*Confidential Treatment Requested by American Outdoor Brands, Inc.*
*Pursuant to 17 C.F.R. Section 200.83*

**As Confidentially Submitted to the Securities and Exchange Commission on June 5, 2020**

**File No. 001-**

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# AMENDMENT NO. 1
# TO
# FORM 10

**GENERAL FORM FOR REGISTRATION OF SECURITIES PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

# American Outdoor Brands, Inc.

(Exact Name of Registrant as Specified in its Charter)

| **Delaware** | **84-4630928** |
|---|---|
| (State or Other Jurisdiction of Incorporation or Organization) | (I.R.S. Employer Identification No.) |
| **1800 North Route Z**<br>**Columbia, Missouri** | **65202** |
| (Address of Principal Executive Offices) | (Zip Code) |

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

***Copies to*:**

**Robert S. Kant**
**Katherine A. Beck**
**John A. Shumate**
**Greenberg Traurig, LLP**
**2375 East Camelback Road, Suite 700**
**Phoenix, Arizona 85016**

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

| **Title of each class to be so registered** | **Name of each exchange on which each class is to be registered** |
|---|---|
| **Common Stock, $0.001 par value per share** | **The Nasdaq Stock Market LLC** |

Securities to be registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☐ |
| | | 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. ☒

**AMERICAN OUTDOOR BRANDS, INC.**

**INFORMATION REQUIRED IN REGISTRATION STATEMENT**

**CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10**

Certain information required to be included in this Form 10 is incorporated by reference to specifically identified portions of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

**Item 1. Business.**

The information required by this item is contained under the sections of the information statement entitled "Special Note Regarding Forward-Looking Statements," "Information Statement Summary," "Summary of the Separation," "Risk Factors," "The Separation," "Capitalization," "Unaudited Pro Forma Combined Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Management," "Executive Compensation," "Certain Relationships and Related Person Transactions," "Where You Can Find More Information," and "Index to Financial Statements" (and the statements referenced therein). Those sections are incorporated herein by reference.

**Item 1A. Risk Factors.**

The information required by this item is contained under the sections of the information statement entitled "Special Note Regarding Forward-Looking Statements" and "Risk Factors." Those sections are incorporated herein by reference.

**Item 2. Financial Information.**

The information required by this item is contained under the sections of the information statement entitled "Information Statement Summary," "Risk Factors," "Capitalization," "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Index to Financial Statements" (and the statements referenced therein). Those sections are incorporated herein by reference.

**Item 3. Properties.**

The information required by this item is contained under the section of the information statement entitled "Business—Facilities and Distribution." That section is incorporated herein by reference.

**Item 4. Security Ownership of Certain Beneficial Owners and Management.**

The information required by this item is contained under the section of the information statement entitled "Security Ownership of Certain Beneficial Owners and Management." That section is incorporated herein by reference.

**Item 5. Directors and Executive Officers.**

The information required by this item is contained under the section of the information statement entitled "Management." That section is incorporated herein by reference.

**Item 6. Executive Compensation.**

The information required by this item is contained under the sections of the information statement entitled "Executive Compensation" and "Management." Those sections are incorporated herein by reference.

**Item 7. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this item is contained under the sections of the information statement entitled "The Separation—Agreements with SWBI," "Management," "Executive Compensation," and "Certain Relationships and Related Person Transactions." Those sections are incorporated herein by reference.

**Item 8. Legal Proceedings.**

The information required by this item is contained under the section of the information statement entitled "Business—Legal Proceedings." That section is incorporated herein by reference.

**Item 9. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.**

The information required by this item is contained under the sections of the information statement entitled "Summary of the Separation," "Risk Factors," "The Separation," "Dividend Policy," "Capitalization," "Executive Compensation," and "Description of Capital Stock." Those sections are incorporated herein by reference.

**Item 10. Recent Sales of Unregistered Securities.**

The information required by this item is contained under the section of the information statement entitled "Description of Capital Stock—Sale of Unregistered Securities." That section is incorporated herein by reference.

**Item 11. Description of Registrant's Securities to Be Registered.**

The information required by this item is contained under the sections of the information statement entitled "Risk Factors—Risks Related to Our Common Stock," "Dividend Policy," and "Description of Capital Stock." Those sections are incorporated herein by reference.

**Item 12. Indemnification of Directors and Officers.**

The information required by this item is contained under the sections of the information statement entitled "Certain Relationships and Related Person Transactions—Other Related Person Transactions" and "Description of Capital Stock—Limitations on Personal Liability of Directors, Indemnification and Advancement Rights of Directors and Officers, and Director and Officer Insurance." Those sections are incorporated herein by reference.

