

Trickle Research

Every raging river, every great lake, every
deep blue sea starts ... with a trickle



Initiating Coverage



AXIL Brands, Inc.

(NYSE American: AXIL)

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12- 24 month Price Target: \$14.25

Allocation: 4

Closing Stock Price at Initiation (Closing Px: 01/30/26): \$6.81

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Disclosure: Portions of this report are excerpted from AXIL Brand's filings, website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

Company Overview

AXIL is engaged in the manufacturing, marketing, sale, and distribution of innovative hearing and audio enhancement and protection products, as well as professional-grade hair and skin care products under various trademarks and brands. Previously, on June 16, 2022, the Company acquired substantially all of the assets of AXIL & Associated Brands Corp. (“A&A”), a leader in hearing and audio enhancement and protection, which marked our initial entry into the hearing technology market. On February 14, 2024, the Company changed its name from “Reviv3 Procure Company” to “AXIL Brands, Inc.” to better reflect the breadth of our operations. On May 5, 2025, the Company incorporated a new wholly owned subsidiary, Sharper Vision Marketing Inc., which will offer marketing services, in an effort to capitalize on its internal marketing expertise and convert a historical cost center into a strategic advantage.

Following the A&A acquisition, we conduct our business primarily through two operating segments: hearing enhancement and protection, and hair and skin care. We concentrate on attracting new customers and retaining existing customers to increase our total revenue. For the fiscal year ended May 31, 2025, the hearing enhancement and protection segment and the hair and skin care segment accounted for approximately 94% and 6% of our revenue, respectively. Our newly incorporated subsidiary established on May 5, 2025, relating to marketing services, did not have any material activity for the year ended May 31, 2025.

The Company's strategy centers on driving growth by expanding market share within existing channels and developing new ones through both online and traditional platforms. The Company's primary focus is optimizing its e-commerce strategies, building sales teams to meet the needs of distribution channels, and enhancing value through strategic partnerships.

The Company's innovation strategy continues to prioritize technological improvements in the hearing enhancement and protection sector. The Company is actively evaluating opportunities to expand into adjacent verticals that leverage its existing consumer-facing capabilities. As part of this strategy, on May 5, 2025, AXIL established Sharper Vision Marketing Inc., a marketing services subsidiary to internalize a function that has historically represented a significant operating expense. This move is intended to allow the Company to both optimize its internal marketing efficiency and explore revenue opportunities by offering these services to third-party clients. AXIL plans to continue to prioritize investments that strengthen its core hearing protection and personal care businesses while strategically expanding into service-based revenue streams.

- Hearing Enhancement and Protection Segment

AXIL designs, manufactures, markets, and distributes advanced hearing enhancement and protection products for a wide range of applications and industries. Our product portfolio includes earplugs, earmuffs, earbuds, and outdoor speakers, many of which incorporate Bluetooth and wireless audio technologies. These products serve consumers in sporting goods, tactical, industrial, and recreational markets, as well as military, law enforcement, and federal agencies.

We currently offer 25 products across 46 stock keeping units (SKUs), with plans to expand the line. Product development is guided by consumer preferences and brand alignment, supported by third-party design services. Sales are primarily direct-to-consumer through our website (www.goAXIL.com), as well as through third-party e-commerce platforms, dealers, and national retail chains.

We were first introduced to the AXIL story just a few months prior to this initiation. We mention that time frame because typically our coverage decisions include a bit longer horizon between our initial introduction and ultimate initiation. In this case our relative urgency to get the name under coverage stems from a handful of topical attributes that we think are emerging around the name

that we think could lead to both near term and longer-term catalysts. Throughout this report, we will attempt to delineate in some detail what we believe are the most discernible of these attributes, but from a high-level, the Company's product platform has a rich and successful technical history, and current management has demonstrated traction in extending that the technology and the associated platform's reach into multiple consumer segments. More specifically, we believe the Company is in the midst of the accelerated expansion of a strategy that started with launching the AXIL brand over a decade ago, building brand awareness and product breadth through largely online channels, and then leveraging that brand awareness and associated commercial success by establishing additional relationships with large established major retailers as well as other applicable brands. In our view, that evolution has provided a setup that we think may lead to marked fundamental inflections in the business and its associated valuation.

Technology/Product Overview

Before we address the Company's technology and products, a brief physiology lesson might be helpful. From Defatta Health, [Do You Need to Treat Hunting-Related Hearing Loss? | Defatta Health](#):

The inner ear contains the cochlea, which is filled with fluid and lined with tiny hair cells called stereocilia. The stereocilia's job is to convert incoming soundwaves into electrical energy that travels via the auditory nerve to the brain to be interpreted as sound. When dangerously loud sounds pass through the ears, it can damage or destroy the stereocilia. Once damaged, the stereocilia do not regenerate, and permanent sensorineural hearing loss is the result.

AXIL is building a consumer product brand within and across the hearing protection industry. To that end we think it is important to recognize that *functional* hearing protection typically includes some form of innovation that supports that functionality. For instance, as we note in our **Industry Overview**, simply blocking out sound is not optimal or even safe in some instances, and as such "functional" is generally an important element for a successful hearing protection product/brand. That noted, we think it may be helpful to illuminate the history behind AXIL's technology because we think it reflects the value of the brand. We have provided a bit of that history in the brief narrative below.

Harris Hearing Group was founded in 1958, by Dr. Robert Harris. The Company was formed to provide hearing aid and associated services to hearing impaired customers. Later iterations of Harris Hearing Group included the introduction of new technology innovations such as TTY ("teletypewriter"), which transmits text-over-phone allowing individuals with hearing problems to communicate via telephone. In 2000, the Company formed SportEAR, to focus on the development and marketing of hearing technology/products for the hunting/shooting enthusiasts utilizing their deep hearing and audio knowledge to address new markets.

Succinctly, the Harris Hearing Group eventually became a company that today is called Diglo ([Diglo | Hearing Loss & Deaf Products | Harris Communications](#)), which continues to provide technology and services to the hearing impaired, while SportEAR is today, AXIL Brands. Again, we view that long history of audio and hearing knowledge as competitive attributes that AXIL delivers across its growing brand. Those attributes include 3 active and 1 pending U.S. patents, which in short address, "taking a physical sound wave and converting it to binary signals, allowing the recreation of a brand-new sound for the user. The digital technology screens background noises and filters out unwanted noises in milliseconds, constantly and automatically giving the user a comfortable listening experience".



As a bit of additional company history, prior to AXIL's entrée into the hearing protection business, the Company operated as a public entity called Reviv3. AXIL effectively came public through a merger with Reviv3, which provides hair and skin care products and remains an operating division of AXIL. However, Reviv3 provides less than 10% of AXIL's overall operating revenues, so we are not covering that enterprise as part of this report. That said, the following provides an overview of AXIL's existing hearing protection categories, which include ear plugs, ear buds and earmuffs, and various individual products therein. Further, the Company has established distribution relationships around these categories that we will touch on as well.

Recognize, the Company's approach is to develop a suite of products that can include multiple form factors (plugs vs. buds vs. muffs), with different levels of functionality (protection from harmful sounds, hear through capability allowing safes sounds to pass through, Bluetooth connectivity, charging and battery life capabilities and others) in a wide range of price points (\$2.00 to \$200.00) depending on features. The approach is to provide a product lineup that can appeal to a wide audience of consumers by offering varying levels of functionality at appropriate competitive price points.

