AMERICAN OUTDOOR BRANDS

NASDAQ: AOUT

INVESTOR PRESENTATION

DECEMBER 2020

LEGAL SAFE HARBOR

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

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," "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 coronavirus, or COVID-19, pandemic, including potential disruptions in our ability to source the 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; lower levels of consumer spending; our ability to introduce new products that are successful in the marketplace; interruptions of our arrangements with third-party contract manufacturers that disrupt our ability to fill our customers' orders; increases in costs or decreases in availability of finished products, product components, and raw materials; the failure 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; an increase on emphasis of 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 their businesses with our business, and to achieve success with acquired companies; the performance and security of our information systems; the risk of complying 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 failure to realize the anticipated benefits of being a separate, public company following the separation of our company from Smith & Wesson Brands, Inc. or to achieve the benefits anticipated from our principal facility; 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 have an adverse effect on our business; 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 that will be filed with the Securities and Exchange Commission, or the SEC, including our Information Statement forming Exhibit 99.1 to our current Report on Form 8-K, filed with the SEC on August 4, 2020. Forward-looking statements included in this presentation speak only as of the date of this presentation. The company does not undertake any obligation to update its forward-looking statements to reflect events or circumstances after the date of this presentation except as may be required by the federal securities laws.

HIGHLIGHTS

Spinoff Overview

- **Spinoff** — On Aug. 24, 2020, American Outdoor Brands, Inc. (NASDAQ Global Select: AOUT), an industry leading provider of products and accessories for rugged outdoor enthusiasts, completed its spin-off from Smith & Wesson Brands, Inc. (NASDAQ: SWBI). Each SWBI stockholder received **one share of AOUT** common stock for every **four shares of SWBI** common stock.
- **Distinct Focus** — market opportunities in rugged outdoor products & accessories, both organically through robust innovation, and inorganically by acquiring new brands
- **Optimized Balance Sheet and Capital Allocation Priorities** — prioritization of investments and capital structure tailored to AOUT's business model to execute on specific growth strategy
- **Incremental Stockholder Value** — benefit from the investment community's ability to value a pure-play outdoor products & accessories company independently expected to drive incremental stockholder value

A PORTFOLIO OF DIVERSE OUTDOOR BRANDS

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

American Outdoor Brands, Inc. ("AOUT"): A **growth-oriented provider of outdoor products**, including hunting, fishing, camping, shooting, and personal security and defense products, for rugged outdoor enthusiasts:

- ✓ We participate in a **very large, passion-driven industry** ($30-35 billion) benefitting from **favorable macro trends**
- ✓ **Portfolio of 20 diverse consumer brands**, with many in **early stages of growth**
- ✓ Every brand "Docked" into one of four **"Brand Lanes"** – each lane designed to nurture and tease out each brands' potential (referred to as our **"Dock & Unlock"** strategy for maximizing growth)
- ✓ Recent investments in infrastructure create a **"turn key" platform from which to grow** (new distribution center, new e-commerce platform, brand lane resources)
- ✓ **Strong balance sheet** to support organic and inorganic growth objectives

~$30-35B

Rugged Outdoor Recreational Market[(a)]




(a) Estimated market size per AOUT management's estimates.

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

COMPANY HISTORY AND KEY MILESTONES

Key Business Milestone

Strategic Acquisition

Dec 2014

Acquired **Battenfeld Technologies**

The acquisition by SWBI provided a broad, established platform for organic and inorganic growth of newly established accessories division

Jan 2015

Acquired **Hooyman**

Feb 2016

Acquired **PowerTech**

Aug 2016

Acquired **Taylor Brands**

Tuck-in acquisition that expanded outdoor product offering in knives and specialty tools

Aug 2016

Acquired **Crimson Trace**

Acquisition served as an ideal platform for new Electro-Optics Division

Nov 2016

Acquired **Ultimate Survival Technologies**

Further diversified net sales base and expanded outdoor product offering

Dec 2016

SWBI formed the Outdoor Products & Accessories division and named **Brian Murphy as President** in 2017

To reflect a broad and growing array of brands and businesses in the shooting, hunting and rugged outdoor enthusiast markets

Aug 2017

Acquired **BUBBA Blade**

Gained access to the large fishing accessories market

Feb 2018

Brand Lanes formed

All Existing Outdoor Products & Accessories brands were "docked" into newly formed lanes: Marksman, Defender, Harvester, and Adventurer

Jan 2019

Electro-Optics division acquired **LaserLyte**

Expanded product portfolio with laser training devices

Apr 2019

Electro-Optics division integrated into Outdoor Products & Accessories division

Crimson Trace and LaserLyte brands moved into Outdoor Products & Accessories' Defender brand lane

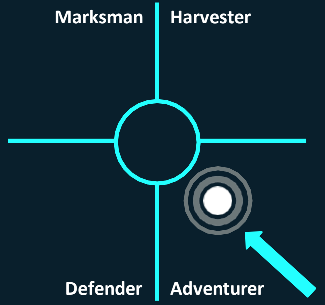
Aug 2020

Completed Spin-Off from SWBI creating American Outdoor Brands, Inc.