**Item 13. Financial Statements and Supplementary Data.**

The information required by this item is contained under the sections of the information statement entitled "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Index to Financial Statements" (and the statements referenced therein). Those sections are incorporated herein by reference.

**Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 15. Financial Statements and Exhibits.**

***(a) Financial Statements***

The information required by this item is contained under the sections of the information statement entitled "Unaudited Pro Forma Combined Financial Statements" and "Index to Financial Statements" (and the statements referenced therein). Those sections are incorporated herein by reference.

***(b) Exhibits***

The following documents are filed as exhibits hereto:

| Exhibit No. | Description |
|---|---|
| 2.1 | Form of Separation and Distribution Agreement by and between Smith & Wesson Brands, Inc. and the Registrant |
| 3.1 | Form of Amended and Restated Certificate of Incorporation |
| 3.2 | Form of Amended and Restated Bylaws |
| 10.1 | Form of Transition Services Agreement by and between Smith & Wesson Brands, Inc. and the Registrant |
| 10.2 | Form of Tax Matters Agreement by and between Smith & Wesson Brands, Inc. and the Registrant |
| 10.3 | Form of Employee Matters Agreement by and between Smith & Wesson Brands, Inc. and the Registrant |
| 10.4# | Form of Trademark License Agreement by and between Smith & Wesson Inc. and AOB Products Company, a wholly owned subsidiary of the Registrant |
| 10.5* | Form of Sublease by and between Smith & Wesson Brands, Inc. and the Registrant |
| 10.6# | Form of Supply Agreement by and between Crimson Trace Corporation, a wholly owned subsidiary of the Registrant, as Supplier, and Smith & Wesson Inc. |
| 10.7# | Form of Supply Agreement by and between AOB Products Company, a wholly owned subsidiary of the Registrant, as Supplier, and Smith & Wesson, Inc. |
| 10.8+ | Form of 2020 Incentive Compensation Plan |
| 10.9+ | Form of Non-Qualified Stock Option Award Grant Notice and Agreement to the 2020 Incentive Compensation Plan |
| 10.10+ | Form of Restricted Stock Unit Award Grant Notice and Agreement to the 2020 Incentive Compensation Plan |
| 10.11+ | Form of Performance Stock Unit Award Grant Notice and Agreement to the 2020 Incentive Compensation Plan |
| 10.12+ | Form of 2020 Employee Stock Purchase Plan |
| 10.13+ | Form of Employment Agreement by and between the Registrant and Brian D. Murphy |
| 10.14+ | Form of Executive Severance Pay Plan |
| 10.15 | Form of Indemnification Agreement to be entered into between the Registrant and each of its directors and executive officers |
| 21.1 | Subsidiaries of the Registrant |
| 99.1 | Preliminary Information Statement, dated [•], 2020 |
| 99.2* | Form of Notice of Internet Availability of Information Statement |
| 99.3 | Consent to be Named as Director of Mary E. Gallagher |

* To be filed by amendment.
\+ Management contract or compensatory plan or arrangement.
\# Schedules have been omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. We agree to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

**SIGNATURES**

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN OUTDOOR BRANDS, INC.

Date: , 2020

By: _____

Brian D. Murphy
President and Chief Executive Officer

# SEPARATION AND DISTRIBUTION AGREEMENT

**by and between**

**SMITH & WESSON BRANDS, INC.**

**and**

**AMERICAN OUTDOOR BRANDS, INC.**

**Dated as of [●], 2020**

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**SEPARATION AND DISTRIBUTION AGREEMENT**

**THIS SEPARATION AND DISTRIBUTION AGREEMENT** (together with the Schedules and Annex hereto, as amended, amended and restated, supplemented, or modified from time to time, this "Agreement"), is entered into as of [●], 2020, by and between Smith & Wesson Brands, Inc., a Nevada corporation ("SWBI"), and American Outdoor Brands, Inc., a Delaware corporation ("AOUT").

**RECITALS**

Capitalized terms used in these recitals without definition have the meanings set forth in Section 1.1.

**WHEREAS**, the Board of Directors of SWBI has determined that it is in the best interests of SWBI and its stockholders to separate the Outdoor Products and Accessories Business from the Firearm Business;

**WHEREAS**, AOUT is a wholly owned Subsidiary of SWBI that has been incorporated for the sole purpose of, and has not engaged in activities except in preparation for, the Distribution and the transactions contemplated by this Agreement;

**WHEREAS**, in furtherance of the foregoing, the Board of Directors of SWBI has determined that it is in the best interests of SWBI and its stockholders to distribute to the holders of the issued and outstanding shares of common stock, par value $0.001 per share, of SWBI (the "SWBI Common Stock") as of the Record Date, by means of a pro rata dividend, 100% of the issued and outstanding shares of common stock, par value $0.001 per share, of AOUT (the "AOUT Common Stock"), on the basis of [●] shares of AOUT Common Stock for every [●] then issued and outstanding shares of SWBI Common Stock (the "Distribution");

