



ROCKY

B R A N D S TM

2020

ANNUAL

REPORT



Dear Shareholders:

It is truly a pleasure to be addressing you once again. Much has happened over the past year as the global health pandemic brought on by COVID-19 created challenges and opportunities for our business. As significant parts of the U.S. economy were required to start shutting down in late March to help stop the spread of the virus, there was a tremendous amount of uncertainty about our near-term future. Fortunately, we soon found out that our operations were deemed essential to keeping the country running. Essential is a great way to describe our people, as they are the reason we were able to deliver record financial results in 2020. I am **incredible** proud of what we accomplished, especially as we faced significant changes in consumer behavior and dealt with unfamiliar working conditions. Our outstanding performance underscores the fortitude of our organization and speaks to the powerful portfolio of brands and enhanced fulfillment capabilities we have developed over the past several years.

We came into 2020 with good momentum resulting from many operational initiatives in digital, distribution, marketing and manufacturing in 2019. We had a sound plan in place to build on our success but as COVID hit the U.S. those plans were initially disrupted, and all things pointed to 2020 potentially being one of the worst years in our Company's 89 year history. That clearly did not end up being the case as we quickly pivoted and leaned heavily into our ecommerce channel and our distribution center remaining open to capitalize on the accelerated shift to online spending. As the year progressed, and brick and mortar retail reopened and store traffic picked up, we relied on the strength of our internal manufacturing capabilities and inventory investments in order to get product to our wholesale partners quickly. The speed at which we were able to execute fulfillment resulted in additional shelf space for our brands, strong sell-through at retail and ultimately market share gains.

Our focus on our long-term strategic initiatives was a constant in a year of significant change. While the way we went about our business in 2020 was different due to government and health related restrictions and regulations, we didn't lose sight of what put the company in such a strong position prior to the pandemic. This meant exciting our consumers with great product and increasing brand awareness and stimulating demand through improved marketing with an emphasis on digital. It also involved providing excellent retail support and expanding distribution with our key brick and mortar and e-tail partners, accelerating expansion of our direct businesses through investments in technology and personnel, and taking advantage of our internal production to capitalize on the growing number of commercial military opportunities and improve the efficiency of our factories.

We delivered extremely solid growth across our brands, categories and channels in 2020. For wholesale, the largest segment of our business, it was truly a year of two

halves. The impact COVID-19 had on physical retail during spring and early summer was substantial, and we were not immune as partners cancelled orders and reduced receipts across their account base to preserve liquidity. However, as the country started to reopen midway through the year, the strong appeal of our product offering was evident by how quickly demand rebounded. Our work category led by Georgia Boot and our western category led by Durango posted double-digit percentage gains in the third quarter and that momentum carried through to the end of the year, while the Rocky brand in total grew at similar rates over the last six months of 2020.

Our e-commerce channel had a fantastic 2020, propelling our retail division to double digit growth for the third consecutive year. The upgrades we made to the front and backend of our branded desktop and mobile sites and our growing presence on e-marketplaces, particularly Amazon, put us in a great position to capitalize on the surge in digital commerce that was initially fueled by widespread lockdowns and store closures. We've been building more direct relationships between our brands and consumers for some time and the events of the past year have helped further strengthen these important connections. Not surprisingly, our business-to-business Lehigh Custom Fit division struggled at times this past year as many of its customers slowed spending and operated with reduced workforces early in the pandemic. The good news is that sales trends picked up as the year progressed as did new account acquisition, providing the business with good momentum for 2021.

Rocky Brands response to the challenges of 2020 reinforced my belief that our people are as reliable and durable as the footwear we make. I want to thank our employees for their dedication and determination in supporting each other during a year of uncertainty. We should all be very proud of what we have been able to accomplish. The result of our collective efforts meant we began 2021 in a very strong financial position, which allowed us to execute the transformative acquisition of Honeywell's **lifestyle footwear** business early in the new year. We are incredibly excited about the near and long-term prospects for our combined entities and I'm confident we have the right teams in place to execute on the many opportunities that lie ahead.

On behalf of the entire Rocky organization, including the Board of Directors, I thank you for your investment and ongoing support.

Sincerely,

Jason Brooks

Jason Brooks
Chief Executive Office

**“ESSENTIAL
is a great way to
describe our people,
as they are the
reason we were able
to deliver record
financial results
in 2020.”**

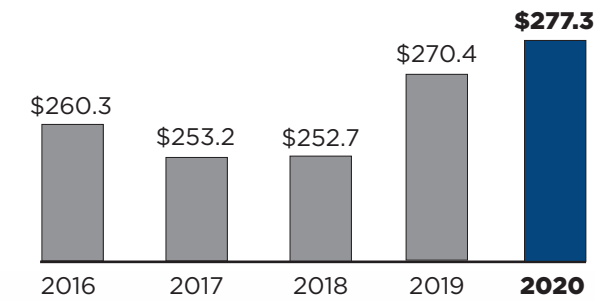
es•sen•tial
/ə'sen(t)SHəl/
adjective
**1. absolutely necessary;
extremely omprotant.**
*Similar: crucial, key, vital, needed,
indispensible, required*
noun
**1. a thing tht is absolutely
necessary**
*Similar: necessity, prerequisite,
requirement*