THE POWER IS IN THE PLATFORM

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"™**

Note: American Outdoor Brands, Inc. will license the brands Smith & Wesson® Accessories; M&P® Accessories; Thompson/Center Arms™ Accessories; and Performance Center® Accessories, all of which will be owned by Smith & Wesson Brands, Inc. and will be exclusively licensed to American Outdoor Brands, Inc., after the spin-off.

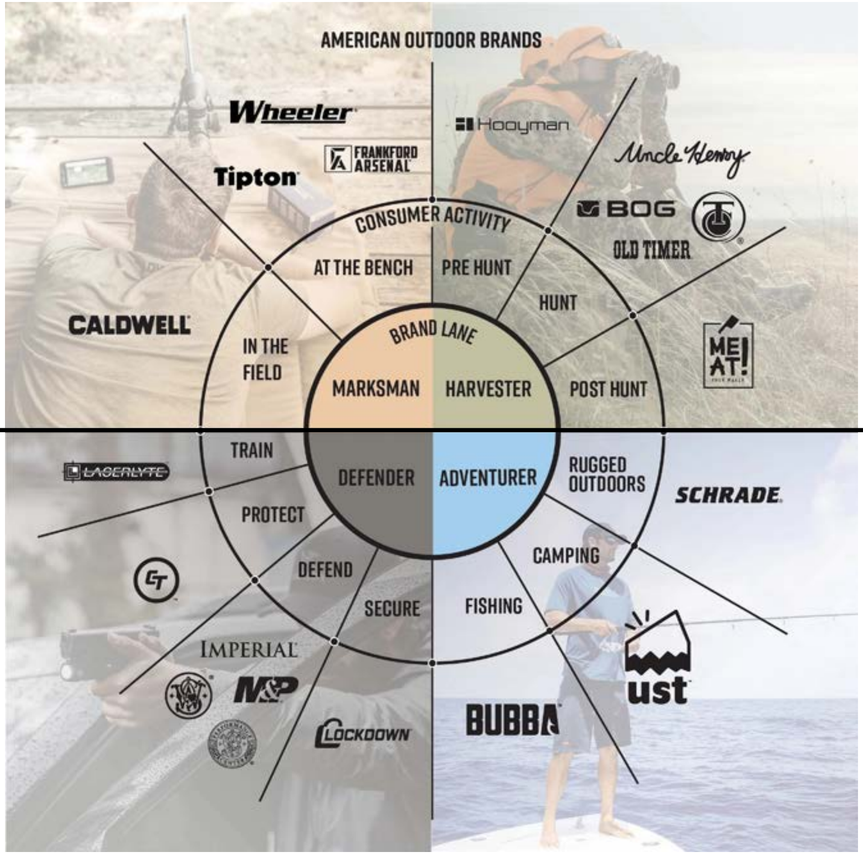
PRODUCTS THAT APPEAL TO CORE CONSUMER ACTIVITIES


Caldwell Range Gear


Frankford M-Press (Reloading)


Wheeler Digital F.A.T. Wrench


Tipton Ultra Gun Vise




BOG Blood Moon Game Camera


Hooyman No Slip H-Grip Land Management Tools


MEAT! 1.5 HP Meat Grinder


Old Timer Sharpfinger

Lockdown Puck


Lockdown Cable Gun Lock


M&P Night Terror Flashlight


Crimson Trace CSA-1309 Rifle Scope


Crimson Trace CTS-1400 Red Dot Sight


ust Monarch Sleeping Bag


Schrade Axe


BUBBA Lithium Ion Cordless Fillet Knife


ust House Party™ 6-person Tent

LEADING MARKETING CAPABILITIES

On-Site Capabilities:

- ✓ Photography & recording studio
- ✓ Advanced assortment of equipment from 3D image capture to cinema quality cameras
- ✓ Workshop for fabrication of prototypes (merchandising displays, packaging, etc.)

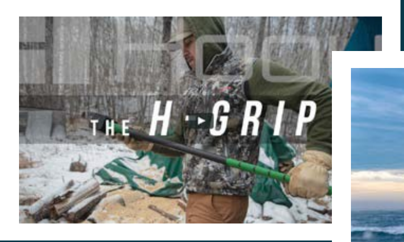
Each brand lane has dedicated:

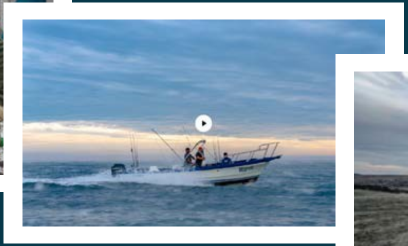
- ✓ *Brand Management*
- ✓ *Creative Development*
- ✓ *Content Deployment*
- ✓ *Customer Support*

