

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 10, 2022**

**American Outdoor Brands, Inc.**

(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-39366  
(Commission  
File Number)

84-4630928  
(IRS Employer  
Identification No.)

1800 North Route Z, Suite A  
Columbia, Missouri  
(Address of principal executive offices)

65202  
(Zip Code)

(800) 338-9585  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.001 per Share	AOUT	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure.**

We are furnishing this Current Report on Form 8-K in connection with the disclosure of information, in the form of the textual information from a PowerPoint presentation to be given at meetings with investors and analysts. This information may be amended or updated at any time and from time to time through another Form 8-K, a later company filing, or other means.

The information in this Current Report on Form 8-K (including the exhibit) is furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. This Current Report on Form 8-K will not be deemed an admission as to the materiality of any information in the Report that is required to be disclosed solely by Regulation FD.

We do not have, and expressly disclaim, any obligation to release publicly any updates or any changes in our expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based.

The text included with this Report on Form 8-K is available on our website located at [www.aob.com](http://www.aob.com), although we reserve the right to discontinue that availability at any time.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Investor Presentation, dated March 2022</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN OUTDOOR BRANDS, INC.

Date: March 10, 2022

By: /s/ H. Andrew Fulmer

H. Andrew Fulmer  
Executive Vice President, Chief Financial  
Officer, and Treasurer



A M E R I C A N O U T D O O R  
B R A N D S

NASDAQ: AOUT

INVESTOR PRESENTATION

March 2022





## LEGAL SAFE HARBOR

Certain statements contained in this presentation may be deemed to be forward-looking statements under federal securities laws, and we intend that such forward-looking statements be subject to the safe harbor created thereby. All statements other than statements of historical facts contained or incorporated herein by reference in this presentation, including statements regarding our future operating results, future financial position, business strategy, objectives, goals, plans, prospects, markets, and plans and objectives for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "estimates," "expects," "intends," "suggests," "targets," "contemplates," "projects," "predicts," "may," "might," "plan," "would," "should," "could," "may," "can," "potential," "continue," "objective," or the negative of those terms, or similar expressions intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. We caution that these statements are qualified by important risks, uncertainties, and other factors that could cause actual results to differ materially from those reflected by such forward-looking statements. Such factors include, among others, the effects of the COVID-19 pandemic and related aftermath, including potential disruptions in our suppliers' ability to source the raw materials necessary for the production of our products, disruptions and delays in the manufacture of our products, and difficulties encountered by retailers and other components of the distribution channel for our products including delivery of product stemming from port congestion and related transportation challenges; lower levels of consumer spending in general and specific to our products or product categories; our ability to introduce new products that are successful in the marketplace; interruptions of our arrangements with third-party contract manufacturers and freight carriers that disrupt our ability to fill our customers' orders; increases in costs or decreases in availability of finished products, product components, and raw materials; our ability to maintain or strengthen our brand recognition and reputation; the ability to forecast demand for our products accurately; our ability to continue to expand our e-commerce business; our ability to compete in a highly competitive market; our dependence on large customers; our ability to attract and retain talent; an increase of emphasis on private label products by our customers; pricing pressures by our customers; our ability to collect our accounts receivable; the potential for product recalls, product liability, and other claims or lawsuits against us; our ability to protect our intellectual property; inventory levels, both internally and in the distribution channel, in excess of demand; our ability to identify acquisition candidates, to complete acquisitions of potential acquisition candidates, to integrate acquired businesses with our business, to achieve success with acquired companies, and to realize the benefits of acquisitions in a manner consistent with our expectations; the performance and security of our information systems; our ability to comply with any applicable foreign laws or regulations and the effect of increased protective tariffs; economic, social, political, legislative, and regulatory factors; the potential for increased regulation of firearms and firearms-related products; the effect of political pressures on firearm laws and regulations; the potential impact on our business and operations from the results of U.S. Presidential, Congressional, state, and local elections and the policies that may be implemented as a result thereof; our ability to realize the anticipated benefits of being a separate, public company; future investments for capital expenditures, liquidity and anticipated cash needs and availability; the potential for impairment charges; estimated amortization expense of intangible assets for future periods; actions of social activists that could, directly or indirectly, have an adverse effect on our business; disruptions caused by social unrest, including related protests or disturbances; our assessment of factors relating to the valuation of assets acquired and liabilities assumed in acquisitions, the timing for such evaluations, and the potential adjustment in such evaluations; and, other factors detailed from time to time in our reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2021.

