the gain or loss of a substantial account or material contract; or
- cybersecurity risks and incidents, including vulnerabilities and breaches.

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger or acquisition, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular nonpublic information is material, you should presume it is material.

What is Non-public Information?

Non-public information is information that has not yet been made public by the Company. Information only becomes public when the Company makes an official announcement (for example a publicly accessible conference call, a press release or in an SEC filings) <u>and</u> people have had an opportunity to see or hear it. Therefore, you should not buy or sell stocks or other securities before the public announcement of material information. It is usually safe to buy or sell securities after the information is officially announced, as long as you do not know of other material information that has not yet been announced.

Even after the information is announced, unless otherwise approved by the Policy Coordinator, you should wait <u>two full trading days</u> before buying or selling securities to allow the market to absorb the information. For example, if an announcement were made <u>after</u> the stock markets open on a Monday, Thursday would be the first day on which a trade would be appropriate. If an announcement were made <u>before</u> the stock markets open on a Monday, Wednesday would be the first day on which a trade would be appropriate. If an announcement were made on a Friday <u>after</u> the stock markets open, Wednesday would generally be the first day. Where complex matters are announced (such as a prospective major acquisition or disposition), it may be necessary to allow additional time for the information to be digested by the public. In such circumstances, you should consult with the Policy Coordinator regarding a suitable waiting period before trading.

If you are unsure whether information is material or non-public, you should assume that the information constitutes material non-public information. In such event, you must consult with Escalade's Chief Financial Officer (the "Policy Coordinator") before making a securities transaction or disclosing such information to anyone. See "COMPANY ASSISTANCE" at the end of this Policy.

Requirements of this Policy

Upon commencement of employment with the Company, all Insiders are required to acknowledge in writing their understanding of the Escalade Sports Policy Handbook, which includes the requirement to comply with this Policy. All Restricted Insiders are required to annually acknowledge in writing their receipt and compliance with this Policy. Insiders, including Restricted Insiders, who violate this Policy may be subject to disciplinary action by the Company, including dismissal for cause. Any exceptions to or waivers of this Policy, to the extent permitted by applicable law, may be granted only upon approval by both the Company's Chief Executive Officer and the Policy Coordinator before any activity takes place that would be in contravention of this Policy.

Preservation of Confidentiality of Inside Information

Insiders who come into possession of material nonpublic information concerning the Company, or any other company whose information is obtained while working for or on behalf of the Company, are expected to safeguard the information and not intentionally or inadvertently communicate it to any person (including family members and friends) except when the person has a need to know the information for legitimate, Company-related reasons.

In order to preserve confidentiality, Insiders should be discreet with inside information and not discuss it in public places where it can be overheard, such as elevators, restaurants, airplanes, public transportation, taxis and ridesharing vehicles. To avoid even the appearance of impropriety, Insiders should refrain from providing advice or making recommendations regarding the purchase or sale of the Company's securities.

Prohibition Against Trading Based Upon Inside Information

Any Insider of the Company who is in possession of material nonpublic information relating to the Company is prohibited from buying or selling Company securities or engaging in any other action to take advantage of, or passing on to others, such information. This prohibition also applies to material nonpublic information relating to any other company obtained in the course of your employment by or service to the Company. You must not provide "tips" or otherwise give material non-public information to anyone, including people in your immediate family, friends or anyone acting on your behalf (such as a stockbroker).

Insiders are expected to be responsible for the compliance of their immediate family and personal household. Transactions that may be necessary or justifiable for independent economic or other personal reasons (such as the need for cash in the event of an emergency expenditure) are not exempt from insider trading prohibitions or liability.

This Policy's trading restrictions generally do not apply to the exercise or vesting of equity awards, such as the exercise of a stock option or the vesting of a restricted stock unit, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to a stock option, restricted stock unit or other equity or stock-based award to satisfy tax withholding requirements. The trading restrictions do apply, however, to any sale of the underlying stock or to a cashless exercise of an option through a broker (often called a "same-day sale") or any other market sale. Sale of the underlying stock or a cashless exercise of an option may not be made during a restricted trading period. Such market sales include selling a portion of the underlying stock to cover the costs of exercise and/or withholding taxes.

It is incumbent on Insiders to maintain awareness of possible insider trading violations by persons under their supervision and to take measures where appropriate to prevent such violations. In the event that an Insider becomes aware of the possibility of such a violation, he or she should contact the Policy Coordinator immediately.