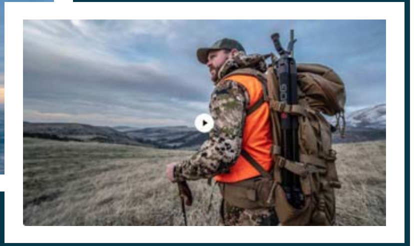
SELECTED BRANDING UPDATES

Legacy	New
BOG-POD	BOG
Bubba Blade	BUBBA
Frankford Arsenal Reloading Tools	FRANKFORD ARSENAL
LOCKDOWN Vault Accessories	LOCKDOWN
Caldwell Shooting Supplies	CALDWELL

100% In-House Content Production:







PRODUCT DEVELOPMENT ENGINE

STRATEGIC INVESTMENTS IN PRODUCT DEVELOPMENT

- ✓ **4** state-of-the-art product development labs
- ✓ **In-house** same-day rapid prototyping capabilities
- ✓ **35+** product development employees

Results

- ✓ **300+** new products created in FY 2020
- ✓ **30** new utility patents in 2020 alone


3D Print Lab


Reloading & Gunsmithing Lab


CNC Machine Lab

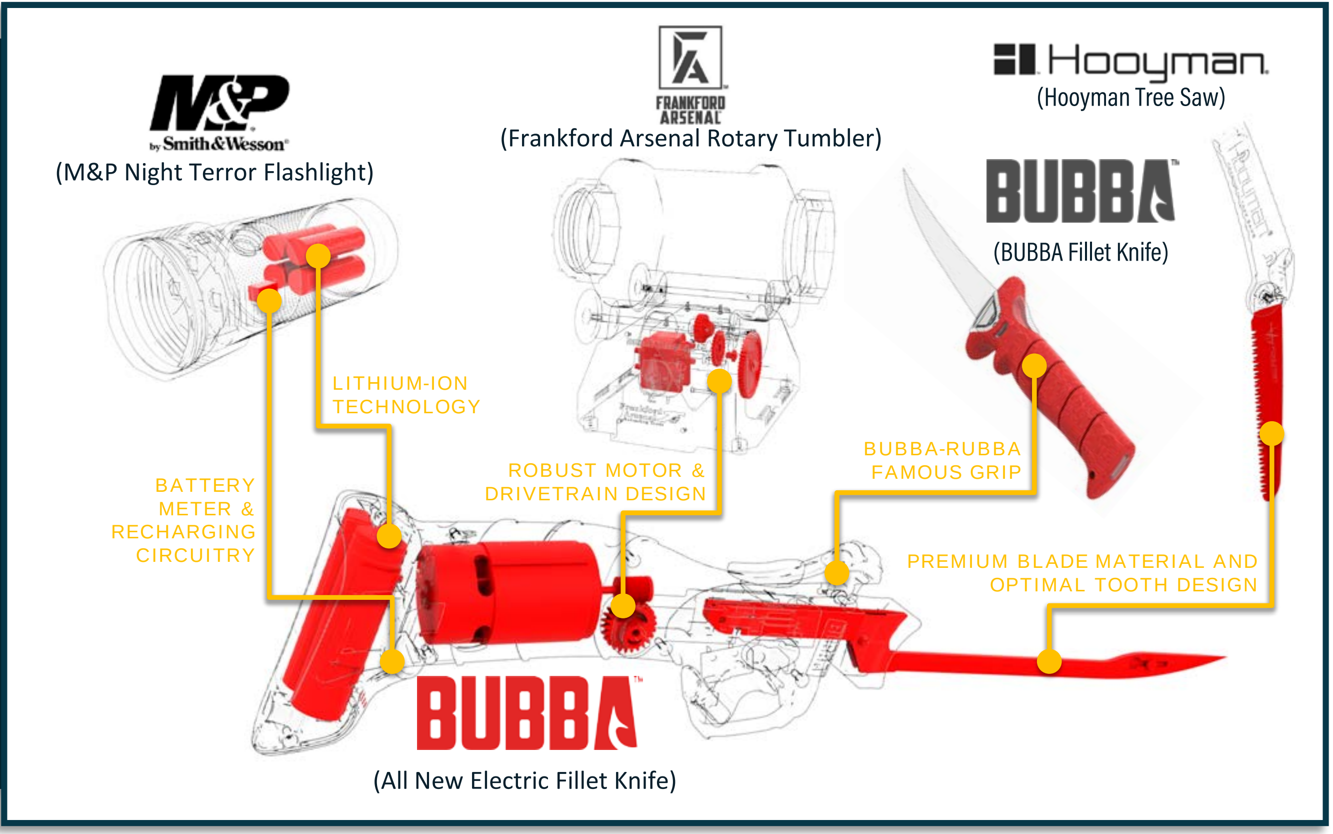
NEW PRODUCTS FOR 2020

MARKSMAN 65 NEW PRODUCTS	HARVESTER 112 NEW PRODUCTS
DEFENDER 88 NEW PRODUCTS	ADVENTURER 38 NEW PRODUCTS

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

TECHNOLOGY THAT SPREADS

- ✓ Unique "T-Shaped" team structure provides wide product design expertise
- ✓ Depth of knowledge and developed IP is transferred to new products
- ✓ The result is a robust, multi-year pipeline of new products that reflects each brand's "Permission to Play"



AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

“DOCK & UNLOCK”™ CASE STUDY

BUBBA™

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

BUBBA BLADE » 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

>100% sales growth in FY20

"DOCK & UNLOCK"™ CASE STUDY

BOG

For the Obsessed Hunter, BOG is the only brand that delivers unmatched performance and versatility on the hunt because our products are engineered for the UNKNOWN

BOG-POD ❯❯ BOG

From **Niche To Known**™

✓ Expanded potential by dropping "Pod" from the name and positioned it as a versatile hunting brand

✓ Entered new product categories where it now has **"Permission to Play"**, reaching a wider audience beyond just shooting sticks

>200% sales growth in FY20

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

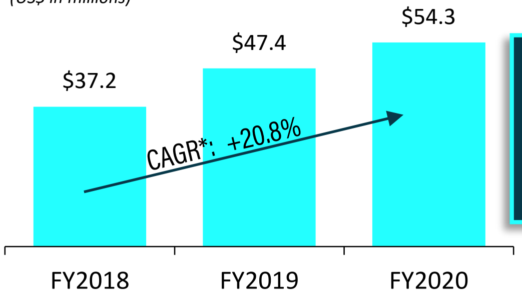
E-COMMERCE PLATFORM

AOUT's e-commerce platform is driving growth via digital advertising and consumer awareness

- ✓ We have made **significant investments** in our **e-commerce platform and online ecosystem** to reflect how consumers shop
- ✓ **During COVID-19, consumers** responded to retail store closures by **seeking out AOUT's popular brands and products online**
- ✓ **Shift in consumer preference to online retailers** and increases in our own direct-to-consumer business

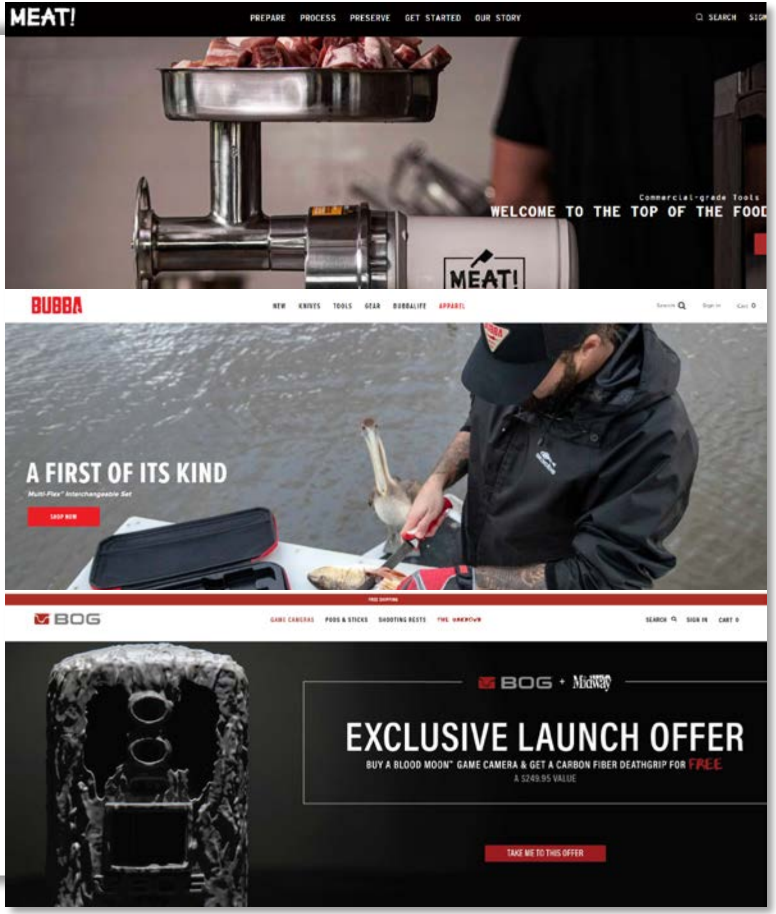
E-COMMERCE SALES

(US$ in millions)



Q2:+213%

FY21 Q2 E-commerce Sales Growth from Prior Year



Note: AOUT's e-commerce channels include net sales from customers that do not operate a physical brick and mortar store, but generate the majority of their net sales from consumer purchases from their retail websites.

* Compound annual growth rate

E-COMMERCE CASE STUDY

MEAT! YOUR MAKER™

Opportunity:

- ✓ Increasing popularity of DIY meat processing with consumers
- ✓ Large, growing market with reach well beyond hunters
- ✓ No obvious, attractive acquisition targets in the market
- ✓ Harvester brand lane resources in place with existing consumer and product expertise
- ✓ e-commerce platform capable of full DTC solution

Result:

- ✓ Launched **MEAT!** brand via **MeatYourMaker.com** (DTC only)
- ✓ **Multi-million dollar brand in just 9 months**

1 UNDERSTAND Journey of the Harvester

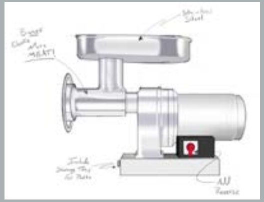
Pre-Hunt	Hunt	Post-Hunt
Hooyman	OLD TIMER, Uncle Henry, BOG	Acquire or Create?