**WHEREAS**, SWBI and AOUT have prepared, and AOUT has filed with the Commission, the Form 10, which includes the Information Statement, and which sets forth appropriate disclosures concerning AOUT and the Distribution, and the Form 10 has become effective under the Exchange Act;

**WHEREAS**, the Distribution will be preceded by, among other things, (a) the Transfer, pursuant to which, among other things, the AOUT Assets will be contributed to AOUT (the "Contribution"), and (b) the entry by AOUT into the AOUT Financing Arrangements;

**WHEREAS**, for United States federal income tax purposes, it is intended that the Contribution and the Distribution, taken together, will qualify as a "reorganization" within the meaning of Section 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"), and a distribution to which Section 355 of the Code applies, and it is a condition to the Distribution that SWBI will have obtained the Tax Opinion to such effect as contemplated by Section 3.1(a)(x);

**WHEREAS**, this Agreement, together with the Ancillary Agreements and other documents implementing the Contribution and Distribution, is intended to be, and is hereby adopted as, a "plan of reorganization" within the meaning of Treas. Reg. Section 1.368-2(g); and

**WHEREAS**, the parties hereto have determined to set forth the principal actions required to effect the Distribution and to set forth certain agreements that will govern the relationship between those parties following the Distribution.

**NOW THEREFORE**, in consideration of the mutual covenants contained in this Agreement, the parties hereby agree as follows:

**ARTICLE 1**
**DEFINITIONS**

Section 1.1 Definitions. As used in this Agreement, the following terms have the following meanings:

"Action" means any demand, claim, suit, action, arbitration, inquiry, investigation, or other proceeding by or before any Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by Contract, or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding any provision of this Agreement to the contrary (except where the relevant provision states explicitly to the contrary), no member of the SWBI Group, on the one hand, and no member of the AOUT Group, on the other hand, shall be deemed to be an Affiliate of the other.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Amended and Restated Bylaws" has the meaning set forth in Section 2.2(c).

"Amended and Restated Certificate of Incorporation" has the meaning set forth in Section 2.2(c).

"Ancillary Agreement" means each of the Tax Matters Agreement, the Transition Services Agreement, the Employee Matters Agreement, the Transfer Agreements, the Post-Distribution Commercial Agreements, the Sublease, the Trademark License Agreement, and any other agreements, instruments, or certificates related thereto or to the transactions contemplated by this Agreement (in each case, together with the schedules, exhibits, annexes, and other attachments thereto).

"AOUT" has the meaning set forth in the preamble to this Agreement.

"AOUT Assets" means, except as expressly otherwise contemplated in this Agreement or any Ancillary Agreement, all right, title, and interest of SWBI and/or its Subsidiaries in the following assets (as determined by SWBI in its sole discretion):

(a) all interests of whatever nature in the real property listed on Schedule 1.1(a), together with all buildings, fixtures, and improvements erected thereon (the "AOUT Facilities");

(b) all interests in personal property, fixtures, machinery, furniture, office equipment, automobiles, motor vehicles, and other transportation equipment, special and general tools, test devices, prototypes and models, and other tangible personal property (other than any Intellectual Property) located at the AOUT Facilities;

(c) all inventories of materials, supplies, goods in transit, customer returns, and work-in-process and finished goods and products, in each case of whatever kind, nature, or description, in each case solely to the extent exclusively related to or exclusively used or exclusively held for use in connection with the Outdoor Products and Accessories Business;

(d) all interests in any capital stock or other equity securities or interests of or in any member of the AOUT Group;

(e) all deposits, letters of credit, and performance and surety bonds, in each case solely to the extent exclusively related to or exclusively used or exclusively held for use in connection with the Outdoor Products and Accessories Business;

(f) all prepaid expenses, trade accounts, and other accounts and notes receivable, in each case solely to the extent exclusively related to or exclusively used or exclusively held for use in connection with the Outdoor Products and Accessories Business;

(g) the Patent Rights listed on Schedule 1.1(b) and all other Intellectual Property (other than Patent Rights) solely to the extent exclusively used or exclusively held for use in connection with the Outdoor Products and Accessories Business, including such other Intellectual Property (including software) listed on Schedule 1.1(g) (and excluding the Intellectual Property listed on Schedule 1.1(c));

(h) the IT Assets set forth on Schedule 1.1(d) and all IT Assets solely to the extent exclusively related to or exclusively used or exclusively held for use in connection with the Outdoor Products and Accessories Business;