# Q3 FY22 Highlights





# DISCIPLINED EXECUTION OF VALUE CREATION STRATEGY

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

## Q3 FY22 Achievements

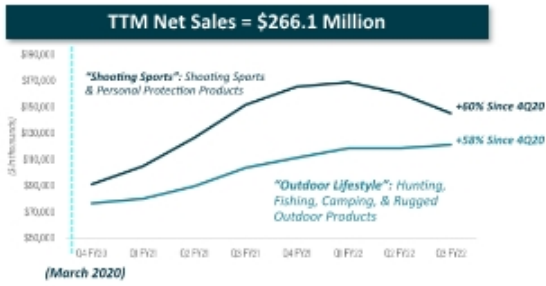






# SUSTAINED GROWTH COMPARED TO PRE-PANDEMIC LEVELS

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)



- **Q3 Shooting Sports: +45% 2-yr growth**
- Growth opportunity in shooting sports over the next 4-5 years focused on expanding into large, stable categories including:
  - Shotgun sports (Caldwell)
  - Reloading (Frankford Arsenal)
  - Optics (Crimson Trace)
  - Hand Tools (Wheeler)
  - Security Solutions (Lockdown)



- **Q3 Outdoor Lifestyle: +81% 2-yr growth**
- Expected to represent a majority of sales in near-term and be major growth driver of business going forward
- Growth supported by:
  - Fishing (BUBBA)
  - Land management (Hooyman)
  - Meat processing (MEAT! Your Maker)
  - Camping (ust)





## GRILLA IS A POWERFUL STRATEGIC ADDITION TO AOUT

Provider of high-quality grills, smokers, and accessories to a growing, \$7B\* U.S. barbeque grill industry:

- ✓ 50% Net Sales CAGR from 2017-2021 (\$15M net sales in 2021)
- ✓ Accretive to AOUT net sales and non-GAAP net income
- ✓ 100% Direct-to-Consumer model expands DTC revenue base
- ✓ Immediate access to large, outdoor cooking market (\$7B\*)
- ✓ Further diversifies revenue mix toward Outdoor Lifestyle
- ✓ Opportunities for cross-pollination of technology
- ✓ Consumer base complementary to other AOUT brands: MEAT!, BUBBA, BOG
- ✓ \$27M asset purchase (\$24M including future tax benefit)
- ✓ Internally sourced "tuck-in," direct negotiation with owner

\*Management estimate





# GRILLA MEETS OUR IDEAL ACQUISITION CRITERIA

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)



\*Management estimate

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*“Building authentic, lifestyle brands that help consumers make the most out of the moments that matter.”*

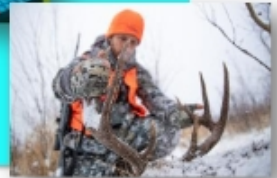
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## AMERICAN OUTDOOR BRANDS

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

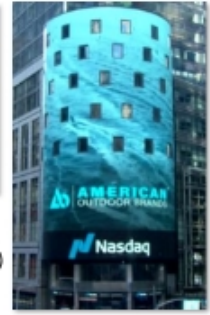
- ✓ **Large, passion-driven industry**
- ✓ **Favorable macro trends** (fishing, hunting, personal protection, shooting sports, camping, and hiking)
- ✓ **Diverse portfolio of 20 early-stage consumer brands**
- ✓ Innovative **"Dock & Unlock"™** formula fuels brand growth
- ✓ **Leverageable model** drives profitability
- ✓ **Strong balance sheet** supports organic growth & acquisitions





# AMERICAN OUTDOOR BRANDS, INC. AT A GLANCE

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)



- Locations: HQ & Distribution: Columbia, MO
- Additional Offices: MA (Admin), OR (Mfg), China (WFOE)
- Spinoff: August 2020
- NASDAQ Select: AOUT

<b>TTM Net Sales</b>	\$266.1 million	<b>4-5 Yr Target Growth Rate</b>	8-10% Net Sales CAGR
<b>TTM Gross Profit Margin</b>	46.1%	<b>4-5 Yr Target Adj. EBITDAS Margin %</b>	Mid- to High-teens
<b>TTM Adjusted EBITDAS</b>	\$38.8 million (14.6%)	<b>Headquarters</b>	Columbia, Missouri
<b>Pro Forma Net Debt*</b>	\$5.0 million	<b>Fiscal Year End</b>	April 30
<b>Net Debt / Adj. EBITDAS</b>	~0.1x	<b>Employee Count</b>	327

\*Proforma for Grilla acquisition

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## LARGE, PASSION-DRIVEN INDUSTRY



(a) Based on a 2017 report issued by the Outdoor Industry Association.