PART II

Restricted Insiders are subject to heightened legal scrutiny when trading in Company securities. Accordingly, Restricted Insiders must comply with all of the requirements of both Part I and Part II of this Policy.

Restricted Trading Periods

Restricted Insiders may not trade during a restricted period .

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction (for example, where an officer engages in a trade while unaware of a major pending development), all trades in Company securities by Restricted Insiders and their immediate family members will be prohibited during restricted trading periods. "Trading" includes not only purchases and sales of securities, but also acquisitions and dispositions of derivative securities and stock swap agreements, the exercise of certain options, warrants, puts and calls and the like.

Restricted trading periods are designated by the Company as periods in which you may not trade in Company securities without exception and regardless of your actual possession or non-possession of material non-public information. The most common restricted trading period involves the release of quarterly and annual results. Unless otherwise approved by the Company's board of directors, the Company's restricted trading period begins fourteen (14) days prior to the end of every fiscal quarter and typically lasts until two full trading days after the Company releases its results for that quarter. The Company will establish other restricted trading periods based on particular circumstances that may arise from time to time.

If a restricted trading period is in effect, you may not engage in any trade of any type under any circumstances, nor may you inform anyone of the restriction. If a restricted trading period is not in effect, you may buy or sell the securities but only if you are not otherwise in possession of material, non-public information **and** you have pre-cleared the trade with the Policy Coordinator and obtained the Policy Coordinator's approval. See " **Pre-Clearance of Securities Transactions**."

Even when a restricted trading period is not in effect, you must carefully consider whether you are aware of any material nonpublic information about the Company before trading in Company securities. In all cases, the responsibility for determining whether you are in possession of material nonpublic information rests with you. The Policy Coordinator has no obligation to independently determine whether you actually possess material nonpublic information. None of the Policy Coordinator, the Company, or any officer, director or employee of the Company have any liability for any violations of law, losses, damages, or other consequences that might result from any securities trades made by you under this Policy or otherwise. The lifting of a restricted trading period does not in any way constitute legal advice or insulate you or any other person from liability under applicable securities laws.

Pre-Clearance of Securities Transactions

Because Restricted Insiders are likely to obtain material nonpublic information on a regular basis, the Company requires all such persons to refrain from trading, even when a restricted trading period is not in effect, without first pre-clearing all transactions in the Company's securities. Subject to the exemption described under "**Pre-Clearance Policy for Rule 10b5-1 Plans**" below, no Restricted Insider may, directly or indirectly, purchase or sell (or otherwise make any transfer, gift, pledge or loan of) any Company security at any time without first obtaining prior approval from the Policy Coordinator. These procedures also apply to transactions by such person's spouse, other persons living in such person's household and minor children and to transactions by entities over which such person exercises control.

The Policy Coordinator shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked, a grant of permission will normally remain valid until the close of trading two business days following the day on which it was granted. If the transaction does not occur during the two-day period, pre-clearance of the transaction must be re-requested.

Pre-Clearance Policy for Rule 10b5-1 Plans

Exchange Act Rule 10b5-1 enables Restricted Insiders to establish written trading plans for the disposition of Company securities. Such a plan specifies the dates, prices and amounts of the contemplated trades or establishes a formula for determining dates, prices and amounts. You must not possess material non-public information when you enter into such a plan. Additionally, the plan must comply with all SEC requirements, including inclusion of a mandatory cooling-off period providing that no trades may occur until the later of (x) 90 days following plan adoption or modification and (y) two trading days following the Company's public disclosure in an Exchange Act report filed with the SEC containing Escalade's financial results for the fiscal quarter in which the plan is adopted or modified. With limited exceptions, only one Rule 10b5-1 trading plan may be in effect at any given time. If a Rule 10b5-1 trading plan is properly created and implemented, then a defense to insider trading liability may be claimed for transactions occurring under the trading plan.

Before entering into a trading plan you must contact the Policy Coordinator to inquire if a restricted trading period is in effect and obtain pre-clearance of the contemplated plan, which includes certifying that you are unaware of any material non-public information at the time of adopting the plan, that the plan is being entered into in good faith and that you will provide the Company with all information about the plan required to be publicly disclosed (e.g. that you have adopted a plan, the date of adoption, modification or termination of the plan, the duration of the plan, and the aggregate number of securities to be sold or purchased under the plan). Once a trading plan is pre-cleared, trades made pursuant to the plan will not require additional pre-clearance. In order for a Rule 10b5-1 trading plan to be approved, the Policy Coordinator must review the plan and have an opportunity to comment on its substance. This may entail sharing the plan with the Company's outside legal counsel. You must inform the Policy Coordinator of any subsequent modifications to a Rule 10b5-1 trading plan, which likewise must be pre-cleared with the Policy Coordinator, and of the termination of the plan.