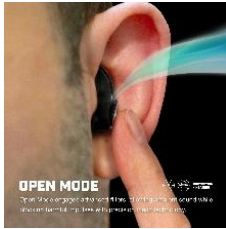
Succinctly, part of the strategy here is to continue to develop new technology advances that the Company can then integrate into the product suite to refresh and update the offerings. For instance, as reflected below, the Company recently introduced GS Extreme 3.0 ("Generation 3") ear plugs, which we believe is the first product to include the Company's new SonicShieldX™ technology, "*a new filter-on-microphone system that instantly suppresses impact sounds while letting natural voices and ambient audio come through with lifelike clarity*". We would expect them to continue to integrate SonicShieldX™ into new generations of their high performance sku's. As another example, we have seen them include next generation versions of Bluetooth with new product rollouts as well. To that end we believe the Company has Gen 4 technology in the queue, and future generations in development, and we believe the Company will look to introduce new generations every 18 months or so, which should provide them opportunities to leverage/upsell the existing customer base, as well as attract new customers with nextgen campaigns. That said, below is an overview of the current product slate, but we would reiterate that we expect the lineup to evolve over time.

Ear Plugs

The Company's ear plug line includes the three primary products noted below. These products are largely in-ear devices with varying levels of innovation:

- **Foam Ear Plugs.** The Company's foam ear plugs are a common noise mitigation product that are sold/distributed by a variety of companies. These products are designed to be compressed and inserted into the user's ear canals where they then decompress and block the ear canal effectively sealing the ear from outside noise.  These are generally disposable commodity products sold and distributed by various companies worldwide. AXIL's version of the foam earplug retails for approximately \$2.00 per pair, with lower pricing available for multiple pair purchases. These plugs have a "noise reduction rating" of **32dB**.
- **X20.** *AXIL's X20 earplugs are designed to provide the user with hearing protection against two types of noise: continuous noise and impulse noise. The X20 Earplug features multiple tip sizes and styles to choose from. This lets you fully customize what feels best for you while protecting your hearing. Ideal for extreme noise environments such as sleeping, air travel, concerts, auto racing, stadium events, shooting, machine shops, farming, roadbuilding, and construction; any situation where health and safety require the use of hearing protection i.e. where noise levels are above the safe limit of 85 dB.*  The X20 have a continuous NRR of 24dB and come in a variety of colors and retail for approximately \$16.00 per pair

- **X30i** In addition to the functionality of its predecessor X20, the X30i allows users to switch between full protection or “protection plus hearing”. *With a simple toggle switch, the X30i lets users instantly switch between full*



*hearing protection or hear-through mode. Users enjoy the flexibility of adjusting to their environment in real-time. When the user pushes on the bottom part of the toggle switch, they open the Sound Port. Now the product is in Open Mode, allowing the user to hear what’s going on around them **and** block out loud impulse noises. When they push on the top part of the toggle switch, they close the Sound Port. Now the product is in closed mode providing a block to all surrounding noise. The X30i provides continuous NRR of 13dB to 19dB and an impulse noise NRR of approximately 30dB.*



As we cover in the **Industry Overview** of this report, the ability to block out particularly hazard noise, which often manifest as blasts of intense noises, like gunshots or explosions, often referred to as “impulse sounds”, is paramount for effective hearing protection. However, being able to filter out those sounds, but still here other “continuous” or “safe” sound may also be important for effective communication and safety in some circumstances. For instance, the Company’s initial market, hunting and shooting, provides a good example of an instance where a user wants to mitigate the harmful effect of the sound of a gunshot, but also be able to otherwise communicate with others in their hunting party. The Company’s proprietary technology embedded in the X30i, allows for that dual functionality and it provides value across a variety of vertical markets outside of hunting & shooting, including industrial & construction, military & law enforcement power sports & aviation and a host of others. AXIL’s X3i ear plugs retail for approximately \$25 per pair.

Ear Buds

The Company’s ear buds line includes the four primary products noted below. These products are largely in-ear devices with varying levels of innovation:

- **XCOR.** *Experience cutting-edge HearPRO technology with XCOR, integrating 29 dB SNR hearing protection and enhancement to ensure you're fully immersed and safeguarded during your shooting and hunting expeditions. Keep your XCOR earbuds ready for action with the sleek XCOR earbuds feature intuitive touch controls for effortless audio and call management, blending technology with convenience. The Hear Control on the XCOR allows you to hear what's happening around you while protecting your hearing. The Digital Hearing Protection on the XCOR compresses loud noises rather than shuts them out/off. This allows you to hear all sounds around you, while the automatic compression protects against loud gunfire or other damaging noises over 85dB. 7-29 dB Single Number Rating (SNR). The XCOR earbuds retail for approximately \$130.*



- **XCOR PRO.** Along with the functionality of the XCOR, XCOR PRO includes a handful of additional features, the most prominent of which is that it is Bluetooth® enabled. This provides the same hearing protection, including AXIL’s hear-through mode, but also allows users to enjoy music or other desired audio content. We think that functionality obviously opens the door to additional markets/customers, and/or provides added value that makes it more attractive to legacy markets as well (hunters who like listening to music for instance). XCOR PRO retails online for approximately \$200.



- **GS Extreme 2.0.** *GS Extreme 2.0 delivers 3 products in 1; it's like having Bluetooth ear buds, noise isolation headphones and electronic earmuffs all in one product. The SportFit ear hooks to comfortably stay in your ear. The rechargeable lithium battery provides up To 25 hours of hearing enhancement & protection run time and includes control sticks for Bluetooth® and hearing & protection volume. Users can switch between Sound Enhancement & Protection Mode to Bluetooth Audio Mode, or use both at the same time with independent volume controls to tune to your environment. GS Extreme 2.0 includes 5.0 Bluetooth® audio for studio quality audio & hands-free communication. The hearing protection compresses loud sounds at 85 dB or louder and provides 13-23 dB NRR (depending on the ear tip style; foam provides more). GS Extreme 2.0 retails for around \$130.00*



- **GS Extreme 3.0.** *The GSX 3.0 takes AXIL's best-selling all-in-one hearing protection and enhancement system to the next level. Designed for shooters, hunters, workers, and anyone exposed to high-decibel environments, it gives you advanced situational awareness without sacrificing protection. At its core is SonicShieldX™ technology, protecting users from blasts and machinery while keeping them connected to everything happening around them.*



Built with the latest Bluetooth 5.3, the GSX 3.0 seamlessly blends hearing enhancement with crystal-clear audio streaming and phone calls. Its SmartSound Balance feature automatically manages sound levels between your environment and your media, keeping your hearing safe without dulling your awareness. When hearing enhancement is on, Bluetooth audio is safely volume-limited — when it's off, you can enjoy full, powerful sound. And with Tap & Go controls, switching modes or adjusting your hearing boost is quick, intuitive, and distraction-free.

Every detail of the GSX 3.0 is engineered for real-world performance. The Lock-n-Loaded fit system combines multiple concha locks, foam and silicone tips, and flexible earhooks for a custom, secure seal in any condition. Its IP65 rating keeps it safe from sweat, dust, and rain, while an upgraded Battery Boost system delivers up to 15 hours of combined use. Whether you're on the range, on the job, or outdoors all day, GSX 3.0 gives you total hearing control — smarter, stronger, and clearer than ever before. GS Extreme 3.0 retails for around \$120.00

Ear Muffs

- **MX PASSIVE.** *MX PASSIVE Earmuff Protection delivers consistent noise attenuation with a simple, durable design—perfect for demanding work environments and outdoor tasks. Built to withstand dust, sweat, and water, these earmuffs are also helmet compatible, ensuring robust, all-day protection without the need for electronic amplification. MX Passive is AXIL's base level earmuff, and in that regard is perhaps comparable to their foam earplugs in terms of functionality. For instance, it does not provide the hear-through functionality of*



AXIL's more robust offerings, nor does it include any Bluetooth® technology. MX PASSIVE retails for approximately \$25.