# FAVORABLE MACRO TRENDS

## OUTDOOR PARTICIPATION TRENDING

### 46%

Percentage of all campers who either started camping for the first time in 2020 or restarted after having not camped in recent years (KOA)

### 14M

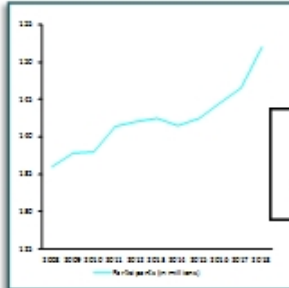
New entrants per NSSF:  
2020: 40% of 21M Adj NICS  
2021: 30% of 18M Adj NICS

### ~3M

More fishing licenses sold nationwide in 2020 than 2019, a 14% increase, according to the Recreational Boating and Fishing Foundation

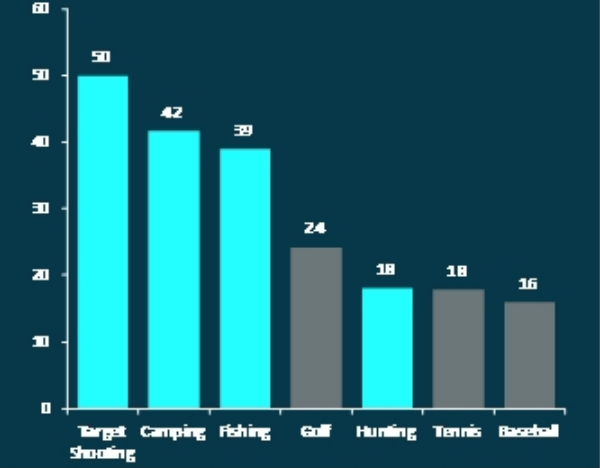
### ~1M

More hunters in 2020. The NSSF has indicated that hunting license sales have grown 7.5% vs. 2019. This could mean 1M new hunters entered the market in 2020



**>50% of the U.S. Participates in Outdoor Recreational Activities**

## Illustrative Outdoor Recreational Participation Comparison



Source: 2019 Outdoor Participation Report, National Shooting Sports Foundation, National Golf Foundation, Tennis Industry Association, Outdoor Industry Association, KOA © 2022 American Outdoor Brands, Inc. All Rights Reserved 12





AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

# DIVERSE PORTFOLIO OF 20 EARLY-STAGE CONSUMER BRANDS

**Top-Left Quadrant (IN THE SHOP):** Frankford M-Press (Reloading), Caldwell Range Gear, Wheeler Digital F.A.T. Wrench, Tipton Ultra Gun Vise.

**Top-Right Quadrant (ON THE LAND):** BOG Blood Moon Game Camera, Hooymann No Slip H-Grip Land Management Tools, MEATI 1.5 HP Meat Grinder, Old Timer Sharpfinger.

**Bottom-Right Quadrant (IN THE WILD):** Schrade Axe, uSt Monarch Sleeping Bag, uSt House Party™ 6-person Tent.

**Bottom-Left Quadrant (AT THE CAMPFIRE):** M&P Night Terror Flashlight, Lockdown Cable Gun Lock, Crimson Trace CSA-1309 Rifle Scope, Crimson Trace CTS-1400 Red Dot Sight.

**Central Brands and Themes:** Tipton, Caldwell, Frankford Arsenal, Hooymann, Old Timer, BOG, MEATI, Schrade, Imperial, uSt, Bubba, Lockdown, M&P, Crimson Trace, LAGERALYPT.

Note: American Outdoor Brands, Inc. has licensed the brands Smith & Wesson® Accessories, M&P Accessories, Thompson/Center Arms™ Accessories, and Performance Center® Accessories, all of which are owned by Smith & Wesson Brands, Inc. and are exclusively licensed to American Outdoor Brands.