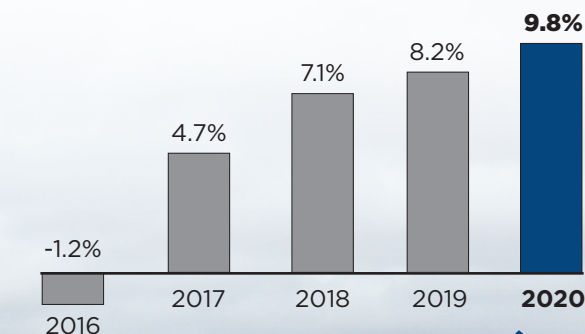
FINANCIAL HIGHLIGHTS

2020 WAS THE BEST EPS YEAR EVER

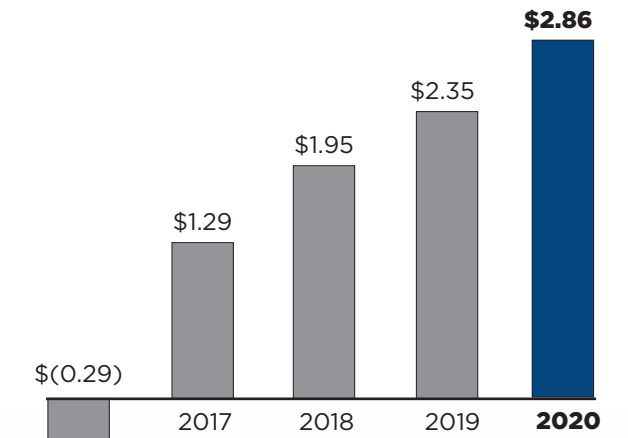
INCOME STATEMENT DATA <small>(\$000, except per share data)</small>	2020	2019	2018	2017	2016
Net sales	\$277,309	\$270,408	\$252,694	\$253,197	\$ 260,259
Gross margin	37.8%	36.1%	34.4%	31.9%	29.5%
Income from Operations	9.8%	8.2%	7.1%	4.7%	-1.2%
Net income	\$20,964	\$17,462	\$14,553	\$9,586	\$ (2,139)
Net income per diluted share	\$2.86	\$2.35	\$1.95	\$1.29	\$ (0.29)
BALANCE SHEET					
Inventories	\$77,576	\$76,731	\$72,822	\$65,622	\$ 69,168
Total assets	229,091	205,826	184,663	173,479	178,939
Total debt	-	-	-	2,199	14,584
Shareholders' equity	179,505	164,656	151,575	141,093	135,093



Net Sales (\$millions)



Income from operations as a % of net sales



Net Income Per Diluted Share



Total Debt (\$millions)

3.4%

INCREASE IN
WHOLESALE

12.4%

INCREASE IN RETAIL

The expansion of our Distribution Center in Logan, Ohio took our capacity from 1.2m pairs to 1.8m pairs.

260 BPS

INCREASE IN
*ADJUSTED GROSS
MARGIN

39.7%

INCREASE IN *ADJUSTED
OPERATING INCOME

38.3%

INCREASE IN
*ADJUSTED DILUTED EPS

*Adjusted Gross Margin, Operating Income and Diluted EPS include approximately \$2 million dollars in manufacturing expenses related to COVID-19 facility closures and approximately \$7 million in operating expenses related to entering a definitive agreement to acquire the performance and lifestyle footwear business of Honeywell International, Inc.



15.2%

GROWTH

We focused on sell-through with retailer specific POP and social media, introduced a new WorkSmart apparel line, and increased our online presence during COVID with sponsorships and compelling content.



21.2%

GROWTH

In a year filled with adversity, Georgia Boot had a unique opportunity to engage with our core consumers on a much deeper level and strengthen our unity as a team.



GRAND PRIZE WINNER

"I'm so grateful for all that he is doing to protect our community and all the long hours he puts in to provide for his family. " - His loving wife
Christopher Murphy - Crew Chief/Bio Hazard, ServPro - Warner Robins, GA

WE ARE ALL
Georgia Boot STRONG
#GEORGIABOOTSTRONG

GEORGIA BOOT athens360

- 1 Removable Comfort Core® Next Gen memory foam insole with individual shock absorbing pillars
- 2 EVA cushion layer molds to the contours of your foot
- 3 Non-Woven inner sole provides great lateral stability and support
- 4 Fiberglass shank for all day comfort and stability
- 5 Compression molded EVA midsole absorbs the shock of each step to guard against foot fatigue
- 6 TPU Anchor Disk provides added arch support and stability
- 7 Heat, chemical, abrasion and slip-resistant dual-density EVA and Carbo-Tec rubber outsole





41% GROWTH

The record increase is due to a combination of a lot of moving parts working together to provide increased experience, brand perception, access, and value to our consumers.