- **TRACKR™ Electronic.** *TRACKR™ Electronic Earmuffs give you a compact design for comfort and size for all your environments where you need to hear and protect your hearing at the same time. Clear, smooth sound enhancement lets you hear what you want while protecting your hearing from damaging loud sounds. Perfect for outdoor and indoor activities of all types, stadium events, tactical, auto racing, shooting, hunting, industrial, construction and more. TRACKR™ Electronic is AXIL's base model ear muff with their ambient sound hear-through functionality included. TRACKR™ Electronic retails for approximately \$50.00.*

- **MX ELECTRONIC.** *Experience dependable hearing protection with the MX ELECTRONIC Earmuff Protection. Designed to block harmful noise while enhancing safe, ambient sounds up to 6X, these earmuffs keep you alert and connected—whether at work, on the range, or during daily activities. Powered by 2 AAA batteries and featuring intuitive, button-controlled synced volume, the MX ELECTRONIC Earmuff Protection delivers high-fidelity sound in a durable, easy-to-clean design. With robust certifications and an extended 2-year warranty, it's engineered for performance, day in and day out. MX ELECTRONIC retails for approximately \$60.*



- **MX PRO.** *Experience the perfect blend of safety and situational awareness with the MX PRO Earmuff Protection. Engineered to block harmful noise while amplifying critical ambient sounds, it ensures you're protected and alert—even in the most challenging environments. Crafted for tough job sites, hunting, or daily use, the MX PRO delivers outstanding battery life, Bluetooth 5.4 connectivity, and rapid USB-C charging. Its robust design is dust, sweat, and water resistant, meeting strict international certifications for reliable, everyday performance. Enjoy high-fidelity sound with intuitive button controls and synced volume for effortless adjustment. With voice confirmation and advanced sleep mode features, the MX PRO keeps you connected and in control, whether on the range, at work, or enjoying outdoor adventures. The MX PRO retails for around \$105.00.*



In addition to offering a broad product lineup with varying form factors, functionality and price points, the



Company has also forged strategic partnerships designed to generate sales and awareness for the AXIL brand in both established and emerging verticals. For instance, the Company has a marketing agreement with Sig Sauer, a world-renowned firearms and ammunition manufacturer, wherein AXIL provides a handful of Sig Sauer labeled hearing protection products. These products are directed at AXIL's legacy hunting and shooting enthusiast market. However, more recently,

AXIL also created a partnership with NASCAR (National Association for Stock Car Auto Racing). We think this particular collaboration represents AXIL's efforts to attract customers by focusing on new verticals where their products provide value (loud speedways) and hitching those efforts to notable brands within those markets. We suspect the Company may attract more of these collaborations with trusted brands to break into new markets.



Industry Overview

There are various industry research companies that cover the hearing protection industry, and as is typically the case with industry analysis, there are differing assessments about the size and the projected growth of the industry. We have reviewed several of those assessments, and collectively those estimates suggest that the global Hearing Protection market is approximately \$2.5 billion today and is expected to experience a compound annual growth rate of 5% to 10%+ over the next 5 -10 years. We believe North America represents about 40% of that global market, or currently around \$1 billion.

There are a handful of issues that are typically cited as likely drivers of the anticipated continued growth in the hearing protection market. Some of those issues are regulatory, some center on the growing awareness of the negative and lasting impact of hearing loss, and others are related to the potential for new technologies and associated products that can reduce the impact of harmful noises and noise levels, while also allowing users to hear the things they need to hear. Following is a brief overview of some of these drivers as we see them.

- Regulation

In the United States, much of the hearing protection regulation is governed by the Occupation Safety and Health Administration (“OSHA”). Other countries/jurisdictions have similar regulatory bodies that oversee their own regulations. In terms of hearing protection regulations, OSHA has established standards that businesses and other organizations are required to meet to maintain a safe (noise) environment for its employees and constituents. Below is a good overview of requirements from the EI Group ([Protecting Your Hearing on the Jobsite: Hearing Conservation and OSHA Standards | The EI Group](#)) and the following URL is a link to the OSHA regulation itself ([1910.95 - Occupational noise exposure. | Occupational Safety and Health Administration](#)):

Hearing loss is 100% preventable, but once it occurs, it is permanent. OSHA’s regulations provide a solid foundation for protecting workers, but the most effective programs go beyond compliance. Prioritizing hearing conservation is not only a legal requirement, but also a commitment to long-term employee health and well-being.

OSHA’s Occupational Noise Exposure Standard (29 CFR 1910.95) lays out requirements for protecting workers from the harmful effects of noise. Here are the key components:

1. Permissible Noise Exposure Limits

OSHA sets the permissible exposure limit (PEL) for noise at 90 decibels (dBA) over an 8-hour time-weighted average (TWA). For every 5 dBA increase in noise level, the permissible exposure time is cut in half. For example:

- 90 dBA = 8 hours
- 95 dBA = 4 hours
- 100 dBA = 2 hours

2. Hearing Conservation Program (HCP)

If workers are exposed to noise levels at or above 85 dBA TWA (the action level), employers must implement a Hearing Conservation Program, which includes:

- *Noise Monitoring: Regular assessment of noise levels in the workplace.*
- *Audiometric Testing: Baseline and annual hearing tests to detect early hearing loss.*

- **Hearing Protection Devices (HPDs):** Providing appropriate earplugs or earmuffs at no cost if noise exposure exceeds the PEL.
- **Employee Training:** Annual training on the effects of noise, proper use of hearing protection, and the importance of audiometric testing.
- **Recordkeeping:** Employers must maintain records of noise exposure measurements and audiometric test results.

For reference, **Table 1.** below from the Hearing Health Foundation provides a look at what 90 decibels (dBA) sounds like in terms of common sounds we might all be exposed to. As the table reflects, it does not take much to trigger regulatory decimal levels, which we think elevates the need for hearing protection devices to mitigate that noise and in turn comply with the regulations ([Keep Listening | What Are Safe Decibels? — Hearing Health Foundation](#)):

Table 1.



From the Centers for Disease Control (“CDC”), ([Overall Statistics – All U.S. Industries | Noise and Hearing Loss | CDC](#)). Much of the source of this data can be accessed through this link ([Study Finds Over Half of Noise-Exposed Workers Do Not Use Hearing Protection When Exposed to Noise on the Job](#)):

- *About 25% of all workers have been exposed to hazardous noise, with 14% (22 million) exposed in the last year.*
- **53% of noise-exposed workers report not wearing hearing protection.**
- *Approximately 12% of all workers have hearing difficulty.*
- *About 8% of all workers have tinnitus.*
- *About 20% of noise-exposed tested workers have a material hearing impairment. Hearing impairment is hearing loss that impacts day-to-day activities.*
- *13% of noise-exposed tested workers have hearing impairment in both ears.*

The two previous pieces of information from OSHA and the CDC offer some contrasts that we think are topical to AXIL. Specifically, while OSHA provides standards that require compliance to achieve hearing protection thresholds, a large portion of enterprises, workers or both, that are exposed to harmful noise levels are not complying with the regulations, and apparently among those surveyed to generate the CDC statistics it appears much of the problem may rest in workers not wearing hearing protection. Obviously, if they do not have protection, or, they do not use the protection they have, it will not mitigate their exposure to harmful noise. That brings us to our next bullet point, awareness and education.