(i) all Contracts (including Contracts related to Intellectual Property and IT Assets) and any rights thereunder, in each case solely to the extent primarily related to or primarily used or primarily held for use in connection with the Outdoor Products and Accessories Business, including the Contracts set forth on Schedule 1.1(e);

(j) all claims, causes of action, and similar rights, whether accrued or contingent, in each case solely to the extent primarily related to the Outdoor Products and Accessories Business;

(k) all employee Contracts with any AOUT Participants, including the right thereunder to restrict any AOUT Participant from competing in certain respects;

(l) all Permits exclusively related to or exclusively used or exclusively held for use in connection with the Outdoor Products and Accessories Business;

(m) Cash and Cash Equivalents solely to the extent (i) located at the AOUT Facilities or (ii) exclusively related to or exclusively used or exclusively held for use in connection with the Outdoor Products and Accessories Business;

(n) subject to the foregoing clause (m), all bank accounts, lock boxes, and other deposit arrangements, and all brokerage accounts, in each case solely to the extent (i) located at the AOUT Facilities or (ii) exclusively related to or exclusively used or exclusively held for use in connection with the Outdoor Products and Accessories Business;

(o) all accounting and other legal and business books, records, minute books, corporate documents, ledgers, and files and all personnel records, in each case, whether printed, electronic, contained on storage media or written, or in any other form, in each case solely to the extent primarily related to or primarily used or primarily held for use in connection with the Outdoor Products and Accessories Business;

(p) (i) all Confidential Information, (ii) all cost information, sales and pricing data, supplier records, supplier lists, vendor data, correspondence, and lists, and (iii) all product data and literature, brochures, marketing and sales literature, advertising catalogues, photographs, display materials, media materials, packaging materials, artwork, designs, formulations and specifications, quality records, and reports (other than any Intellectual Property in any of the foregoing and excluding any Commercial Data), in each case solely to the extent primarily related to or primarily used or primarily held for use in connection with the Outdoor Products and Accessories Business;

(q) all Commercial Data to the extent primarily related to or primarily used or primarily held for use in connection with the Outdoor Products and Accessories Business (for the avoidance of doubt, the parties acknowledge and agree that neither SWBI nor any member of the SWBI Group is receiving any money or other valuable consideration in exchange for AOUT's retention and use of the consumer database of purchasers of firearm and accessories products branded with trademarks owned by the SWBI Group);

(r) all goodwill associated with the Outdoor Products and Accessories Business or the assets described in clauses (a)-(q) and (s) of this definition; and

(s) any other assets, of whatever sort, nature, or description, that are exclusively related to or exclusively used or exclusively held for use in connection with the Outdoor Products and Accessories Business, including the assets set forth on Schedule 1.1(f).

"AOUT Assumed Actions" has the meaning set forth in Section 4.2(a).

"AOUT Common Stock" has the meaning set forth in the recitals to this Agreement.

"AOUT Credit Facility" means that certain credit agreement to be dated on or around [●], 2020, by and among AOUT, [●], a [●] and a Subsidiary of AOUT, any other Subsidiary Borrowers (as defined therein) from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto and [●], as administrative agent, as such agreement may be amended, amended and restated, supplemented, or modified from time to time.

"AOUT Designee" has the meaning set forth in Section 2.3(a).

"AOUT Financing Arrangements" means (a) the AOUT Credit Facility and (b) the other Loan Documents (as defined in the AOUT Credit Facility).

"AOUT Financing Transactions" has the meaning set forth in Section 2.2(b).

"AOUT Group" means AOUT and its Subsidiaries as set forth on Schedule 1.1(g), including all predecessors and successors to such Persons.

"AOUT Indemnitees" and "AOUT Indemnitee" have the meanings set forth in Section 5.3(a).

"AOUT Liabilities" means (without duplication) all of the following of SWBI and/or its Subsidiaries (as determined by SWBI in its sole discretion):

(a) any and all Liabilities to the extent relating to, arising out of or in connection with, or resulting from the Outdoor Products and Accessories Business, the business and operation of the AOUT Assets, as currently or formerly operated (including as conducted or operated by any predecessor of any member of the SWBI Group or the AOUT Group), including the following Liabilities:

(i) all Liabilities relating to, arising out of or in connection with, or resulting from the AOUT Financing Arrangements;

(ii) any and all Environmental Liabilities to the extent relating to, arising out of or in connection with, or resulting from the AOUT Assets or the Outdoor Products and Accessories Business, as currently or formerly operated (including as conducted or operated by any predecessor of any member of the SWBI Group or the AOUT Group), and any currently or formerly owned, leased, or operated real property, facilities, factories, or manufacturing sites of the foregoing, including the Environmental Liabilities set forth on Schedule 1.1(h);

(iii) all Liabilities set forth on Schedule 1.1(i); and

(b) all Liabilities that are expressly contemplated by this Agreement or any of the Ancillary Agreement as Liabilities to be retained or assumed by AOUT or any other member of the AOUT Group, and all agreements, obligations, and other Liabilities of AOUT or any member of the AOUT Group under this Agreement or any of the Ancillary Agreements;

provided that, notwithstanding the foregoing the AOUT Liabilities shall not include (i) any Liabilities for Taxes, which shall be governed by the Tax Matters Agreement, or (ii) any Liabilities for the employment, employee benefits, and employee compensation matters expressly covered by the Employee Matters Agreement, all of which shall be governed by the Employee Matters Agreement.