LEHIGH CustomFit

MANAGED SAFETY FOOTWEAR PROGRAMS

The initiation of enhanced provision programs and communication channels ensured continued essential service to all accounts, while also opening our Program to companies whose other options had shut down.



DAILY DRAW GIVEAWAY

CAVENDER'S DURANGO

PAUL EAVES
PROFESSIONAL TEAM ROPER

- ★ 2018 PRCA World Champion Heeler
- ★ 9x Consecutive WNFR Qualifier
- ★ Over 1 million dollars in career earnings

**2020 PRCA
WORLD CHAMPION
HEELER**

SAFETY PLEDGE SAFETY

The Lehigh Safety Pledge follows all health guidelines for Ordering & Wellness Events with our 3D foot scanner.



ATTN: WHIRLPOOL EMPLOYEE

You are now eligible to use your \$100 subsidy on your next Safety Footwear purchase

ORDER NOW

Order from your dedicated Lehigh CustomFit account website today.

- Subsidy automatically applied. No turning in receipts or waiting for reimbursement
- Guaranteed company-approved styles
- Free Shipping & Returns
- True Fit Size Recommendation
- 60-Day Comfort Guarantee
- Conveniently, easily and quickly shop from any device 24/7

ROCKY

GEORGIA BOOT

MICHELIN

[f](#) [t](#) [y](#) [in](#)

No longer want to receive these emails? [Unsubscribe](#).
Lehigh CustomFit (Kent) 39 E. Canal St. Lebanonville, OH 45754

Initiation of new email and SMS service platform to communicate directly with our account's employees.

GOOD LUCK TEAM DURANGO

PAUL EAVES

LISA LOCKHART

JEFF ASKEY

LUKE BROWN

ORIN LARSEN

SHANE HANCHEY

THE RED BAY AMERICAN RODEO
PRESENTED BY DURANGO BOOTS



ORDER YOUR COMPANY APPROVED SAFETY FOOTWEAR HERE with online assistance

- FREE SHIPPING & FREE RETURNS
- 60-DAY COMFORT GUARANTEE
- TRUE FIT SIZE RECOMMENDATION
- HUGE SELECTION OF STYLES & BRANDS

Virtual Ordering Events will utilize kiosks and a live online customer service assistant.



BOARD OF DIRECTORS

Mike Brooks

Chairman of the Board

Glenn E. Corlett

Retired Dean and Philip J. Gardner, Jr. Leadership
Professor, College of Business at Ohio University

Michael L. Finn

Chairman, Power Distributors, LLC
President, Chesapeake Realty Company

G. Courtney Haning

Former Chairman and Chief Executive Officer
Peoples National Bancshares, Inc.

Curtis A. Loveland

Secretary
Partner, Porter, Wright, Morris & Arthur LLP

James L. Stewart

Proprietor, Rising Wolf Ranch, Inc.

William L. Jordan

Chief Growth Officer, DSW Inc.

Robert B. Moore, Jr.

Former CEO, Bhartiya International, Ltd.

Tracie Winbigler

Executive Vice President and
Chief Financial Officer, Amtrack

Robyn R. Hahn

President, Westfield Insurance,
Small Business Division

OFFICERS

Jason Brooks

President and Chief Executive Officer

Tom Robertson

EVP, Chief Financial Officer and Treasurer

Richard Simms

President, Operations

Byron Wortham

President, Core Brands Sales, Marketing,
and Product Development

David Dixon

President, Manufacturing/Sourcing Operations

Corporate Offices

39 East Canal Street, Nelsonville, Ohio 45764
(740) 753-1951

Independent Registered Public Accounting Firm

Schneider Downs & Co., Inc.
Columbus, Ohio

Legal Counsel

Porter, Wright, Morris & Arthur LLP Columbus, Ohio

Transfer Agent and Registrar

Communications regarding changes of address,
transfer of shares, and lost certificates should be
directed to the company’s stock transfer and registrar:

Computershare Investor Services
Attn: Shareholder Services
P.O. Box 30170
College Station, TX 77842-3170
(800) 962-4284
www-us.computershare.com/investor/Contact

Stock Listing

NASDAQ Stock Market
Symbol: RCKY

Form 10-K

Copies of the signatures, exhibit index and exhibits
contained therein as filed with the Securities and
Exchange Commission are available without charge
upon written request to:

Tom Robertson

EVP, Chief Financial Officer and Treasurer
Rocky Brands, Inc.
39 East Canal Street
Nelsonville, Ohio 45764

Investor Information

Corporate and investor information is available on
the company's website at www.rockybrands.com