2 ASSESS Organic Capabilities

✓
- Product Development Capability
- Consumer Familiarity
- Rugged Outdoor Product Category

3 CREATE

MEAT! YOUR MAKER



18 months from concept to full commercialization and website launch

MEAT! Instagram

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

STRONG INDUSTRY FUNDAMENTALS

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)

8M

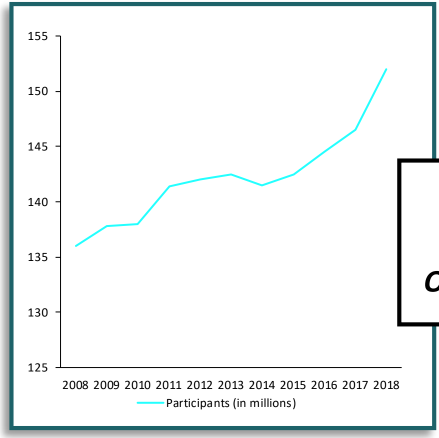
New firearms owners entered the market in 2020 – According to the NSSF, an estimated 40% of the approx. 19 million adjusted NICS YTD through November

~3M

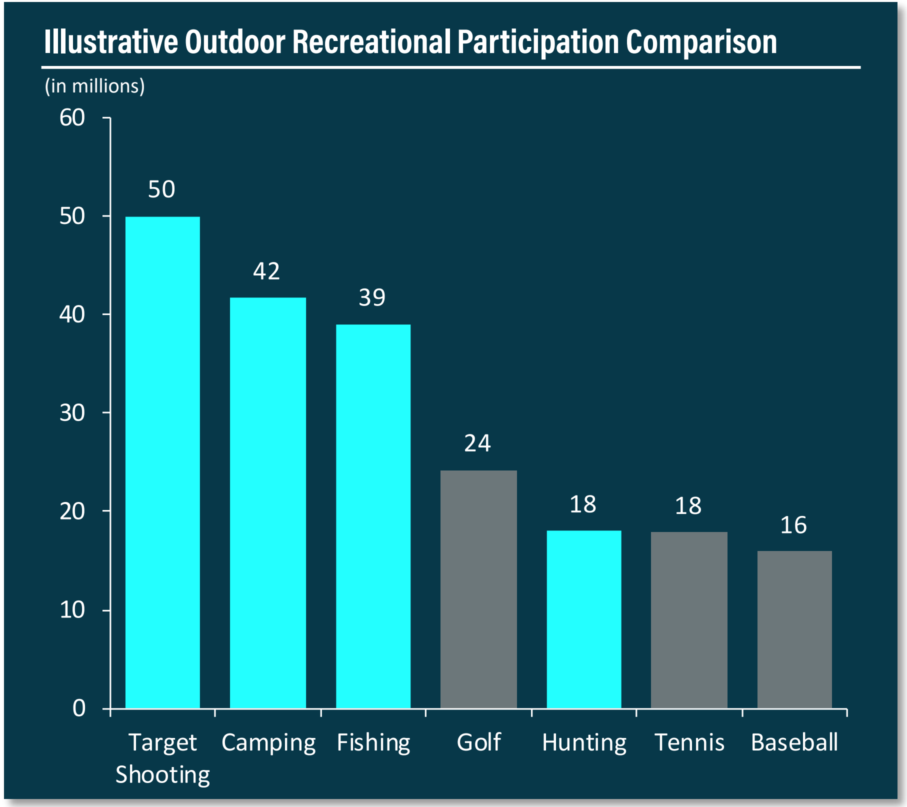
More fishing licenses sold nationwide this year than last, a 14% increase, according to the Recreational Boating and Fishing Foundation

~1M

More hunters in 2020. The NSSF has indicated that hunting license sales have grown 12% vs. 2019. If trend continues, this could mean 1M new hunters entered the market this year



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



Source: 2019 Outdoor Participation Report, National Shooting Sports Foundation, National Golf Foundation, Tennis Industry Association, Outdoor Industry Association, KOA

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

STRATEGIC PRIORITIES FOR GROWTH

1 INTRODUCE New, Differentiated Products

- ✓ **Leveraging** agile brand and product development teams
- ✓ **Focus** on **disruptive technology** and successful product launches
- ✓ Create competitive moats through **intellectual property**

2 EXPAND Addressable Market

- ✓ Leverage our brands' **"Permission to Play"**
- ✓ Enter **new product** categories that appeal to a **wider audience**
- ✓ Naturally pull some brands **beyond the "rugged outdoor" market**

3 CULTIVATE Direct-to-Consumer Relationships

- ✓ Invest in **creative teams** & **e-commerce** platform:
  - – *Create and distribute high content volumes*
- ✓ Help **drive pull-through** at retail
- ✓ Enable consumers to **purchase directly from our platform**