"AOUT Names and Marks" means any and all Trademarks of AOUT or any of its Affiliates (other than any Trademark included in the SWBI Assets), including, for the avoidance of doubt, those set forth on Schedule 1.1(b) and any that use, contain, or include "American Outdoor Brands," in each case either alone or in combination with other words, phrases, or logos, and any and all Trademarks derived therefrom or confusingly similar thereto.

"AOUT Participants" has the meaning set forth in the Employee Matters Agreement.

"Applicable Law" means, with respect to any Person, any federal, state, local, or foreign law (statutory, common, or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling, directive, guidance, instruction, direction, permission, waiver, notice, condition, limitation, restriction or prohibition, or other similar requirement enacted, adopted, promulgated, imposed, issued, or applied by a Governmental Authority that is binding upon or applicable to such Person, its properties or assets, or its business or operations.

"Business" means, with respect to the SWBI Group, the Firearm Business and, with respect to the AOUT Group, the Outdoor Products and Accessories Business.

"Business Day" means any day, other than Saturday, Sunday, or other day on which commercial banks in New York, New York are authorized or required by Applicable Law to close.

"Cash and Cash Equivalents" means cash or cash equivalents, certificates of deposit, banker's acceptances, and other investment securities of any form or maturity.

"Claim" has the meaning set forth in Section 5.4(a).

"Code" has the meaning set forth in the recitals to this Agreement.

"Commercial Data" means any and all data and information relating to an identified or identifiable Person (whether the information is accurate or not), alone or in combination with other information, which Person is or was an actual or prospective customer of, or consumer of products offered by, the Outdoor Products and Accessories Business and/or the Firearm Business, as applicable.

"Commission" means the United States Securities and Exchange Commission.

"Confidential Information" means, with respect to a Group, (a) any proprietary information that is competitively sensitive, material, or otherwise of value to the members of such Group and not generally known to the public, including product planning information, marketing strategies, financial information, information regarding operations, consumer and/or customer relationships, consumer and/or customer profiles, sales estimates, business plans, and internal performance results relating to the past, present, or future business activities of the members of such Group and the consumers, customers, clients, and suppliers of the members of such Group, (b) any proprietary scientific or technical information, design, invention, process, procedure, formula, or improvement that is commercially valuable and secret in the sense that its confidentiality affords any member of such Group a competitive advantage over its competitors, and (c) all confidential or proprietary concepts, documentation, reports, data, specifications, computer software, source code, object code, flow charts, databases, inventions, information, and trade secrets, in the case of each of clauses (a), (b), and (c) of this definition, that are related primarily to such Group's Business; provided that to the extent both the Firearm Business and the Outdoor Products and Accessories Business use or rely upon any of the information described in any of the foregoing clauses (a), (b), and/or (c), subject to Section 4.7, such information shall be deemed the Confidential Information of both the SWBI Group and the AOUT Group.

"Contract" means any written or oral commitment, contract, subcontract, agreement, arrangement, sublease, license, understanding, sales order, purchase order, instrument, indenture, note, or any other legally binding commitment or undertaking.

"Contribution" has the meaning set forth in the recitals to this Agreement.

"Cyber Event" means any actual unauthorized, accidental, or unlawful access, use, exfiltration, theft, disablement, destruction, loss, alteration, disclosure, transmission of any IT Assets owned or used by or on behalf of either party or any member of its Group, or any information or data (including any personally identifiable information) stored therein or transmitted thereby.

"Cyber Insurance Event" has the meaning set forth in Section 4.10(c).

"Cyber Policies" has the meaning set forth in Section 4.10(c).

"Delaware Courts" has the meaning set forth in Section 6.9.

"Disposing Party" has the meaning set forth in Section 4.5.

"Distribution" has the meaning set forth in the recitals to this Agreement.

"Distribution Agent" means Issuer Direct Corporation.

"Distribution Date" means [●], 2020, the date on which the Distribution shall be effected.

"Distribution Documents" means this Agreement and the Ancillary Agreements.