## TWO CATEGORIES: SHOOTING SPORTS & OUTDOOR LIFESTYLE

		Shooting Sports Shooting accessories, personal protection	Outdoor Lifestyle Hunting, fishing, camping, rugged outdoor activities	Illustrative Products
Marksman	CALDWELL	●	○	Range Gear: Shooting rests, targets, hearing & eye protection
	FRANKED KASBERG	●	○	Reloading equipment
	TIPTON	●	○	Gun vises, cleaning supplies
	WHEELER	●	○	Gunsmithing and other tools
Defender	CRIMSON TRACE	●	○	Scopes, lasers, red dot sights
	EDGEWATER	●	○	Laser training devices
	LOCKDOWN	●	○	Vault organization, logic-enabled vault doors and security monitoring, cable locks
	M&P Accessories	●	●	Protective gun cases, folding & fixed-blade knives, tools
	Smith & Wesson	●	●	Gun cases and cleaning kits
Harvester	BOG	○	●	Protective gun cases, parts kits, folding & fixed-blade knives, tools
	Hooymen	○	●	Hunting rests, ground blinds, chairs, game cameras
	HEAT!	○	●	Land management: rakes, shovels, pruning tools, tree saws
	OLD TIMER	○	●	Meat grinders, slicers, dehydrators
	PROFESSIONAL Machete King	○	●	Folding, fixed-blade, & fillet knives
	BUBBA	○	●	Hunting bags & protective cases, binoculars, hunting accessories
Adventurer	IMPERIAL	○	●	Folding, fixed-blade, & hunting knives
	SCHRADE	○	●	Fillet knives, fishing rods, fishing tools, kitchen cutlery, apparel
	VST	○	●	Folding, fixed-blade knives
		○	●	Folding & fixed-blade knives, multi-tools, adventure equipment
				Tents, sleeping bags, mattress pads, camping tools and accessories

Note: American Outdoor Brands, Inc. licenses the brands Smith & Wesson® Accessories, M&P® Accessories, Thompson/Center Arms™ Accessories, and Performance Center® Accessories, all of which are owned by Smith & Wesson Brands, Inc. and are exclusively licensed to American Outdoor Brands.

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AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

# STRONG PRESENCE IN TRADITIONAL AND E-COMM CHANNELS

## National Retailers



## Home, Farm, Automotive



## Distributors & Buying Groups



## OEM



(TTM Net Sales = \$266.1 Million)

## Online Retailers



## DTC Websites



2-Year e-commerce Growth: **122.4%** Q3FY22 vs.

Note: Customers shown are for illustrative purposes

# THE "DOCK AND UNLOCK"™ FORMULA

*Brand A x AOB Dock (Strategy + Resources) = Brand A + ∞ Unlocked Potential*



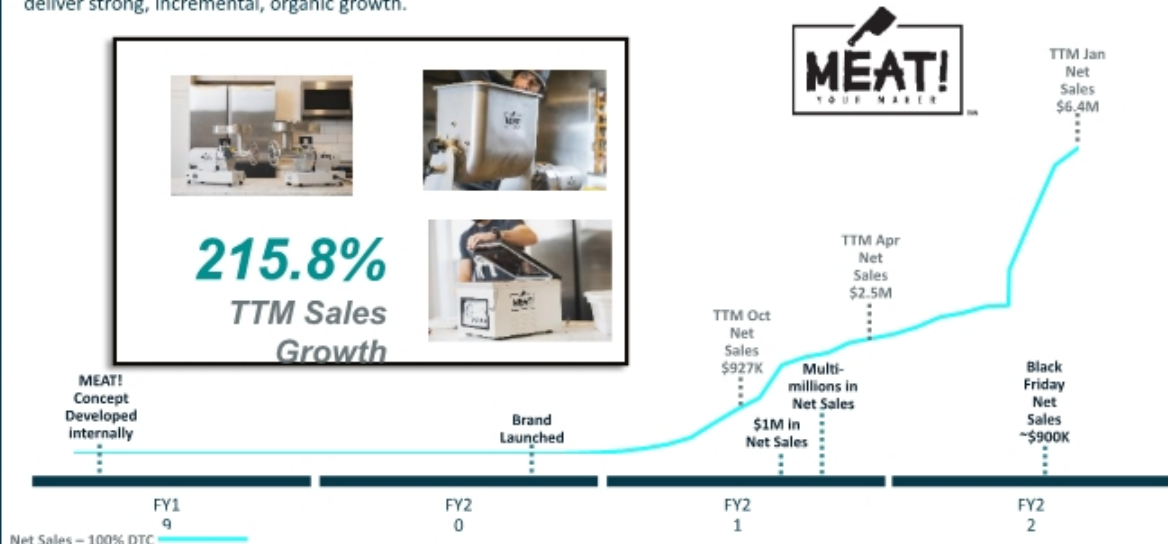
- ✓ Using our "Dock and Unlock"™ formula, we leverage our brand lanes to reframe our brands' growth potential
- ✓ Thereby creating "Permission to Play" in new product categories and establishing entrance into wholly new, large addressable markets
- ✓ Resulting in a family of brands with significant runway for growth, TAKING BRANDS "FROM NICHE TO KNOWN"™