You should consult with your own legal and tax advisors before entering into, modifying or terminating a Rule 10b5-1 trading plan. Pre-clearance of the plan by the Policy Coordinator does not in any way constitute legal or tax advice nor or insulate you or any other person from liability under applicable securities laws.

Gifts of Securities

Restricted Insiders and members of their immediate families may not make a gift of securities during a restricted trading period. If a bona fide gift is permitted under the terms of this Policy, Restricted Insiders who are subject to Section 16 reporting must timely report such gifts on the applicable Form 4 no later than two business days after the gift is made or received.

Hedging Transactions

Restricted Insiders are prohibited from engaging in hedging or monetization transactions at any time. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as variable forwards, equity swaps, collars, exchange funds, and various forms of derivative securities. These transactions may permit continued ownership of the Company's securities obtained through employee benefit plans or otherwise without the full risks and rewards of ownership. When that occurs, a person entering into this type of transaction may no longer have the same objectives as the Company's other shareholders.

Additional Prohibited Transactions

Because we believe it is improper and inappropriate for any Restricted Insiders to engage in short-term or speculative transactions involving the Company's securities, Restricted Insiders may not engage in any of the following transactions with respect to securities of the Company:

- Short-term trades (any Company securities purchased in the open market must be held for a minimum of six months, except where a sale has been approved by the Policy Coordinator based on an unexpected need for liquidity or other emergency or hardship and where the sale is not otherwise prohibited by federal securities laws);
- Purchases of stock on margin;
- Buying or selling puts and calls and/or other derivative securities;
- Short selling, also known as short sales, involving transactions where Company securities are borrowed, then sold only to be subsequently repurchased for a lower price); or
- Pledging Company securities as collateral.

Compliance with Section 16 and Rule 144

Restricted Insiders who are directors or executive officers of the Company are responsible for compliance with Section 16 of the Exchange Act and Rule 144 of the Securities Act of 1933 in connection with their transactions in the Company's securities. The requirements of this Policy do not supersede the required compliance with your obligations under Section 16 or Rule 144, including the Section 16(b) short-swing profit rule.

Section 16

Directors and executive officers should be aware that most transactions in Company securities, including grants of equity awards, vesting of restricted stock units, stock option exercises and gifts, are subject to the two business day reporting requirements under Section 16. The Company's policy is to assist directors and officers in completing and filing their Section 16 reports. It is important the Policy Coordinator receives prompt notice of reportable transactions, so that the Company can assist in filing the required reports on a timely basis. Also, although transactions under a 10b5-1 trading plan are not subject to the restricted trading periods (once the plan has been cleared by the Policy Coordinator and assuming compliance with the terms of the plan), such trades still must be reported within two business days on a Form 4. The Form 4 currently requires the reporting person to indicate by checkbox on the Form 4 whether the transaction was intended to satisfy the affirmative defense conditions of Rule 10b5-1.

Rule 144

Directors and executive officers are required to file Form 144 before making open market sales of Company securities. This form is generally prepared and filed by your broker.

****

Company Assistance

Policy Coordinator

Stephen Wawrin, Chief Financial Officer and VP Finance of the Company, has been designated as the Policy Coordinator to oversee implementation of this Policy and to answer any questions that Insiders may have concerning its application. Mr. Wawrin is located at the Company's corporate offices at 817 Maxwell Avenue, Evansville, Indiana, 47711, telephone (812) 467-4414, email address swawrin@escaladesports.com. From time to time, the Company may designate a different individual to serve as the Policy Coordinator and/or may designate another individual to temporarily act as the Policy Coordinator in the event the designated Policy Coordinator is unavailable for an extended period of time. If any action by the Policy Coordinator and his or her immediate family members would require any approval by the terms of this Policy, the Policy Coordinator shall review the same with the Company's Chief Executive Officer.