"Distribution Time" means the time at which the Distribution is effective on the Distribution Date, which shall, to the fullest extent permitted by Applicable Law, be deemed to be 11:59 p.m. Eastern Time on the Distribution Date.

"Employee Matters Agreement" means the Employee Matters Agreement, dated as of the date hereof, by and between SWBI and AOUT, substantially in the form of Exhibit A attached hereto, as such agreement may be amended, amended and restated, supplemented, or modified from time to time.

"Environmental Law" means any Applicable Law relating to (a) human or occupational health and safety, (b) pollution or protection of the environment (including ambient air, indoor air, water vapor, surface water, groundwater, wetlands, drinking water supply, land surface or subsurface strata, biota, and other natural resources), or (c) Hazardous Materials, including any Applicable Law relating to exposure to, or use, generation, manufacture, processing, management, treatment, recycling, storage, disposal, emission, discharge, transport, distribution, labeling, presence, possession, handling, Release, or threatened Release of, any Hazardous Material and any Applicable Law relating to recordkeeping, notification, disclosure, registration, and reporting requirements respecting Hazardous Materials.

"Environmental Liabilities" means all Liabilities (including all removal, remediation, reclamation, cleanup or monitoring costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any settlement, judgment, or other determination of Liability and indemnity, contribution, or similar obligations and all costs and expenses, interest, fines, penalties, or other monetary sanctions in connection therewith) relating to, arising out of, or resulting from any (a) (i) Environmental Law, (ii) actual or alleged generation, use, storage, manufacture, processing, recycling, labeling, handling, possession, management, treatment, transportation, distribution, emission, discharge or disposal, or arrangement for the transportation or disposal, of any Hazardous Material, or (iii) actual or alleged presence, Release or threatened Release of, or exposure to, any Hazardous Material (including to the extent relating to the actual or alleged exposure to Hazardous Material, any claims that arise under, or are covered by, workers' compensation laws and/or workers' compensation, disability, or other insurance providing medical care and/or compensation to injured workers), or (b) Contract or other consensual arrangement pursuant to which Liability is assumed or imposed with respect to any of the foregoing, and all costs and expenses, interest, fines, penalties, or other monetary sanctions in connection therewith.

"Equity Compensation Registration Statement" means the Registration Statement on Form S-8 or on such other form or forms as may be appropriate, as amended, supplemented, or modified from time to time, including all documents incorporated by reference therein, to effect the registration under the Securities Act of the AOUT Common Stock subject to certain equity awards granted to current and former officers, employees, and directors of the SWBI Group to be assumed or replaced by AOUT pursuant to the Employee Matters Agreement.

"Escheat Payment" means any payment required to be made to a Governmental Authority pursuant to an abandoned property, escheat, or similar law.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Firearm Business" means all of the businesses conducted by SWBI and its Subsidiaries from time to time, whether before, on, or after the Distribution, other than the Outdoor Products and Accessories Business. For the avoidance of doubt, the AOUT Assets (and all assets and properties owned, directly or indirectly, by entities forming all or part of such assets) will not be considered part of the Firearm Business.

"Form 10" means the Registration Statement on Form 10 filed by AOUT with the Commission to effect the registration of AOUT Common Stock pursuant to the Exchange Act in connection with the Distribution, as such Registration Statement may be amended, supplemented, or modified from time to time.

"Governmental Authority" means any multinational, foreign, federal, state, local, or other governmental, statutory, or administrative authority, regulatory body, or commission or any court, tribunal, or judicial or arbitral authority which has any jurisdiction or control over either party (or any of their Affiliates).

"Group" means, as the context requires, the AOUT Group, the SWBI Group, or either or both of them.

"Guarantee" has the meaning set forth in Section 2.9.

"Hazardous Material" means (a) any petroleum or petroleum products, radioactive materials, toxic mold, radon, asbestos, or asbestos-containing materials in any form, lead-based paint, urea formaldehyde foam insulation, Per- and Polyfluoroalkyl Substances (PFAs), or polychlorinated biphenyls (PCBs); and (b) any chemicals, materials, substances, compounds, mixtures, products or byproducts, biological agents, living or genetically modified materials, pollutants, contaminants, or wastes that are now or hereafter become defined or characterized as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "special waste," "toxic substances," "pollutants," "contaminants," "toxic," "dangerous," "corrosive," "flammable," "reactive," "radioactive," or words of similar import, under any Applicable Law pertaining to the environment.

"Indemnified Party" has the meaning set forth in Section 5.4(a).

"Indemnifying Party" has the meaning set forth in Section 5.4(a).

"Indemnitees" means, as the context requires, the SWBI Indemnitees or the AOUT Indemnitees.

"Information Statement" means the Information Statement to be sent to each holder of SWBI Common Stock in connection with the Distribution, as amended, supplemented, or modified from time to time.