# "DOCK & UNLOCK"<sup>TM</sup> CASE STUDY

Our Brand Lane structure and product development capabilities allow us to create wholly new brands that have the potential to deliver strong, incremental, organic growth.





# "DOCK & UNLOCK"™ CASE STUDY

## BUBBA™

From water to plate, BUBBA provides anglers with kick-ass tools to enjoy the ultimate lifestyle of adventure



## BUBBA™

### From Niche To Known™

Expanded potential by dropping "Blade" from the name and positioned it to capture the "water to plate" lifestyle

- ✓ Entered new product categories in which it now has "Permission to Play", reaching a wider audience beyond just salt water fishing

**73.1%** sales growth in FY21





# BRAND "PERMISSION TO PLAY" DRIVES GROWTH POTENTIAL

	'Docked' Brand	Lifestyle Supported ("Moments that Matter")	Growth Opportunities			
			New Distribution	Expand Market Share	New Categories	New Consumer Markets
Marksman	CALDWELL	At the Range	✓	✓	✓	✓
	Tipton	In the Shop	✓	✓	✓	
	WHEELER	In the Shop	✓	✓	✓	✓
	FRANKFORD ARSENAL	At the Bench	✓	✓	✓	
Defender	LOCKDOWN	For Peace of Mind	✓	✓	✓	✓
	Health & Wellness	For Heritage	✓	✓		
	M&P	For Heritage	✓	✓		
	Performance Center	For Heritage	✓	✓		
	CRIMSON TRACE	For Protection	✓	✓	✓	
	ACRYLICS	For Training	✓	✓	✓	✓

	'Docked' Brand	Lifestyle Supported ("Moments that Matter")	Growth Opportunities			
			New Distribution	Expand Market Share	New Categories	New Consumer Markets
Harvester	Hoyman	On the Land	✓	✓	✓	✓
	OLD TIMER	At the Ranch	✓	✓	✓	
	BOG	On the Hunt	✓	✓	✓	
	TENNESSEE CENTER	On the Hunt	✓	✓		
	M&S	On the Hunt	✓	✓		
	MEAT!	Field to Table	✓	✓	✓	✓
Adventurer	SCHRADE	In the Wild	✓	✓	✓	
	IMPERIAL	In the Wild	✓	✓		
	ust	At the Campsite	✓	✓	✓	
	BUBBA	Water to Plate	✓	✓	✓	✓





# LEVERAGEABLE MODEL DRIVES PROFITABILITY

## NET SALES & GROSS MARGIN



- ✓ FY22 estimate mid-point would deliver +48% vs. FY2020
- ✓ Significant sales growth within e-commerce channel – long-term growth expected to continue through leveraging brand lane platforms
- ✓ "Dock & Unlock"™ strategy allows for expansion into new product categories providing AOUT's young brands with significant runway for growth
- ✓ Gross margins supported by new product launches, stabilized from tariff impacts

## Q3 UPDATE



## ADJ. EBITDAS & ADJ. EBITDAS MARGIN



- ✓ Leverage of fixed G&A costs, brand lanes and e-commerce investments expected to yield significant EBITDAS contribution as the business scales
- ✓ Long-term Adjusted EBITDAS target margin – mid to high teens

## Q3 UPDATE



Note: US\$ in millions. Fiscal year ended April 30. Adjusted EBITDAS is defined as GAAP net income/(loss) before interest, taxes, depreciation, amortization, and stock compensation expense and excludes certain items we consider non-routine. See slide 26 for a reconciliation of Adjusted EBITDAS. Financials for FY2019 include activity for the period subsequent to the acquisition of Lazer, Inc. FY2022 financial guidance per AOUT Management's estimates is based on information available to Management at the time presented and is subject to change in the future especially in light of the difficulty in assessing and predicting with precision any market dynamics and changes which are beyond Management's knowledge and control.