As an extension of the regulatory requirements above, enterprises employing people in environments where hearing protection is topical should understand that, beyond the ethics of simply protecting workers as much as possible *from any* danger, failure to protect workers (or oneself) from harmful sounds can lead to other costly comorbidities and associated negative results and studies suggest causality therein. From the National Institutes of Health (“NIH”), ([Incident Hearing Loss and Comorbidity: A Longitudinal Administrative Claims Study - PMC](#)):

Hearing health in adults in mid-to-late life is a national priority. More than 50% of US adults 60 years or older have clinically meaningful hearing loss that affects everyday communication, with more than 73 million US adults expected to be affected by 2060.

In addition to its high prevalence, hearing loss is also linked to adverse health outcomes. The consistent association of hearing loss with accelerated cognitive decline and incident dementia has been increasingly recognized, and treatment of hearing loss in mid-to-late life could prevent 9% of dementia cases globally. Hearing loss is also independently related to disability, falls, and depressive symptoms.

Biological mechanisms of hearing loss have been proposed, particularly in the context of hearing loss and cognition, suggesting that the association between hearing loss and functional outcomes in older adults may be causal. If this association is causal, because hearing loss is prevalent and treatable, understanding the association between hearing and morbidity has major public health implications for disease prevention and health promotion.

Further, also from NIH ([Estimating the global costs of hearing loss - PubMed](#)):

The vast majority of hearing loss goes unaddressed, yet hearing loss poses a significant annual economic global burden of \$981 billion, as shown in this conservative cost-analysis. Most of these costs are due to the impact of hearing loss on quality of life and loss of productivity. For children additional education costs are substantial, while for all there are also additional, and potentially avoidable, long lasting excess non-hearing health care costs, that may reflect higher levels of multi-morbidity. Further research is needed, especially in low and middle-income countries, to generate country-specific estimates of costs and study the cost-effectiveness of available interventions in mitigating the economic impact of hearing loss.

Clearly, beyond the individual human toll, hearing loss carries with it marked (although often avoidable) economic burden, and that burden is manifested in, among other things, higher healthcare costs associated with comorbidities, reductions in employee productivity on the job, lost days and others. Succinctly, while hearing loss is the third most common chronic condition found in older adults in the U.S., given its prevalence despite clear alternatives to mitigate it, we are not sure that its negative impact is fully appreciated.

- Awareness and Education

To reiterate, as the CDC notes, over half of noise exposed workers do not wear hearing protection. While certainly some of that may be related to not having access to noise mitigation equipment, we are quite confident that the greater reason has to do with workers not using the equipment they have, which begs the question, “why do noise exposed workers choose not to wear protective equipment”? To that end, here are some observations that we believe are quite topical from Audicus, which is an enterprise that assists people with hearing loss, ([Why Workers Don’t Wear Hearing Protection \(And How to Change It\) | Audicus](#)) :

Discomfort and Poor Fit-

Comfort is one of the most cited reasons workers avoid hearing protection. Foam earplugs can create pressure inside the ear canal and cause irritation. Earmuffs, while effective in loud environments, can feel bulky, hot, or heavy after several hours of wear. When devices are uncomfortable or poorly fitted, workers tend to take them out during shifts, leaving them unprotected during critical periods.

This problem often stems from a one-size-fits-all approach. Employers may distribute a single type of hearing protection, but if it does not fit properly or feel comfortable, workers are less likely to use it consistently. ***Research shows that providing options that account for different preferences and fit can make a meaningful difference in long-term compliance.*** Even simple steps, such as educating workers on correct use and fit, can improve comfort and reduce resistance to wearing protection.

Communication Challenges-

In many job sites, clear communication is as important as protection. Workers may need to respond to instructions, hear alarms, or interact with coworkers in real time. Standard earplugs can block these important sounds, which leads workers to believe that removing them makes the job safer. This creates a dangerous trade-off between communication and protection.

Some workers also fear “overprotection,” where devices block out so much sound that they cannot hear what they need to do their jobs. This is especially true in construction, emergency response, and aviation, where environmental awareness can save lives.

Lack of Training and Awareness-

*Another key barrier is knowledge. Workers who are not trained properly may not know how to insert earplugs correctly, which reduces comfort and effectiveness. In other cases, **workers underestimate the risk because hearing loss develops gradually over time.** They may think occasional exposure is not enough to cause harm, even though repeated exposure adds up.*

Effective training programs can help workers understand that noise-induced hearing loss is permanent. Demonstrations on how to fit and wear protection properly can also reduce discomfort complaints and encourage regular use.

The Consequences of Not Wearing Hearing Protection-

The consequences of not wearing protection are long lasting and often life changing. Noise-induced hearing loss is irreversible, because once the delicate hair cells inside the inner ear are damaged, they cannot regenerate. Workers may first notice difficulty understanding speech in noisy settings or experience tinnitus, a persistent ringing in the ears that can interfere with concentration and sleep.

The impact goes far beyond hearing-

- ***Safety risks increase when workers cannot hear alarms, moving equipment, or coworkers’ warnings.***
- ***Work performance declines, since communication problems make collaboration and efficiency more difficult.***

- *Financial strain grows, because treatment and hearing aids can be very expensive, leaving those without coverage with hefty out of pocket costs.*
- *In many cases, workers with untreated hearing loss also face reduced job opportunities, especially in fields where communication is essential.*

Again, we think this analysis from Audicus is spot on, but we highlighted a few of the observations they note that require some additional consideration with respect to AXIL and its products.

First, ***“...Comfort is one of the most cited reasons workers avoid hearing protection... Research shows that providing options that account for different preferences and fit can make a meaningful difference in long-term compliance.***

As we cover in the **Technology/Product Overview** AXIL’s product mix includes several form factors that can provide hearing protection, including ear plugs, ear buds and earmuffs. Clearly, the Company recognizes the “one-size-fits-all” dilemma, and their solution is to provide multiple options to effectively create more “sizes”. We would add, some of the Company’s products also come with a variety of sizes and material types of buds that the user can interchange to their personal fit. In short, we think the broad product range is directed at overcoming some of the comfort objections the industry faces, which can help drive better compliance.

Second, as we also review in the **Technology/Product Overview**, AXIL provides several products embedded with technology that allows users to filter out the most dangerous sounds but still hear safe sounds. In that regard, we think it is safe to suggest that the Company’s intellectual property and associated patents, as well as its new technology and future technology that is current development (“Gen4” and beyond) is largely focused on enhancing “continual sound” while blocking out dangerous “impulse sounds”. Recognize, the ability for a hearing protection product to achieve that balance between hearing protection and situational awareness is not subtle.

To reiterate, protecting workers from dangerous noise is a matter of federal regulation, but getting employees to actually use the protection products provided to them is matter of compliance and oversight, and scaling that oversight is problematic. To edify, while an employer has a duty to protect employees from harmful noises, shutting down loud machines is not a solution. On the other hand, providing employees with effective noise protection products is practical, but scaling it is still a problem. That is, they can provide the products, but how does a construction company ensure that 200 workers on a particular job site are all wearing them? From a practical standpoint, in our view, the best way to do that is to address the reasons workers reject them in the first place, some of which we noted above. However, recognize that even if an employer can get each employee to wear hearing protection for 100% of every shift they put in, that success may in fact be exposing *some of those* employees to safety risks that are more acute than the risks they face from damaged hearing. That brings us to our final point.