"Intellectual Property" means any and all intellectual property throughout the world, including any and all U.S. and foreign (a) patents, invention disclosures, and all related continuations, continuations-in-part, divisionals, provisionals, renewals, reissues, re-examinations, additions, extensions (including all supplementary protection certificates), and all applications and registrations therefor (collectively, "Patent Rights"), (b) trademarks, service marks, names, corporate names, trade names, domain names, social media identifiers, logos, slogans, trade dress, design rights, and other similar business identifiers or designations of source or origin and all applications and registrations therefor, together with the goodwill symbolized by any of the foregoing (collectively, "Trademarks"), (c) copyrights, works of authorship, and copyrightable subject matter and all applications and registrations therefor, (d) trade secrets, know-how, confidential data and information, technical information, including practices, techniques, methods, processes, inventions, developments, specifications, formulations, manufacturing processes, structures, analytical and quality control information and procedures, studies and procedures, and regulatory information, (e) computer software (including source code, object code, firmware, operating systems, and specifications), (f) databases and data collections, and (g) all rights to sue or recover and retain damages and costs and attorneys' fees for the past, present, or future infringement, misappropriation, or other violation of any of the foregoing.

"Intercompany Accounts" has the meaning set forth in Section 2.6.

"IT Assets" means computers, software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology assets or other equipment storing or processing information, including all associated documentation related to any of the foregoing.

"Liabilities" means any and all Claims, debts, liabilities, damages, and/or obligations (including, but not limited to, any Escheat Payment) of any kind, character, or description, whether absolute or

contingent, matured or not matured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including all costs and expenses (including reasonable attorneys' fees and expenses and associated investigation costs) relating thereto, and including those Claims, debts, liabilities, damages, and/or obligations arising under this Agreement and/or the other Distribution Documents, any Applicable Law, any Action or threatened Action, any order or consent decree of any Governmental Authority or any award of any arbitrator of any kind, and those arising under any agreement, commitment, or undertaking, including in connection with the enforcement of rights hereunder or thereunder.

"Nasdaq" means the Nasdaq Stock Market.

"Outdoor Products and Accessories Business" means the businesses, operations, products, services, and activities of SWBI's outdoor products and accessories business, as more fully described in the Form 10 and the Information Statement.

"Patent Rights" has the meaning set forth in Section 1.1 under the definition of "Intellectual Property."

"Permit" means any license, permit, approval, consent, certification, franchise, registration, or authorization, including marketing authorizations for any products requiring such to be sold, which have been issued by or obtained from any Governmental Authority.

"Person" means an individual, corporation, partnership, limited liability company, association, trust, or other entity or organization, including a Governmental Authority.

"Post-Distribution Commercial Agreements" means one or more commercial agreements or arrangements entered into between SWBI and AOUT (or members of the SWBI Group or the AOUT Group, as applicable) set forth on Schedule 1.1(j), as more fully described in the Form 10 and the Information Statement, as each such agreement or arrangement may be amended, amended and restated, supplemented, or modified from time to time.

"Post-Distribution Insurance Arrangements" has the meaning set forth in Section 4.10(a).

"Privileges" and "Privilege" have the meanings set forth in Section 4.1(b).

"Privileged Information" has the meaning set forth in Section 4.7(b).

"Receiving Party" has the meaning set forth in Section 4.5.

"Record Date" means the close of business on [●], 2020, the date determined by the Board of Directors of SWBI as the record date for determining the stockholders of SWBI entitled to the Distribution.

"Release" means any release, spill, emission, leaking, dumping, pumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching, or migration into, onto, within, or through the indoor or outdoor environment (including ambient air, surface water, groundwater, land surface or subsurface strata, soil, and sediments) or into, through, or within any property, building, structure, fixture, or equipment.

"Released Parties" and "Released Party" have the meanings set forth in Section 5.1(a).

"Representatives" has the meaning set forth in Section 4.6.

"Securities Act" means the Securities Act of 1933, as amended.

"Sublease" means the Sublease entered into between SWBI and AOUT (or members of their respective Groups) prior to the date hereof with respect to the occupancy or use by AOUT (or members of its Group) of certain owned or leased facilities of SWBI set forth on Schedule 1.1(k), as such agreement may be amended, amended and restated, supplemented, or modified from time to time.

"Subsidiary" means, with respect to any Person, any other Person (other than an individual) of which capital stock or other equity securities or interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

"SWBI" has the meaning set forth in the preamble to this Agreement

"SWBI Assets" means all assets, of whatever sort, nature, or description, of SWBI and/or its Subsidiaries (including any member of the AOUT Group) other than the AOUT Assets, including, for the avoidance of doubt, (a) any Trademarks that use, contain, or include "Smith & Wesson," either alone or in combination with other words, phrases, or logos and (b) the assets set forth on Schedule 1.1(l).

