



## **Ironclad Performance Wear Corporation**

**OTC Bulletin Board: ICPW**



## **Update interview with Mr. Scott Jarus Chairman and CEO**

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**Smallcaps.us:** Hi everyone and thanks for joining us for another Smallcaps.us interview. It's been a while since we have talked with today's guest, Mr. Scott Jarus, the Chairman and CEO of Ironclad Performance Wear Corporation. We could not be more pleased to have Scott back to talk about his company's progress and its opportunities for small cap investors. Ironclad is listed on the OTC Bulletin Board under ticker symbol ICPW. Welcome Scott, it's great to have you back.

**Scott Jarus:** Thanks Wim it is great to talk to you again and having the opportunity of sharing Ironclad story with our listeners.

**Smallcaps.us:** As a refresher could you tell our listeners what Ironclad does and which markets it's involved in?

**Scott Jarus:** My pleasure. Ironclad Performance Wear is a leader in the design, development, and distribution of high-performance technical task specific work gloves and apparels. It created the performance work glove category in 1998. It continues to leverage its leadership position in the safety, construction, and industrial markets, in segments such as oil and gas extraction, automotive, police, fire, first responder and military. Ironclad engineers and manufactures its products with a focus on innovation, design, advance material science, and durability. Ironclad gloves and apparel are available through industrial suppliers, hardware stores, home centers, lumber yards and sporting good retailers throughout the United States and through authorized distributors in North America, Europe, Australia, and Asia. As we like to say, Ironclad gloves are built tough for the industrial athlete.

**Smallcaps.us:** Great. Ironclad's results for fiscal year 2010 were just released. Can you give us an overview of the results and tell us how do you feel about them?

**Scott Jarus:** We feel great about the results. For full year 2010, Ironclad saw its net sales grow by more than 10% to \$15 million dollars as compared to \$13.6 million in 2009. At the same

time the company's gross profits increased by 14.6% to \$5.9 million dollars or 39.5% of net sales for 2010. Our operating expenses as percentage of net sales decreased to 36.3% compared to 42.4% of net sales in 2009. As a result of this exceptional performance on all levels, the company's net income improved by more than 1 million dollars and ended the year with a positive \$366,000 dollars, or approximately 1 cent per share, in earnings. As evidenced by our excellent financial performances this was clearly an inflection year for Ironclad.

**Smallcaps.us:** That's terrific. As we move full-swing into 2011, what are Ironclad's plans for growth and what are your expectations for the year ahead?

**Scott Jarus:** We are continuing to see strong growth with our existing customers in both the industrial and consumer and retail segments so we expect this to continue in 2011 particularly as the global economic climate improves. Additionally during 2010 the company made tremendous progress in opening new channels of distribution in the consumer and retail sector. Examples include our expansion into nearly 4000 Autozone; auto-parts retail stores which are in addition to our presence as Pep Boys. Additionally our success with the Ironclad Snap-on branded glove in over 300 Costco wholesale stores nationwide and the introduction of Ironclad's Realtree camouflage glove and several national sporting goods retailers also highlight that point.

On the industrial front, we continue to be front-running with large distributors such as Grainger, Lab Safety, Fastenal or Safety. Our industry leading KONG glove, for the oil and gas market, continues to grow. As a matter of fact in 2010, we sold more than 500,000 pairs in less than 2 years since its introduction. It really has become the gold standard in the oil gas industry and we introduced a new style of the KONG in 2010 for the construction segment of the oil and gas industry and we will be coming out with another extension of the product line later this year.

Lastly, I would mention that our SMU, or if you will OEM business, where we are designing and manufacturing gloves for other brands, all of which carry the "Built tough by Ironclad" label continue to grow and to be a very successful part of our core business. We are now making gloves under the Snap-on, Redwing, 5.11 Tactical and other national brands and we see this success continuing in 2011 with additional brands under consideration.

**Smallcaps.us:** Undoubtedly Ironclad will again be expanding its distribution in the US and abroad. What effects do you think this will have on performance in retail and industrial markets, and how is Ironclad making a mark for itself amidst the competition?