“...Some workers also fear “overprotection,” where devices block out so much sound that they cannot hear what they need to do their jobs. This is especially true in construction, emergency response, and aviation, where environmental awareness can save lives... safety risks increase when workers cannot hear alarms, moving equipment, or coworkers’ warnings...” While we have gone to some length above to illuminate the benefits of using hearing protection to prevent hearing loss, that pursuit has limits. That is, there is such thing as *too much* hearing protection, and we do not think that is a particularly provocative statement. Again, from Audicus:

Listening with hearing loss requires effort. People must focus intently to understand words or detect sounds, which leaves fewer mental resources for other tasks. This is called “listening effort.” At the same time, workers may be climbing ladders, carrying materials, or monitoring machinery. Dividing attention between hearing and balance makes slips, falls, or delayed reactions more likely.

It is similar to trying to hold a conversation while solving a complex math problem; one task suffers when another demands more focus.

Clearly, there are many industrial and other settings where, while it is important for workers to be protected from harmful sounds, their safety may be compromised by not being able to hear safer continuous sounds. Those instances may include things like communicating with other workers, which is often paramount for everyone's safety, as well as being able to hear warnings or other audible signals designed to prevent accidents; a truck backing up, or a fire alarm for instance. Put another way, for hearing protection to be truly functional and truly safe, it must both mitigate and accommodate different types/levels of sound. Again, we believe AXIL's products and technologies designed to filter out bad sounds but allow safe sounds, address this critical tradeoff.

Operating Overview

We recognize that much of the above involves the "broad strokes" of hearing protection, and while we have argued that it is an underappreciated problem, it is not exactly an underserved market. Succinctly, there are several well recognized names making industrial/safety hearing protection products, others that are focused more on more consumer/music related products, and still others offering more custom solutions such as custom molded ear plugs. Here is a list of *some of* the larger industry players that we believe AXIL competes with:

- **3M Company (NYSE: MMM):** *A leader in the hearing protection industry, 3M produces a wide array of earplugs and earmuffs under the PELTOR™ and E-A-R™ brands.*
- **Honeywell International Inc. (NASDAQ: HON):** *A major competitor in the safety market, offering products through its Howard Leight™ and VeriShield™ lines.*
- **MSA Safety Incorporated (NYSE: MSA):** *Focuses on specialized safety equipment, including helmets and ear protection for industrial, fire service, and mining sectors.*
- **Sonova Holding AG (OTC: SONVY / SIX: SOON):** *A Swiss company that owns Phonak, which produces hearing protection products like the Serenity Choice™ series.*
- **Haven Technologies Inc. (ISOtunes):** *Combines hearing protection with Bluetooth and communication features.*
- **GSM Outdoors (Walker's):** *Focuses on shooting and hunting hearing protection.*

As the list above reflects, the hearing protection industry appears to be a place where small unknown players might face considerable barriers to entry from large entrenched diversified competitors along with several smaller perhaps more focused players. On the other hand, as we noted in the **Technology/Product Overview** above, AXIL is not new to the business as its origins in the treatment of hearing loss go back decades. More specifically, its entree into consumer hearing *protection* products stems from their original founder's interest in hunting and shooting. That combination of interests in hearing loss and the impact of hunting/shooting on hearing loss are related. Specifically, guns pose particularly acute risks to users, especially those who are unprotected. To that end, from Mayo Clinic ([Huh? Hunting and your hearing - Mayo Clinic Health System](#)):

Studies show that people who use guns are more likely to develop permanent hearing loss than those who don't. Shooting without hearing protection practically guarantees you will suffer at least some degree of hearing loss in your lifetime. Aging and heredity also contribute to hearing loss, but exposure to noise, especially noise from guns, is the one preventable variable that you can control to reduce your risk hearing loss.

To put things into perspective, the Occupational Safety & Health Administration (OSHA) recommends that on-the-job noise exposure to noise of 115 decibels (dBA) not exceed 15 minutes

per day. A .22-caliber rifle produces a noise level of 140 dBA, and a typical deer rifle can produce noise greater than 175 dBA.

Sound levels can increase at firing ranges where sound waves bounce off walls. Permanent hearing loss can occur with a single shot if no hearing protection is used. In addition to hearing loss, tinnitus, or ringing in the ears, can develop temporarily or permanently.

To connect the dots, the Company has cut its teeth in what is perhaps the most acute sector of the hearing protection market given the extreme decibel levels associated with the hunting/shooting segment(s), as well as the advantages their ‘hear through’ functionality provides hunters with respect to also being able to hear the continual sounds in their environment. In that regard, historically the Company has been able to build their brand in the hunting/shooting segment largely via online direct-to-consumer marketing efforts. Those efforts have allowed them to build the business through annual revenue rates in the 25 million+ range as fiscal 2025 (ended May 31, 2025) revenues were \$26.3 million. In mid calendar 2024, the Company signed a distribution agreement with Kinsey’s Inc. a recognized “*distributor of outdoor/hunting products serving more than 7,000+ retailers nationwide as well as eCommerce, National Mass Merchant, and International export channels.*”. Subsequent to that agreement, in 2025 the Company announced initial distribution agreements through both Costco and Walmart, and we expect those agreements to make increasing contributions to revenue going forward. The Company has guided to a target of selling in 6,000+ retail stores through fiscal 2026 (ended May 31, 2026).

We think the Kinsey agreement was a milestone for AXIL because it marked the Company’s launch into traditional retail channels, along with its legacy direct-to-consumer efforts. It is important to note that in our view, their ability to add major retailers is based in part on the success they have created in building the brand through their direct-to-consumer blocking and tackling. Without the dogged work done to elevate awareness of the brand and establish it as a viable competitor in the space, we cannot imagine them getting in the door at Costco or certainly Walmart. That said, we think these added channels will provide a new leg of growth for AXIL, which should be amplified by new product launches around some of the nextgen technologies we referenced above. We also believe these new channels will continue to raise awareness of the brand, and we think these new initiatives will collectively create a new growth leg for AXIL. Here are some of the operating minutia as we see it.

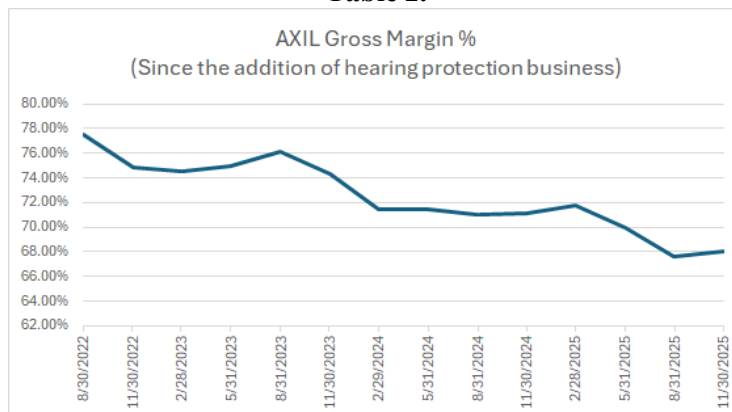
From the 10,000 foot view our thesis is that AXIL will experience measurable revenue growth based on a handful of evolving themes. Specifically, new channels (big box retail), new products (Gen3, Gen4+ technology introductions), new markets (beyond hunting/shooting), new potential licensing agreements (like Sig Sauer and NASCAR) and ultimately international sales. We think those themes will continue to drive brand awareness, which will in turn drive revenues. That said, we expect revenue visibility to remain difficult as new initiatives roll out, which will make the modeling and analysis challenging. For instance, the historic numbers do not provide many insights into data we might normally rely on to project future performance. Specifically, given the consumer product nature of the business, we would normally expect to see measurable seasonality in the business around, for example, the Christmas selling season, but that has not seemed to be the trajectory in the past. We speculate that the revenue variability has to this point been more driven by the timing of new product introductions, online promotions, licensing deals, initial retail placements and others. Also, the atypical fiscal year end (May 31), adds to that because it splits the typical holiday season over two quarters. Whatever the case, they are not seasonal catalysts we have been able to identify.