4 EXPAND & ENHANCE Supply Chain

- ✓ Identifying, qualifying, attracting, and maintaining **qualified contract manufacturers**
- ✓ Qualifying additional suppliers will **reduce dependence** on one or a small group of suppliers
- ✓ **Protect against** operational, performance, or capacity issues

United States
Taiwan
Japan
China
South Korea
Philippines
Thailand
India
Mexico

5 PURSUE Complementary Acquisitions

- ✓ Seek **tuck-in acquisitions** into brand lane structure that **augment organic growth** where we have:
  - – *Product expertise*
  - – *Familiarity with the consumer*
  - – *Complementary to existing portfolio and sales channels*

PURSUE COMPLEMENTARY ACQUISITIONS

Pursue appropriate acquisitions for AOUT, with a **focus on the large and growing markets in which our core consumers participate**. This disciplined approach to acquisitions has led to our complementary brand portfolio

IDEAL ACQUISITION CRITERIA

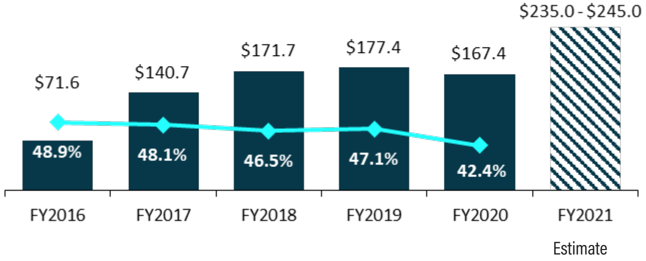
- ✓ "Dock & Unlock"™ Friendly via Brand Lane Structure
- ✓ "From Niche to Known"™ Opportunity (Runway for Growth)
- ✓ Large, Addressable Markets
- ✓ Low Complexity
- ✓ Further Diversifies AOUT's Supply Chain

(a) Based on a 2017 report issued by the Outdoor Industry Association.
(b) Estimated market size per AOUT management's estimates.

SUMMARY FINANCIAL OVERVIEW

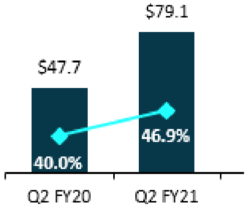
AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

NET SALES & GROSS MARGIN

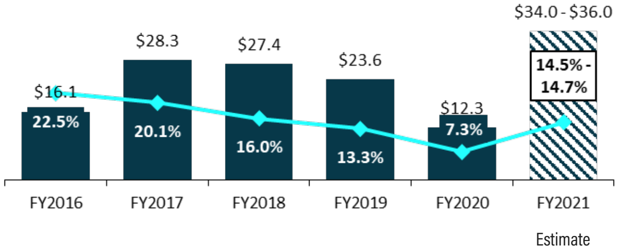


- ✓ Historical net sales driven by both organic and inorganic growth (5 primary acquisitions completed since FY2016)
- ✓ Significant sales growth within e-commerce channel – growth expected to continue through leveraging brand lane platforms
- ✓ "Dock & Unlock"™ strategy allows for expansion into new product categories providing AOUT's young brands with significant runway for growth
- ✓ Gross margins stabilized from impacts of tariffs and unfavorable manufacturing variances

Q2 UPDATE

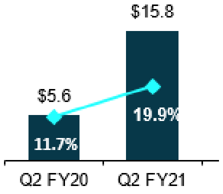


ADJ. EBITDAS & ADJ. EBITDAS MARGIN



- ✓ Harvested cost savings from plant consolidations to reinvest in AOUT's brand lane platforms for future growth while steadying impacts from tariffs and manufacturing variances
- ✓ Leverage of fixed G&A costs, brand lanes and e-commerce investments will yield significant EBITDAS contribution as the business scales
- ✓ Expect full year EBITDAS margin to improve meaningfully

Q2 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 29 for a reconciliation of Adjusted EBITDAS. Financials for FY2019 include activity for the period subsequent to the acquisition of LaserLyte. Financials for FY2018 include activity for the period subsequent to the acquisition of Fish Tales, LLC (BUBBA). Financials for FY2017 include activity for the period subsequent to the acquisitions of Taylor Brands, LLC, Crimson Trace, and UST. FY2021 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 further effects of COVID-19 on the industry and the company which are beyond Management's knowledge and control.

Q2 – FY2021 – GAAP

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

	For Three Months Ending October 31	
	2020	2019
	(US$ in thousands, except per share data)	
Net sales	$ 79,098	$ 47,742
Cost of sales	42,025	28,651
Gross profit	37,073	19,091
Total operating expenses	27,509	20,563
Operating income (loss)	9,564	(1,472)
Total other income	183	1,173
Income tax expense (benefit)	2,408	94
Net income (loss)	$ 7,339	$ (393)
Net income per share - Diluted	$0.52	($0.03)
Weighted average shares outstanding - Diluted	14,155	13,975