**Scott Jarus:** Well Ironclad is focused on strategic, sustainable and profitable growth. And I think this is important for everyone to realize that's the foundation. In addition it is critically important that the quality, innovation and value of our products are not compromised. So as a result of these fundamental business disciplines we believe that the expansion we will see in 2011, both domestically and internationally, will be efficiently managed and accretive to the company's financial position.

As for our competitive differentiation of the market place I think the Ironclad brand has already established itself as the leading provider of innovative performance technical task specific work gloves. Our mission is to continually innovate, listen to our customers, and deliver product which is recognized as the best value for the end-user. We will never be the lowest cost provider of work gloves. That is not our market strategy. Instead we strive to deliver work gloves which exceed the expectations of our customers in terms of performance, durability, comfort, safety and value. We welcome competition because it frankly keeps us on our toes.

**Smallcaps.us:** Ironclad introduced a number of new products in 2010. Can you give us some highlights among these releases, and tell us a bit about how they'll play a part in the Company's direction for 2011?

**Scott Jarus:** I'd be happy to. As mentioned earlier, we introduced a new style of the KONG glove for the oil gas industry. This was a direct response to the needs of our customers as is the next version of the KONG, which is expected to be released later this year.

Ironclad fully entered the automotive space in 2010 with the introduction of Snap-on branded gloves. We were successful in getting placement as I mentioned earlier in Autozone and Pep Boys nationwide. In addition we had a very successful promotional offering of the Snap-on gloves with Costco during the busy holiday season in December. That promotion frankly had a tremendous sell through and exceeded our expectations. And we hope to have another opportunity with Costco this year.

Lastly, we introduced a line of Ironclad gloves utilizing the Realtree camouflage pattern. For those listeners who do not know about the outdoor sports market, Realtree camouflage is the market leading pattern and is featured prominently in national sporting goods stores nationwide and on television. Ironclad introduced a few of its gloves with the Realtree pattern late in the 2010 season. These were so well received that buyers from several national sporting goods stores reopened their winter season buying just for us. So as a result the Ironclad Realtree gloves can now be found in Dick's Sporting Goods, Bass Pro and Gander Mountains just to name a few.

**Smallcaps.us:** Well this is impressive. Another opportunity that we would like to discuss is acquisitions. Do you have any plans in this area and how would you go about financing an acquisition?

**Scott Jarus:** Well, we have publicly announced in mid-2010 that Ironclad was interested in exploring possible strategic acquisitions. At that time we hired an investment banking firm to do a market assessment and make introductions. Unfortunately we were not able to close an acquisition as part of this process. However, we remain open to making strategic acquisitions which would be accretive to Ironclad and we are

still having continuing dialogue with several of the companies we talked to last year.

With regards to financing an acquisition strategy, we have the advantage of being a public company with access to the public equity and debt markets. During the process last year we were in discussions with several entities who offered to be financial sponsors for us and while we did not ultimately have the need to tap into these resources, we believe they are still available. And frankly given our extraordinary financial performance in 2010, I would think that there are additional resources we may now have access to.

**Smallcaps.us:** OK, well thanks for sharing that with us. It sounds like there's a lot of potential ahead for Ironclad. What do you think is most essential for our listeners to remember about your Company?

**Scott Jarus:** Well, it is really quite simple. Ironclad is the leader in the design,

development and distribution of technical task specific performance work gloves. Our distribution reach continues to grow and international opportunities have only been scratched. Ironclad's financial performance continues to improve enabling us to use the financial leverage of a profitable, growing public company. Our management team is arguably the best and the most experienced in the industry. We never stop innovating and see huge opportunities for growth in new market segments. And finally the Ironclad brand has become synonymous with quality, performance, and value.

**Smallcaps.us:** Fantastic. Well Scott, it's been great talking with you again, and we wish Ironclad all the best. Thank you for keeping us up to speed on your company and we look forward to another interview in the future.

**Scott Jarus:** Well it was my pleasure speaking with you today. Thank you.

## **Interview Feedback**

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<http://smallcaps.us/smallcaps-us-interviews-ironclad-performance-wear-on-2010-results-and-2011-outlook>

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