Going forward, we think it is reasonable to expect the new retail points of sale to generate increasing portions of the sales mix. We submit, some of that path might be at the expense of their online direct-to-consumer channel. That is, we suspect their new retail relationships may cannibalize some of the B2C business. However, that dilemma should be mitigated as the retail reach continues to drive awareness/penetration of the brand. In that event, that risk of cannibalization could be short lived and minimal.

From another perspective, if retail sales do in fact become a bigger portion of the whole, we would expect to see results trend to seasonality more in line with typical consumer discretionary goods largely sold through big retailers. For instance, industry data suggest that the 4th quarter of the **calendar year** typically accounts for 1/3rd of all firearm sales. From another perspective, estimates suggest that for instance privately held major outdoor retailer Cabela’s generates between 35% and 40% of its annual revenues in the 4th calendar quarter. Again, our sense here is that if large retailers become a growing portion of the Company’s sales, we would expect those sales to take on more traditional seasonal results but as we noted, that factor may be split between Axil’s 2nd and 3rd quarters (November 30, and February 28 respectively).

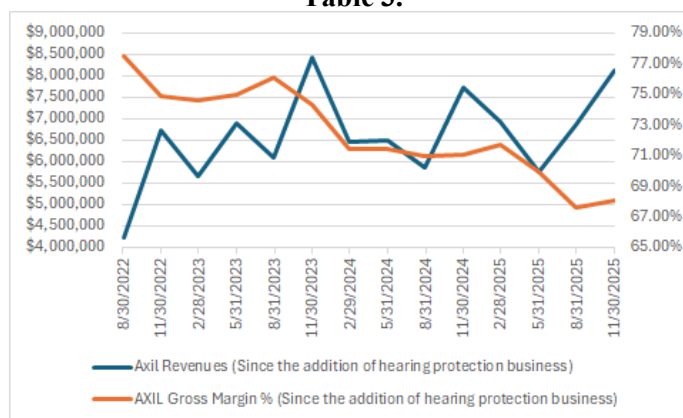
Historically, the Company has generated the following gross margins:

Table 2.



Here again, it is unclear to us how the timing of new product introductions, online promotions, licensing deals, initial retail placements and others may have impacted gross margins. We know for instance that the Company has utilized online promotions that include discounts, bundles and other similar approaches that have impacted pricing, and we also know that their initial distribution through retailers began in mid-calendar 2024 and likely began impacting sales in late calendar 2024 and beyond. To that end, **Table 3** below reflects the Company’s quarterly revenues and respective gross margins. While this is a small sample, we think the table reflects some negative correlation between margins and sales.

Table 3.

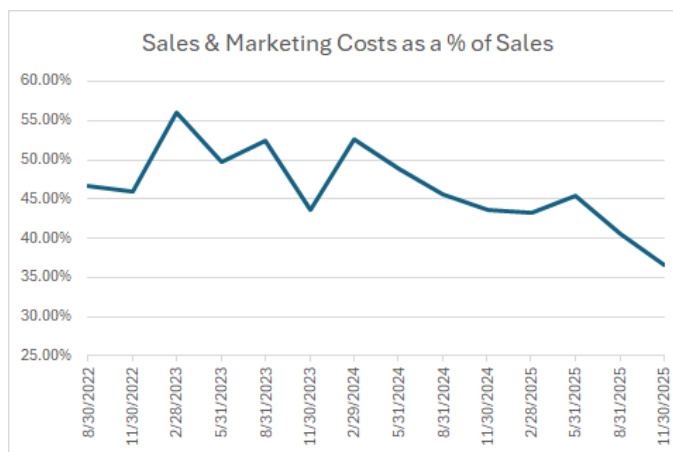


Our general view is that as sales trend toward more retail distribution, margins will likely be lower than in the pre-retail distribution time frame (mid-calendar 2024 and prior). There are two variables that may drive

that trend, and they include pricing pressure from large retailers, and lower online pricing *because of the pricing pressure from those retailers*. To edify, it will be difficult to sell products online for higher prices (or even lower prices for that matter) than those sold through retailers. As a result, we have modeled our margins in line with that concept. That is, as sales through retailers make up a larger portion of the sales mix, we are modeling lower overall margins.

On the other hand, presumably the Company’s traditional B2C model, like most B2C models, requires considerable cost to acquire an online customer. That is especially true when a brand is trying to build product awareness/adoption. As a result, while we see the retail distribution piece providing some margin pressure, we also think that piece will help drive the profile and awareness of the brand. In our view, customer acquisition costs associated with most B2C models are really focused on creating customer awareness. As a result, while perhaps creating some of the aforementioned margin pressure, we also think the awareness created by their expanding retail presence could lower marginal customer acquisition costs on the B2C side, which may be reflected in lower marginal Sales and Marketing Costs. As **Table 4** reflects, that seems to be the current trend, and some of that may correlate with the launch of retail distribution in late calendar 2024 and beyond.

Table 4.



Moving down the Operating Statement, we expect the Company to realize marked leverage from the remainder of the operating expenses (Compensation and Related Taxes, Professional and Consulting Fees and General and Administrative Expenses), as we do not see these line items increasing commensurately with revenues. Collectively, we expect the marginal compression in overhead to offset much of the margin pressure they may see from the growing retail distribution arrangements. As a result, we expect operating margins to expand as sales increase.

Lastly, as we noted, we expect revenues to expand as the Company adds points of retail distribution. To that end, they have noted that they expect to be in 6,000 retail stores by year end Fiscal 2026 (ended 05/31/26) up from 2,000 currently. We are confident they will get there since they just announced a national rollout with Walmart (3,700 stores). However, we would note, the Walmart rollout involves the Company’s X30 LT advance filter earplugs, which retail for something around \$25, which is on the lower end of their respective product lineup. That perhaps contrasts with their rollout in Costco (600+ stores), which in our channel check sells AXIL’s XCORPRO ear buds for \$120.

Currently, AXIL does not provide much segment information, so we do not know what the current sales mix includes (direct to consumer vs. retail) but we are looking to them to provide that in future reporting periods. Further, our thesis here is that they will continue (beyond Walmart) to add *more* retail distribution, which we suspect will include international markets as well, and we are also constructive on the prospects of them adding sku’s into existing relationships (Walmart for instance). That said, it is not clear what the

contribution from the new rollouts will be initially. Moreover, while we believe they will likely add sku's into their retail distribution footprint, we have no visibility around what the cadence of that might be. As a result, we are modeling a relatively "orderly" or perhaps linear growth path going forward, but our expectations are that it will likely be much lumpier than our model reflects. We expect to adjust the model as more results are posted and visibility improves. Regardless, we expect revenues for the second half of fiscal 2026 vs. the first half, and thereafter fiscal 2027 vs. 2026 (and beyond) to reflect favorable comps.

Management Overview

Jeff Toghraie - Chief Executive Officer and Chairman of the Board of Directors

Jeff Toghraie has served as our Chief Executive Officer and as chairman of our Board since June 2015. Mr. Toghraie joined Intrepid Global Advisors in October 2010 and is a managing director and principal of that firm. During the past 22 years, Mr. Toghraie has been involved with various privately held development stage companies as a director and/or in advisory positions.