Questions

Any person who has questions about this Policy or questions about specific transactions may obtain additional guidance from the Policy Coordinator. However, the ultimate responsibility for adhering to the Policy and avoiding improper transactions rests with the individual Insider. **Actions of the Policy Coordinator under this Policy do not constitute legal advice, do not constitute confirmation that you do not possess material nonpublic information, and do not relieve you of any of your legal obligations.**

Exhibit 21

ESCALADE, INCORPORATED AND SUBSIDIARIES

List of Subsidiaries at December 31, 2023

	State of or Other Jurisdiction of Incorporation	**Percent of Voting Securities Owned by Parent**
Parent		
Escalade, Incorporated	Indiana, USA	
Subsidiaries (1)		
Indian Industries, Inc.	Indiana, USA	100%
U.S. Weight, Inc.	Illinois, USA	100%
Lifeline Products, LLC	Illinois, USA	100%
Harvard Sports, Inc.	California, USA	100%
Harvard California, S. DE R.L. C.V.	B.C. Mexico	100%
Bear Archery, Inc.	Florida, USA	100%
Escalade Sports Playground, Inc.	North Carolina, USA	100%
Escalade Sports (Shanghai) Co., Ltd.	China	100%
Wedcor Holdings, Inc.	Indiana, USA	100%
EIM Company, Inc.	Nevada, USA	100%
SOP Services, Inc.	Nevada, USA	100%
Goalsetter Systems, Inc.	Iowa, USA	100%
Victory Tailgate, LLC	Florida, USA	100%
Victory Made, LLC	Florida, USA	100%

(1) Each subsidiary Company has been included in Consolidated Financial Statements for all periods following its acquisition. See Notes to Consolidated Financial Statements.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-218340) of Escalade, Incorporated of our reports dated March 29, 2024, with respect to the consolidated financial statements of Escalade, Incorporated and the effectiveness of internal control over financial reporting, included in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ FORVIS, LLP
Tysons, Virginia
March 29, 2024

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Walter P. Glazer, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Escalade, Incorporated;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15-15(f)) for the registrant and we 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 annual report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2024

/s/ Walter P. Glazer, Jr.
Walter P. Glazer, Jr.
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Stephen R. Wawrin, certify that:

1. I have reviewed this annual report on Form 10-K of Escalade, Incorporated;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15-15(f)) for the registrant and we 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 annual report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2024

/s/ Stephen R. Wawrin
Stephen R. Wawrin
Chief Financial Officer

Exhibit 32.1

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

In connection with the Annual Report of Escalade, Incorporated (the Company) on Form 10-K for the period ending December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Walter P. Glazer, Jr, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Walter P. Glazer, Jr.

Walter P. Glazer, Jr.
Chief Executive Officer
March 29, 2024

Exhibit 32.2

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

In connection with the Annual Report of Escalade, Incorporated (the Company) on Form 10-K for the period ending December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Stephen R. Wawrin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen R. Wawrin

Stephen R. Wawrin
Chief Financial Officer
March 29, 2024

Exhibit 97.1

Escalade, Incorporated

Amended and Restated
Policy for Recovery of Incentive Compensation

(adopted November 8, 2023)

This Policy for Recovery of Incentive Compensation (the “Policy”) of Escalade, Incorporated (“Escalade”) will be implemented in accordance with the rules of the Securities and Exchange Commission (“SEC”) and The NASDAQ Stock Market (“NASDAQ”) and with all applicable laws including without limitation Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such laws, rules and regulations require the mandatory recoupment of certain executive compensation in the event of any accounting restatement resulting from material noncompliance with financial reporting requirements under federal securities laws. Unless otherwise required by the Exchange Act and/or any other applicable law or the rules and regulations promulgated thereunder and/or under NASDAQ’s rules and regulations, this Policy shall apply to any and all Incentive-Based Compensation awarded or paid on or after December 1, 2023 (the “Effective Date”) to any and all Covered Persons. The Compensation Committee (the “Committee”) of Escalade’s Board of Directors (the “Board”) will administer this Policy and exercise its discretion and business judgment based on the facts and circumstances as the Committee deems relevant in its sole discretion.

Covered Persons

“Covered Persons” means all directors of Escalade, all executive officers of Escalade, and all other officers and key employees of Escalade or a subsidiary of Escalade who is a principal financial or accounting officer, a controller, an officer in charge of a principal business unit or division, an officer who performs a policy-making function or any other person who performs similar functions or who may be deemed subject to this Policy by the Committee hereafter.