## FINANCIAL OUTLOOK AND DRIVERS

	FY22	Long-Term (4-5 Years)	Long-Term Drivers
<b>Net Sales<sup>(1)</sup></b>	\$245M – \$250M	8%-10% CAGR	<ul style="list-style-type: none"><li>✓ Expand market share</li><li>✓ New product categories</li><li>✓ New consumer markets</li><li>✓ New distribution</li></ul>
<b>Adjusted EBITDAS</b>	\$34M – \$36M	Mid to high teens %	<ul style="list-style-type: none"><li>✓ High level of operating leverage from existing brand lana platform</li><li>✓ Adjusted EBITDAS margins expected to increase with net sales growth</li></ul>
<b>Capital Expenditures</b>	\$7.0M – \$7.5M <sup>(2)</sup>	N/A	<ul style="list-style-type: none"><li>✓ Long-term will primarily be maintenance capex related to product tooling</li></ul>

(1) Excludes any acquisitions

(2) FY22 includes \$3.5M of IT infrastructure and ERP implementation

Note: FY2022 financial guidance per AOUT Management's estimates is based on information available to Management at the time presented and is subject to change in the future especially in light of the difficulty in assessing and predicting with precision any market dynamics and changes which are beyond Management's knowledge and control. Please see also reference to other factors that could change Management's estimates in the Legal Safe Harbor on Slide 2 of this presentation.

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## STRONG BALANCE SHEET SUPPORTS ORGANIC GROWTH & ACQUISITIONS

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

### BALANCE SHEET AS OF JANUARY 31, 2022

Assets (\$M)	
Cash	\$22.8
Other Current Assets	175.3
Intangibles / Goodwill	108.1
PP&E	13.6
Other Assets	31.6
<b>Total Assets</b>	<b>\$351.4</b>
Liabilities & Equity (\$M)	
Current Liabilities	\$40.9
Bank Debt	-
Other Liabilities	23.6
<b>Total Liabilities</b>	<b>\$64.5</b>
Stockholders' Equity	\$286.9
<b>Total Liabilities &amp; Equity</b>	<b>\$351.4</b>

- ✓ Significant liquidity (~\$90M available capital)
  - Low-cost L+200, \$50M asset-based revolving credit facility with \$15M accordion - \$25M expansion approved March 2022
  - \$22.8M of cash
- ✓ Strong annual free cash flow generation
- ✓ Dry powder for strategic acquisitions

### IDEAL ACQUISITION CRITERIA

- ✓ "Dock & Unlock"<sup>™</sup> Friendly via Brand Lane Structure
- ✓ "Niche to Known"<sup>™</sup> Opportunity (Runway for Growth)
- ✓ Large, Addressable Markets
- ✓ Low Complexity

# Appendix Follows





## EXPERIENCED LEADERSHIP



### **BRIAN D. MURPHY**

President & Chief Executive Officer

15+ years experience

- ✓ Lead execution of AOUT's "Dock & Unlock"™ strategy as part of expansion into new outdoor product categories and markets
- ✓ Experienced leader with ability to motivate teams, build and run business operations, and apply transactional and industry experience
- ✓ Significant M&A and financial experience with publicly traded companies



### **H. ANDREW FULMER, CPA**

Chief Financial Officer

25+ years experience

- ✓ Extensive financial experience with the company, and played key role in the development and execution of the company's long-term acquisition strategy
- ✓ Led the company's strategic planning process and developed procedures for acquisition-related financial modeling, due diligence, internal controls, and integration