Mr. Toghraie brings more than 20 years of experience in our industry. His background working with development stage companies and vast business and operational experience, provide us with the expertise to implement complex and innovative strategies makes him uniquely suited to serve on our Board.

Jeff Brown - Chief Financial Officer, Chief Operating Officer & Member of the Board of Directors

Jeff Brown has served as our Chief Operating Officer since March 2017 and as a member of our Board since February 2024. Prior to that, from July 2016 to March 2017, Mr. Brown held consulting positions at Polar Solar Inc., a company responsible for making commercial solar panels available to the residential market, and Mind Fitness Lab, a technology company that developed and distributed mobile applications for mental health professionals. From June 2012 until July 2015, he was the President of RNA Pro, a company that distributed agricultural supplements. He holds a master's degree in business administration from Pepperdine University and a bachelor's degree in political science from University of California, Irvine.

Mr. Brown brings over 15 years of operational experience in our industry. His experience, deep industry knowledge, and comprehensive understanding of the execution and operational needs of a fast-growing business allow him to provide targeted and forward-thinking insight to our Board.

Nancy Hundt - Member of the Board of Directors, Chair of the Compensation Committee, and Member of the Audit Committee and Nominating and Corporate Governance Committee

Nancy Hundt has been a member of our Board since May 2015. She has served as chief operating officer of Academy Optical, Inc., a prescription eyewear retailer, since February 2019. Prior to that, from September 2009 to February 2019, Ms. Hundt served as director of operations for Academy Optical, Inc. Additionally, Ms. Hundt has served as a representative of the American Board of Opticianry, an optical industry retail group, since October 1991.

Ms. Hundt brings to our Board more than 30 years of strategic planning and advising experience in the retail industry. She has a diverse background as a consultant and retail sales expert, and she has a strong understanding of our business strategy.

Manu Ohri - Member of the Board of Directors, Chair of the Audit Committee, and Member of the Compensation Committee and Nominating and Corporate Governance Committee

Manu Ohri has been a member of our Board since February 2024. Mr. Ohri has served as chief financial officer of GT Biopharma, Inc. (NASDAQ: GTBP) since February 2022. Prior to that, from January 2010 to November 2015, Mr. Ohri served as a management consultant for Anarjay Concepts, Inc., where he provided management consulting and business advisory services to privately-held and publicly traded companies. From December 2015 until December 2019, Mr. Ohri served as chief financial officer of ToughBuilt Industries, Inc. (NASDAQ: TBLT) and was appointed as a member of the company's board of directors. Mr. Ohri is a Certified Public Accountant and Chartered Global Management Accountant with over seven years of experience with Deloitte, LLP and PricewaterhouseCoopers, LLP. He holds a master's degree in business administration from the University of Detroit and a bachelor's degree in commerce from the University of Delhi.

Mr. Ohri has over 30 years of experience working with boards of directors and financial institutions and with compliance with U.S. and international financial accounting and reporting standards, investor relations, mergers and acquisitions, strategic planning, and team-building and project management. He brings to our Board a diverse set of skills, experience, and industry knowledge.

Peter Dunne - Member of the Board of Directors, Chair of the Nominating and Corporate Governance Committee, and Member of the Audit Committee and Compensation Committee.

Peter Dunne has been a member of our Board since February 2024. From March 2010 until December 2023, Mr. Dunne served as president of Peter Dunne Investments, LLC, a corporate advisory firm, where he served as an advisor and consultant to several US and international firms on the viability of entering the Asia markets. Prior to heading his international consulting firm, Mr. Dunne acted as a transactional advisor to many high-profile mergers and acquisitions including the financing and development of the Forum at Caesars Palace in Las Vegas, the acquisition of the Ralph Lauren headquarters in New York City, the acquisition of the Beverly Wilshire Hotel, the acquisition of the Four Seasons Hotels in New York and Milan. He holds a bachelor's degree in business administration from St. John's University.

Mr. Dunne brings more than 20 years of experience in strategic planning. Mr. Dunne's extensive involvement in strategic planning across a variety of domestic and international consumer and retail industries brings a unique and valuable perspective to our Board.

Risks and Caveats

Much of our thesis around AXIL focuses on their addition of new retail distribution agreements, most notably with the Holy Grail of retail distributors, Walmart. We think it is fair to suggest that getting in the door at Walmart is not easy, and certainly some of that success is based on the Company's traction building the brand in the B2C space. That said, there is no guarantee that AXIL's products will sell-through at retailers like Walmart and Costco. Further, as we discussed prior, we expect *some* cannibalization of their B2C business, but if that dynamic is more pronounced than we anticipate the Company will not perform to our expectations.

Along the same lines, we have argued that we believe their retail distribution agreements will likely lead to modestly lower overall gross margins. That pricing pressure could prove greater than we are anticipating, in which case our model will likely prove aggressive, as will our resulting targets. We have also argued that we believe their marginal Sales & Marketing costs (as a percentage of sales) will improve, in part because of a minimized reliance on driving B2C sales. The reality may be that they will need to spend *more money* continuing to market the brand than we are modeling, which will also negatively impact our model and target assumptions.

As we noted in this report, AXIL competes with large, entrenched players including 3M and Honeywell, as well as a myriad of other competitors. While in our view, management has done an impressive job moving the business to the current level (including the recent additions of Costco and Walmart), continuing to grow the business, especially at the pace we are projecting, will likely require AXIL to chip away at the market share of those other, and in some cases much larger competitors. Those efforts will not go unchallenged, and as such we expect them to continue to face marked competition from others in the space. Moreover, that competition is perhaps most likely to come in the form of pricing pressure, which could negatively impact our model assumptions. While innovation and differentiation will likely be necessary for AXIL to maintain, or certainly to grow market share, there is no guarantee that they will be able to achieve those means.

The Company has noted in past filings that tariffs have negatively impacted their business. Tariffs may continue to be problematic going forward.

AXIL's shares are generally thinly traded, which often leads to marked volatility in the share price. That may continue to be the case in the foreseeable future.

The Company sells discretionary consumer products, which as a group are typically quite negatively impacted by slowing economic activity, especially recession. In that (those) event(s), our model and target assumptions will likely prove aggressive.

While the Company's Balance Sheet currently appears to be adequately liquid, if the Company fails to continue to operate profitably, that liquidity could be negatively impacted. In that event, the Company may be forced to seek financing that could prove dilutive to shareholders.

Our sense is that the Company relies on a relatively small number of key people to execute the business plan. That posture carries obvious risks with respect to the performance and continued employment of those individuals.

These are just a few of the more visible risks associated with AXIL. There are likely others we have missed and/or others that may not be apparent at this time.

Summary and Conclusion

AXIL includes several characteristics that we think may translate into a compelling expansion of its underlying valuation over the next 12 to 24 months.

First, from the 10,000 foot view, the hearing protection industry includes both a considerable legacy base as well as opportunities for growth, and those opportunities include both domestic and international markets. The growth is being driven by both regulation and awareness of the collective dangers associated with hearing loss, and those dangers include both human toll as well as economic loss.