Incentive-Based Compensation

“Incentive-Based Compensation” means any compensation awarded, granted, issued, or paid pursuant to any incentive plan or arrangement maintained, contributed to or sponsored by Escalade and/or its subsidiaries, as each may be amended from time to time, including without limitation any award of equity, whether in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, or other instrument payable in or linked to the value of any Escalade securities, and any cash bonus or other cash incentive award (whether paid on a current or deferred basis); provided that such compensation is granted, earned or vested based wholly or in part on the attainment of a Financial Reporting Measure. Incentive-Based Compensation does not include salaries, bonuses paid solely based on subjective standards, discretionary bonuses or other compensation paid on a discretionary basis, equity incentive awards that vest solely based on time, non-equity incentive awards earned solely upon satisfying strategic or operational measures not constituting a Financial Reporting Measure, or otherwise determined by the Committee in accordance with all applicable laws, rules and regulations not to constitute Incentive-Based Compensation.

Financial Reporting Measure

A “Financial Reporting Measure” is any measure that is determined and presented in accordance with the accounting principles used in preparing Escalade’s financial statements, or any measure derived wholly or in part from the financial information contained in such financial statements, including without limitation Escalade stock price, total shareholder return, revenues, net income, earnings before interest, taxes, depreciation and amortization (EBITDA),working capital, operating cash flow, return on investment, return on assets and/or earnings per share.

Accounting Restatements

If Escalade’s financial statements are required to be restated due to Escalade’s material noncompliance with any financial reporting requirements under the federal securities laws, the Committee shall, on behalf of Escalade, require reimbursement or forfeiture of any Excess Incentive-Based Compensation received by any Covered Person during the three completed fiscal years immediately preceding the date on which Escalade is required to prepare an accounting restatement (the “Recovery Period”). Incentive-Based Compensation shall be deemed received when the applicable Financial Reporting Measure is achieved, even if the payment of such Incentive-Based Compensation occurs later. An accounting restatement shall be deemed to have occurred on the earlier of the date that Escalade’s Board concludes or reasonably should have concluded that Escalade’s previously issued financial statements contain a material error, the date that a court, SEC or other regulatory or legally authorized body directs Escalade to restate its previously issued financial statements to correct a material error or the date that Escalade issues restated financial statements to correct a material error. A material error includes errors in previously issued financial statements that are material to such financial statements and errors not material to previously issued financial statements but that would result in a material misstatement if left uncorrected in the current period or the error correction is recognized in the current period.

Excess Incentive-Based Compensation

“Excess Incentive-Based Compensation” is the amount of Incentive-Based Compensation received by the Covered Person based on the material error contained in the previously issued financial statements minus the amount of Incentive-Based Compensation that would have been received by the Covered Person based on the correct results reflected in the accounting restatement. If the Committee is unable to determine the amount of Excess Incentive-Based Compensation received by the Covered Person directly from the information contained in the accounting restatement, then the Committee shall make its determination in good faith based on a reasonable estimate of the effect of the accounting restatement.

Mandatory Recoupment of Excess Incentive-Based Compensation

The Board intends that this Policy will be applied to the fullest extent required by applicable law, rules and regulations. The Committee shall recover any Excess Incentive-Based Compensation in accordance with this Policy unless such recovery would be deemed impracticable, as determined by the Board in accordance with applicable laws, rules and regulations, because either the direct out-of-pocket costs payable to third parties (such as attorneys’ fees) of enforcing recovery would exceed the Excess Incentive-Based Compensation or such recovery would be in violation of other applicable laws.

The Committee shall determine, in its sole discretion, the method(s) for recouping Excess Incentive-Based Compensation which may include, without limitation, requiring reimbursement of cash paid to the Covered Person, recovering gains realized upon the vesting, exercise, settlement or other disposition of equity incentive awards, setting off the Excess Incentive-Based Compensation against any other compensation owed by the Company to the Covered Person, cancelling outstanding unvested or vested equity awards, and/or taking any other remedial and recovery action permitted by law.

Additional Requirements Impacting Covered Persons

Escalade shall not indemnify any Covered Person against the loss, forfeiture or recoupment of any incorrectly awarded Incentive-Based Compensation. The Committee may require that any employment agreement, incentive award agreement, severance agreement, or similar agreement entered into with a Covered Person on or after the Effective Date include the agreement of the Covered Person to abide by the terms of this Policy as a condition to the grant or receipt of any benefit thereunder. The rights of recoupment under this Policy shall be in addition to, and not in lieu of, any rights and remedies that may be available to Escalade pursuant to the terms of any such agreement with a Covered Person and/or any other legal remedies available to Escalade. This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators and other legal representatives.

Amendment; Termination

The Board may amend this Policy from time to time as it deems necessary to maintain compliance with applicable laws, rules and regulations. If and when permitted by applicable laws, rules and regulations, the Board may, but shall not be required, to terminate this Policy in whole or in part.