

**Report of Organizational Actions
 Affecting Basis of Securities**

OMB No. 1545-0123

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Smith & Wesson Brands, Inc. (f/k/a American Outdoor Brands Corporation)		2 Issuer's employer identification number (EIN) 87-0543688	
3 Name of contact for additional information Investor Relations	4 Telephone No. of contact 413-747-3448	5 Email address of contact investorrelations@smith-wesson.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 2100 Roosevelt Avenue		7 City, town, or post office, state, and ZIP code of contact Springfield, MA 01104	
8 Date of action August 24, 2020	9 Classification and description IRC Sec. 355 Spin-off of Common Stock		
10 CUSIP number 831754106	11 Serial number(s)	12 Ticker symbol SWBI	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See attachment.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See attachment.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attachment.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

Blank lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See attachment.

Blank lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

Blank lines for providing other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Deana L. McPherson Date ▶ 8/27/2020

Print your name ▶ Deana L. McPherson Title ▶ Chief Financial Officer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Smith & Wesson Brands, Inc.
Corporation EIN: 87-0543688
Date of Action: August 24, 2020

Attachment to Internal Revenue Service Form 8937

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code") and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of shares of Smith & Wesson Brands, Inc. ("SWBI") common stock (NASDAQ: SWBI) and the allocation of tax basis between shares of SWBI common stock and American Outdoor Brands, Inc. ("AOUT") common stock (NASDAQ: AOUT) pursuant to the Distribution. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Neither SWBI nor AOUT provides tax advice to its stockholders and the example provided below is merely illustrative.

Stockholders are urged to consult their own tax advisors regarding the particular consequences of the Distribution to them, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. Stockholders are urged to read the amended registration statement on Form 10 of AOUT, as filed with the Securities and Exchange Commission on August 11, 2020 (the "Form 10"), particularly the discussion beginning on page 126 under the heading "Material U.S. Federal Income Tax Consequences of the Distribution." Stockholders may access the Form 10 at www.sec.gov.

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Line 14 - Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On August 24, 2020, SWBI distributed *pro rata* to SWBI's stockholders all of the outstanding common stock of AOUT (the "**Distribution**"). In the Distribution, each holder of SWBI common stock received one share of AOUT common stock for every four shares of SWBI common stock held as of the record date of August 10, 2020. No fractional shares of AOUT common stock were issued.

All fractional shares of AOUT common stock that the stockholders of SWBI otherwise would have been entitled to receive as a result of the Distribution will be aggregated into whole shares and sold on the open market, and the resulting cash proceeds of the sale will be paid to such stockholders.

Line 15 - Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

As a consequence of the Distribution, SWBI stockholders will be required to allocate the aggregate tax basis in their SWBI common stock held immediately before the Distribution among the AOUT common stock received in the Distribution (including any fractional share interest in AOUT for which cash is received). A stockholder's aggregate tax basis in his or her shares of SWBI common stock held immediately prior to the Distribution should be allocated in proportion to the relative fair market value of the SWBI common stock and the AOUT common stock. Stockholders that acquired SWBI common stock at different times or different prices must calculate their basis in each block of stock and then allocate a portion of that tax basis to the SWBI common stock and the AOUT common stock received with respect thereto.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how a stockholder should determine the fair market values of the SWBI common stock and the AOUT common stock for purposes of allocating the stockholder's tax basis. Stockholders should consult their own tax advisor to determine what measure of fair market value is appropriate.

There are several possible methods for determining the fair market values of SWBI common stock and AOUT common stock. One possible approach is to utilize the NASDAQ market closing price on August 25, 2020, the date on which AOUT stock first traded, (the "**Closing Price**") as an indication of the fair market value. For SWBI common stock the Closing Price was \$17.26 per share and for AOUT common stock the Closing Price was \$17.78 per share.

Based on that approach and the assumptions and calculations set forth in Line 16 below, 79.5208% of a SWBI stockholder's aggregate tax basis in his or her shares of SWBI common stock immediately prior to the Distribution would be allocated to such shareholder's shares of SWBI common stock and 20.4792% would be allocated to such shareholder's shares of AOUT common stock received in the Distribution (including any fractional share interest in AOUT for which cash is received). Other approaches to determine fair market value may also be possible. SWBI stockholders are not bound by the approach illustrated above and may, in consultation with their own tax advisor, use another approach in determining fair market values for SWBI common stock and AOUT common stock.

Line 16 - Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

As described in Line 15 above, in general, SWBI stockholders will be required to allocate the aggregate tax basis in their SWBI common stock held immediately before the Distribution among the AOUT common stock received in the Distribution (including any fractional share interest in AOUT for which cash is received).

The following is an example illustrating how the above-described approach to basis allocation would be applied.

Assumptions:

- Mr. Jones holds on the record date 400 shares of SWBI common stock as a capital asset, all of which were acquired on June 8, 2015 in a single lot for \$10 per share.
- Upon the Distribution, Mr. Jones receives one share of AOUT common stock for every four shares of SWBI common stock.
- Mr. Jones's aggregate tax basis in the 400 shares of SWBI common stock and 100 shares of AOUT common stock is \$4,000.

Tax basis allocation:

	# Shares Owned	Assumed Beginning Basis	Price	FMV of Shares Owned	Percentage of Total FMV	Allocated Tax Basis
SWBI common stock	400	\$4,000.00	\$17.26 ¹	\$6,904.00 ³	79.5208% ⁵	\$3,180.83
AOUT common stock	100		\$17.78 ²	\$1,778.00 ⁴	20.4792% ⁶	\$ 819.17
Total				\$8,682.00	100.0000%	\$4,000.00

¹ The Closing Price of SWBI common stock on August 25, 2020.

² The Closing Price of AOUT common stock on August 25, 2020.

³ 400 shares x \$17.26

⁴ 100 shares x \$17.78

⁵ \$6,904.00/\$8,682.00

⁶ \$1,778.00/\$8,682.00

Line 17 - List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Section 355; Section 358; Section 368; Section 1001; Section 1223.

Line 18 - Can any resulting loss be recognized?

Generally, no gain or loss will be recognized for tax purposes as a result of the

Distribution. An SWBI stockholder who receives cash in lieu of a fractional share of AOUT common stock will recognize gain or loss equal to the difference between the amount of cash received and the tax basis in his or her fractional share. The deductibility of capital losses is subject to limitations.

Line 19 - Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Distribution was consummated on August 24, 2020. For an SWBI stockholder whose taxable year is the calendar year, the reportable tax year is 2020.