Q2 – FY2021 – NON-GAAP

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

	For Three Months Ending October 31	
	2020	2019
	(US$ in thousands, except per share data)	
Net sales	$ 79,098	$ 47,742
Cost of sales	42,025	28,399
Gross profit	37,073	19,343
% of net sales	*46.9%*	*40.5%*
Total operating expenses	22,461	15,280
% of net sales	*28.4%*	*32.0%*
Operating income	14,612	4,063
% of net sales	*18.5%*	*8.5%*
Total other income/(expense)	95	(5)
Income tax expense	3,746	1,270
Net income	$ 10,961	$ 2,788
Net income per share - Diluted	$0.77	$0.20
Weighted average shares outstanding - Diluted	14,155	13,975
Non-GAAP Adjusted EBITDAS	$15,764	$5,575
% of net sales	19.9%	11.7%

Note: See page 30 for reconciliation from GAAP to Non-GAAP

FINANCIAL OUTLOOK AND DRIVERS

	Original FY21 Guidance	Updated FY21 Guidance (as of 9/3/20)	Updated FY21 Guidance (as of 12/15/20)	Long-Term Drivers
Net Sales*	$180M – $190M	$195M – $205M	$235M – $245M	✓ Entering new product categories ✓ Entering new customer channels of distribution ✓ Entering entirely new and larger addressable markets
Adjusted EBITDAS	$15M – $17M	$19M – $21M	$34M – $36M	✓ High level of operating leverage from existing brand lane platforms ✓ Adjusted EBITDAS margins expected to increase with net sales growth
Capital Expenditures	$2M – $4M	$4M	$4M	✓ FY21 includes non-recurring expenditures related to incremental trade show costs ✓ Going forward will primarily be maintenance capex related to product tooling

* Excludes any acquisitions

Note: FY2021 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 further effects of COVID-19 on the industry and the company 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.

CONSERVATIVE CAPITAL STRUCTURE TO SUPPORT ORGANIC AND INORGANIC GROWTH

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

BALANCE SHEET AS OF OCTOBER 31, 2020

Assets ($M)	
Cash	$33.9
Other Current Assets	134.4
Intangibles / Goodwill	129.9
PP&E	10.2
Other Assets	27.0
Total Assets	**$335.4**

Liabilities & Equity ($M)	
Current Liabilities (Excl. Debt)	$40.7
Bank Debt	-
Other Liabilities	25.9
Total Liabilities	**$66.6**
Stockholders' Equity	**$268.8**
Total Liabilities & Equity	**$335.4**

- ✓ Strong balance sheet with significant amount of liquidity
  - Low-cost L+200, $50M asset-based revolving credit facility with additional $15M accordion feature[a]
  - ~$34M of cash
- ✓ Growth and profitability will facilitate the prioritization of investments and capital allocation focused on both organic and inorganic growth
- ✓ Focus on working capital optimization by converting targeted sections of slower moving inventory into cash
- ✓ Strong free cash flow conversion with low level of maintenance capex

Note: US$ in millions.
(a) Asset-based revolving credit facility became effective on the completion of the separation of AOUT from SWBI.

SUMMARY INVESTMENT HIGHLIGHTS

AMERICAN OUTDOOR BRANDS

- Portfolio of Leading Brands and Products Focused on the Rugged Outdoor Market
- Four Brand Lanes with Significant Runway for Growth
- Repeatable Process for Innovating and Rejuvenating Mature Product Categories
- Leverageable Platform for Acquisitions with Demonstrated Acquisition Execution
- Experienced, Entrepreneurial Management Team

AMERICAN OUTDOOR BRANDS

Q&A

AMERICAN™
OUTDOOR BRANDS

APPENDIX

EXPERIENCED LEADERSHIP

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

BRIAN D. MURPHY

President & Chief Executive Officer

Joined in **2016**

14+ 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

Joined in **2010**

24+ 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" and "Adjusted EBITDAS" are presented. 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) the tax effect of non-GAAP adjustments, (vi) income tax expense/(benefit), (vii) depreciation and amortization, and (viii) 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.

SELECTED HISTORICAL COMBINED FINANCIAL DATA

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

	For the Fiscal Years Ended April 30,				
	2020	2019	2018	2017	2016
			(US$ in Thousands)		
Net sales	$167,379	$177,363	$171,681	$140,721	$71,587
Cost of sales	96,363	93,889	91,775	73,021	36,606
Gross profit	71,016	83,474	79,906	67,700	34,981
Operating expenses[(a)]	183,812	97,539	82,919	70,566	31,293
Operating income/(loss)	(112,796)	(14,065)	(3,013)	(2,866)	3,688
Total other income/(expense), net	4,942	5,278	4,020	1,088	461
Income/(loss) from operations before income taxes	(107,854)	(8,787)	1,007	(1,778)	4,149
Income tax expense/(benefit)[(b)]	(11,653)	734	(7,158)	(833)	1,452
Net Income/(loss)[(c)]	$(96,201)	$(9,521)	$8,165	$(945)	$2,697
Depreciation and amortization	$23,639	$24,990	$24,041	$21,115	$10,546
Adjusted EBITDAS[(d)]	$12,300	$23,615	$27,385	$28,267	$16,096
Capital expenditures	$1,480	$1,889	$1,516	$3,968	$1,302
Year-end financial position:					
Working capital	$80,876	$70,929	$49,606	$53,204	$12,188
Total assets	$248,415	$354,773	$365,272	$380,769	$148,271