## NON-GAAP FINANCIAL MEASURES

In this presentation, certain non-GAAP financial measures, including “non-GAAP net income,” “non-GAAP income per share diluted,” “Adjusted EBITDAS,” and “free cash flow” are presented. A reconciliation of these and other non-GAAP financial measures are contained at the end of this press release. A reconciliation of projected non-GAAP income per share diluted and free cash flow are contained under the “Outlook” section of this press release. From time-to-time, the Company considers and uses these non-GAAP financial measures as supplemental measures of operating performance in order to provide the reader with an improved understanding of underlying performance trends. The Company believes it is useful for itself and the reader to review, as applicable, both (1) GAAP measures that include (i) amortization of acquired intangible assets, (ii) stock compensation, (iii) transition costs, (iv) COVID-19 expenses, (v) technology implementation, (vi) the tax effect of non-GAAP adjustments, (vii) interest expense, (viii) income tax expense, (ix) depreciation and amortization, and (x) related party interest income; and (2) the non-GAAP measures that exclude such information. The Company presents these non-GAAP measures because it considers them an important supplemental measure of its performance and believes the disclosure of such measures provides useful information to investors regarding the Company’s financial condition and results of operations. The Company’s definition of these adjusted financial measures may differ from similarly named measures used by others. The Company believes these measures facilitate operating performance comparisons from period to period by eliminating potential differences caused by the existence and timing of certain expense items that would not otherwise be apparent on a GAAP basis. These non-GAAP measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for the Company’s GAAP measures. The principal limitations of these measures are that they do not reflect the Company’s actual expenses and may thus have the effect of inflating its financial measures on a GAAP basis.



## Q3 NON-GAAP ADJUSTED EBITDAS RECONCILIATION

RECONCILIATION OF GAAP NET INCOME TO NON-GAAP ADJUSTED EBITDAS  
(In thousands)  
(Unaudited)

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2022	2021	2022	2021
GAAP net income	\$ 3,766	\$ 8,029	\$ 11,806	\$ 17,157
Interest expense	68	—	167	—
Income tax expense	1,149	2,244	3,282	5,746
Depreciation and amortization	4,164	4,642	12,550	15,112
Related party interest income	—	—	—	(424)
Stock compensation	920	904	2,336	2,100
Transition costs	—	—	—	264
Technology implementation	460	—	1,619	—
COVID-19 costs	—	—	—	223
Other	22	—	40	125
Non-GAAP Adjusted EBITDAS	\$ 10,549	\$ 15,819	\$ 31,800	\$ 40,303





## Q3 – GAAP INCOME STATEMENT

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2022	2021	2022	2021
	(US\$ in thousands, except per share data)			
	(Unaudited)			
Net sales	\$ 70,105	\$ 82,649	\$ 201,633	\$ 212,214
Cost of sales	38,010	45,276	107,518	114,038
Gross profit	32,095	37,373	94,115	98,176
% of net sales	45.8%	45.2%	46.7%	46.3%
Total operating expenses	27,370	27,190	79,864	75,966
% of net sales	39.0%	32.9%	39.6%	35.8%
Operating income	4,725	10,183	14,251	22,210
% of net sales	6.7%	12.3%	7.1%	10.5%
Total other income	190	90	837	693
Income tax expense	1,149	2,244	3,282	5,746
Net income	\$ 3,766	\$ 8,029	\$ 11,806	\$ 17,157
Net income per share - Diluted	\$0.27	\$0.56	\$0.82	\$1.20
Weighted average shares outstanding - Diluted	14,205	14,294	14,382	14,321
Non-GAAP Adjusted EBITDAS	\$10,549	\$15,819	\$31,800	\$40,303
% of net sales	15.0%	19.1%	15.8%	19.0%



## Q3 – NON-GAAP INCOME STATEMENT

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2022	2021	2022	2021
	(US\$ in thousands, except per share data)			
	(Unaudited)			
Net sales	\$ 70,105	\$ 82,649	\$ 201,633	\$ 212,214
Cost of sales	38,010	45,276	107,518	113,911
Gross profit	32,095	37,373	94,115	98,303
% of net sales	45.8%	45.2%	46.7%	46.3%
Total operating expenses	22,340	22,219	65,365	61,143
% of net sales	32.2%	26.9%	32.5%	28.8%
Operating income	9,355	15,154	28,330	37,158
% of net sales	13.3%	18.3%	14.1%	17.5%
Total other income	190	90	837	269
Income tax expense	2,357	3,486	6,852	9,377
Net income	\$ 7,388	\$ 11,758	\$ 22,315	\$ 28,050
Net income per share - Diluted	\$0.32	\$0.82	\$1.57	\$1.96
Weighted average shares outstanding - Diluted	14,205	14,254	14,332	14,321
Non-GAAP Adjusted EBITDAS	\$10,549	\$15,619	\$31,800	\$40,303
% of net sales	15.0%	19.1%	15.8%	19.0%



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