The above said, the opportunities in the hearing protection industry are not a secret, as it includes some large and entrenched players such as Fortune 100 companies like 3M Company (NYSE: MMM) and Honeywell International Inc. (NASDAQ: HON), as well as other competitors that are considerably larger than AXIL. As we referenced in the **Risks and Caveats** section above, competing with companies of that size and pedigree can be especially challenging for small companies, but it is certainly not impossible or even improbable as there are many examples of small companies that have done so across a myriad of industries. Along those lines, we are of the view that the industry has room for new products and innovation, which in many industries tend to come from smaller emerging players, and we believe that in part because of some of the industry statistics we noted above. Specifically, *53% of noise-exposed workers report not wearing hearing protection*. While there is most certainly more than one reason for that, we know that surveys suggest that some of the reasons workers do not wear protection include comfort, inability to hear other safe sounds that may also be important to their safety and a host of others. Other segments of the hearing protection market reflect even lower levels of compliance, for instance, some studies reflect that over 80% of hunters never wear ear protection. Despite some large, entrenched players, the hearing protection industry appears to be reaching perhaps considerably *less than half of its potential customers*. We believe some of those untapped customers could be the sweet spot for AXIL. That brings us to AXIL's new channels.

Prior to the past 18 months or so, AXIL built the brand and sold its products almost exclusively through online, direct-to-consumer efforts. Their success in that regard is underscored by their ability to grow the business within that channel to \$27.5 million annually. Moreover, we believe their success in the online B2C space has led to initial specialty retail distribution through companies like BassPro, Sheels, Sportman's Warehouse (Nasdaq: SPWH) and others, and more recently through major warehouse retailer Costco Wholesale Corporation (Nasdaq: COST) and most recently the world's largest retailer, Walmart Inc. (Nasdaq: WMT). We believe AXIL's success building the brand organically has led to these opportunities, and we believe these new collective retail distribution points of sale (6,000+ by the end of fiscal 2026 – May 31, 2026) will provide a basis for a new leg of growth for AXIL. (By the way, that fact was not lost on the street, as the shares traded up nearly 100% and traded over 28 million shares on the day the Walmart rollout was announced and that volume represented many multiples of the average daily volume). Further, we also think these new points of sale will continue to enhance the visibility/recognition of the brand, which should also help drive sales and ultimately new sales opportunities. That brings us to another opening that we think growing brand awareness may afford AXIL.

There are many businesses, organizations and government agencies/departments that employ large numbers of people exposed to dangerous noise and therefore should be using hearing protection. These groups include manufacturing, construction, mining, transportation & aviation, public safety, military, music & entertainment and a host of others. While we suspect some of AXIL's largest competitors are likely to have inroads into many of these large markets/customers, we think AXIL's growing brand recognition, coupled with their continued focus on innovation, may open the door to some of these opportunities. We have not modeled that potential, but we think it may be a wild card in the story.

We believe there is marked leverage in AXIL's operating model. To reiterate, while we see their new retail distribution opportunities leading to lower gross margins, we think that operating leverage will outrun the gross margin compression and lead to expanding operating margins on higher sales. That detail embodies much of our enthusiasm for AXIL's shares. That is, we believe the Company's new retail distribution breadth should contribute to robust revenue growth, which when combined with the expanding operating margins should lead to an earnings path that speaks to markedly better valuations for the underlying shares. As a result, we are initiating coverage of AXIL shares with typical opening Allocation of 4, and a 12-24 month price target of \$14.25. We will revisit each more data points emerge.

Projected Operating Model

AXIL Brands, Inc.						
Projected Operating Model						
Prepared by Trickle Research						
	Actual	Actual	Estimate	Estimate	Estimate	Estimate
	08/30/25	11/30/25	02/28/26	05/31/26	Fiscal 2026	Fiscal 2027
Sales, net	\$6,856,218	\$ 8,134,859	\$ 9,118,800	\$ 9,496,800	\$ 33,606,677	\$ 43,963,296
Cost of sales	2,221,284	\$ 2,598,622	\$ 2,952,900	\$ 3,096,540	\$ 10,869,346	\$ 14,666,621
Gross profit	4,634,934	\$ 5,536,237	\$ 6,165,900	\$ 6,400,260	\$ 22,737,331	\$ 29,296,675
OPERATING EXPENSES:						
Sales and marketing	2,785,869	\$ 3,125,270	\$ 3,076,632	\$ 3,129,552	\$ 12,117,323	\$ 13,354,861
Compensation and related taxes	204,528	\$ 336,990	\$ 347,970	\$ 357,420	\$ 1,246,908	\$ 1,579,082
Professional and consulting	799,514	\$ 676,730	\$ 732,376	\$ 739,936	\$ 2,948,556	\$ 3,079,266
General and administrative	433,285	\$ 494,176	\$ 523,564	\$ 534,904	\$ 1,985,929	\$ 2,318,899
Total Operating Expenses	4,223,196	\$ 4,633,166	\$ 4,680,542	\$ 4,761,812	\$ 18,298,716	\$ 20,332,109
INCOME FROM OPERATIONS	411,738	\$ 903,071	\$ 1,485,358	\$ 1,638,448	\$ 4,438,615	\$ 8,964,566
OTHER INCOME (EXPENSE):						
Gain on settlement		\$ -	\$ -	\$ -	\$ -	\$ -
Other income	1,318	\$ 3,746	\$ -	\$ -	\$ 5,064	\$ -
Interest income	37,579	\$ 32,485	\$ 30,902	\$ 38,763	\$ 139,729	\$ 258,150
Interest expense and other finance charges	-1,283	\$ (1,304)	\$ -	\$ -	\$ (2,587)	\$ -
Other income (expense), net	37,614	\$ 34,927	\$ 30,902	\$ 38,763	\$ 142,206	\$ 258,150
INCOME BEFORE PROVISION FOR INCOME TAXES	449,352	\$ 937,998	\$ 1,516,260	\$ 1,677,211	\$ 4,580,821	\$ 9,222,716
Provision (benefit) for income taxes	115,058	\$ 233,115	\$ 318,415	\$ 352,214	\$ 1,018,802	\$ 1,936,770
NET INCOME	\$334,294	\$ 704,883	\$ 1,197,845	\$ 1,324,997	\$ 3,562,019	\$ 7,285,946
Deemed dividend on preferred stock buyback		\$ -	\$ -	\$ -	\$ -	\$ -
Net income available to common shareholders		\$ 704,883	\$ 1,197,845	\$ 1,324,997	\$ 3,227,725	\$ 7,285,946
NET INCOME PER COMMON SHARE:		\$ -	\$ -	\$ -		
Basic	\$ 0.05	\$ 0.11	\$ 0.18	\$ 0.20	\$ 0.49	\$ 1.10
Diluted	\$ 0.04	\$ 0.09	\$ 0.15	\$ 0.16	\$ 0.39	\$ 0.88
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:						
Basic	6,638,785	6,638,785	6,638,785	6,638,785	6,638,785	6,638,785
Diluted	8,243,025	8,243,025	8,243,025	8,243,025	8,243,025	8,243,025

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Trickle Research holds two microcap conferences each year. Trickle Research encourages its coverage companies to present at those conferences and Trickle charges them a fee to do so. Companies are under no obligation to present at these conferences. As of the date of this report, AXIL Brands, Inc. (AXIL) has not paid fees to present at Trickle co-sponsored conferences, but we will encourage them to do so in the future.

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Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals \$250) and 10 representing 10 investment units or \$2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit \$25,000 to buying micro-cap stocks, that would assume an investment of \$1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at \$1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same \$250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting \$1000 into the position ($\$250 * 4$). If we later raise the allocation to 6, you might consider adding two additional units or \$500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.

A Trickle rating of 1 thru 3 would best correspond to a "Hold" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.

A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.

A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.