(a) Operating expenses for FY2020 include a $98.9 million impairment of goodwill, and operating expenses for FY2019 include a $10.4 million impairment of goodwill.
(b) Income tax benefit in FY2018 was favorably impacted by $7.6 million as a result of the Tax Cuts and Jobs Act, or Tax Reform.
(c) Net income/(loss) for FY2019 includes activity for the period subsequent to the acquisition of LaserLyte. Net income/(loss) for FY2018 includes activity for the period subsequent to the acquisition of Fish Tales, LLC (BUBBA). Net income/(loss) for FY2017 includes activity for the period subsequent to the acquisitions of Taylor Brands, LLC, Crimson Trace, and UST.
(d) See slide 28 for a reconciliation of Adjusted EBITDAS.

Q2 GAAP TO NON-GAAP RECONCILIATION

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

AMERICAN OUTDOOR BRANDS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES
(Dollars in thousands, except per share data)
(Unaudited)

	For the Three Months Ended October 31,			
	2020		2019	
	$	% of Sales	$	% of Sales
GAAP gross profit	$ 37,073	46.9%	$ 19,091	40.0%
Transition costs	—	0.0%	252	0.5%
Non-GAAP gross profit	$ 37,073	46.9%	$ 19,343	40.5%
GAAP operating expenses	$ 27,509	34.8%	$ 20,563	43.1%
Amortization of acquired intangible assets	(4,011)	-5.1%	(4,662)	-9.8%
Stock compensation	(899)	-1.1%	(352)	-0.7%
Transition costs	(13)	0.0%	(269)	-0.6%
COVID-19 expenses	—	0.0%	—	0.0%
Other	(125)	-0.2%	—	0.0%
Non-GAAP operating expenses	$ 22,461	28.4%	$ 15,280	32.0%
GAAP operating income/(loss)	$ 9,564	12.1%	$ (1,472)	-3.1%
Amortization of acquired intangible assets	4,011	5.1%	4,662	9.8%
Stock compensation	899	1.1%	352	0.7%
Transition costs	13	0.0%	521	1.1%
COVID-19 expenses	—	0.0%	—	0.0%
Other	125	0.2%	—	0.0%
Non-GAAP operating income/(loss)	$ 14,612	18.5%	$ 4,063	8.5%
GAAP net income/(loss)	$ 7,339	9.3%	$ (393)	-0.8%
Amortization of acquired intangible assets	4,011	5.1%	4,662	9.8%
Stock compensation	899	1.1%	352	0.7%
Transition costs	13	0.0%	521	1.1%
COVID-19 expenses	—	0.0%	—	0.0%
Related party interest income	(88)	-0.1%	(1,178)	-2.5%
Other	125	0.2%	—	0.0%
Tax effect of non-GAAP adjustments	(1,338)	-1.7%	(1,176)	-2.5%
Non-GAAP net income/(loss)	$ 10,961	13.9%	$ 2,788	5.8%
GAAP net income/(loss) per share - diluted	$ 0.52		$ (0.03)	
Amortization of acquired intangible assets	0.28		0.33	
Stock compensation	0.06		0.03	
Transition costs	—		0.04	
COVID-19 expenses	—		—	
Related party interest income	(0.01)		(0.08)	
Other	0.01		—	
Tax effect of non-GAAP adjustments	(0.09)		(0.08)	
Non-GAAP net income/(loss) per share - diluted	$ 0.77		$ 0.20 (a)	

(a) Non-GAAP net income per share does not foot due to rounding.

Q2 GAAP TO NON-GAAP RECONCILIATION

AMERICAN OUTDOOR BRANDS (NASDAQ: AOUT)

AMERICAN OUTDOOR BRANDS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES
(Dollars in thousands, except per share data)
(Unaudited)

	For the Three Months Ended October 31,			
	2020		2019	
	$	% of Sales	$	% of Sales
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Transition costs	13	0.0%	521	1.1%
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Transition costs	13	0.0%	521	1.1%
COVID-19 expenses	—	0.0%	—	0.0%
Related party interest income	(88)	-0.1%	(1,178)	-2.5%
Other	125	0.2%	—	0.0%
Tax effect of non-GAAP adjustments	(1,338)	-1.7%	(1,176)	-2.5%
Non-GAAP net income/(loss)	$ 10,961	13.9%	$ 2,788	5.8%
GAAP net income/(loss) per share - diluted	$ 0.52		$ (0.03)	
Amortization of acquired intangible assets	0.28		0.33	
Stock compensation	0.06		0.03	
Transition costs	—		0.04	
COVID-19 expenses	—		—	
Related party interest income	(0.01)		(0.08)	
Other	0.01		—	
Tax effect of non-GAAP adjustments	(0.09)		(0.08)	
Non-GAAP net income/(loss) per share - diluted	$ 0.77		$ 0.20 (a)	

(a) Non-GAAP net income per share does not foot due to rounding.


AMERICAN OUTDOOR
BRANDS