"SWBI Assumed Actions" has the meaning set forth in Section 4.2(b).

"SWBI Claims-Made Policies" has the meaning set forth in Section 4.10(b).

"SWBI Common Stock" has the meaning set forth in the recitals to this Agreement.

"SWBI Designee" has the meaning set forth in Section 2.3(a).

"SWBI Group" means SWBI and its Subsidiaries (other than any member of the AOUT Group) as set forth on Schedule 1.1(m), including all predecessors and successors to such Persons.

"SWBI Indemnitees" and "SWBI Indemnitee" have the meanings set forth in Section 5.2(a).

"SWBI Liabilities" means (without duplication) all of the following of SWBI and/or its Subsidiaries (as determined by SWBI in its sole discretion):

(a) all Liabilities solely to the extent relating to, arising out of or in connection with, or resulting from the Firearm Business or the business and operation of the SWBI Assets, as currently or formerly operated (including as conducted or operated by any predecessor of any member of the SWBI Group or the AOUT Group), including those Liabilities set forth on Schedule 1.1(n); and

(b) all Liabilities that are expressly contemplated by this Agreement or any other Ancillary Agreement as Liabilities to be retained or assumed by SWBI or any other member of the SWBI Group, and all agreements, and other Liabilities of SWBI or any member of the SWBI Group under this Agreement or any of the Ancillary Agreements;

provided that, notwithstanding the foregoing, the SWBI Liabilities shall not include (i) any Liabilities for Taxes, which shall be governed by the Tax Matters Agreement or (ii) any Liabilities for the employment, employee benefits, and employee compensation matters expressly covered by the Employee Matters Agreement, all of which shall be governed by the Employee Matters Agreement.

"SWBI Loss-Discovered Policies" has the meaning set forth in Section 4.10(b).

"SWBI Names and Marks" means any and all Trademarks of SWBI or any of its Affiliates (other than any Trademark included in the AOUT Assets), including, for the avoidance of doubt, those set forth on Schedule 1.1(c) and any that use, contain, or include "Smith & Wesson," in each case either alone or in combination with other words, phrases, or logos, and any and all Trademarks derived therefrom or confusingly similar thereto.

"SWBI Occurrence-Based Policy" has the meaning set forth in Section 4.10(b).

"SWBI Shared Policies" has the meaning set forth in Section 4.10(b).

"Tax" or "Taxes" has the meaning set forth in the Tax Matters Agreement.

"Tax Benefit" means any refund, credit, offset, or other reduction in otherwise required Tax payments.

"Tax Matters Agreement" means the Tax Matters Agreement dated as of the date hereof between SWBI and AOUT substantially in the form of Exhibit B, as such agreement may be amended, amended and restated, supplemented, or modified from time to time.

"Tax Opinion" has the meaning set forth in the Tax Matters Agreement.

"Third Party" means any Person that is not a member or an Affiliate of a member of the AOUT Group or the SWBI Group.

"Third Party Claim" has the meaning set forth in Section 5.4(b).

"Trademark License Agreement" means the Trademark License Agreement, dated as of the date hereof, by and between Smith & Wesson Inc. and AOB Products Company, substantially in the form of Exhibit C, as such agreement may be amended, amended and restated, supplemented, or modified from time to time.

"Trademarks" has the meaning set forth in Section 1.1 under the definition of "Intellectual Property."

"Transfer" means the contribution of certain businesses, assets, and liabilities of the SWBI Group and the AOUT Group to be completed before the Distribution Time in accordance with the Transfer Plan.

"Transfer Agreements" has the meaning set forth in Section 2.4.

"Transfer Plan" means that certain Transfer Plan, dated as of [●], 2020, attached hereto as Annex A, as such Transfer Plan may be amended, amended and restated, supplemented, or modified from time to time.

"Transition Services Agreement" means the Transition Services Agreement dated as of the date hereof between SWBI and AOUT substantially in the form of Exhibit D, as such agreement may be amended, amended and restated, supplemented, or modified from time to time.

Section 1.2 Interpretation. In this Agreement, unless the context clearly indicates otherwise:

(a) words used in the singular include the plural and words used in the plural include the singular;

(b) references to any Person include such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;

(c) except as otherwise clearly indicated, reference to any gender includes the other gender;

(d) the words "include," "includes," and "including" shall be deemed to be followed by the words "without limitation";

(e) reference to any Article, Section, Exhibit, Schedule, or Annex means such Article or Section of, or such Exhibit, Schedule, or Annex to, this Agreement, as the case may be, and references in any Section or definition to any clause means such clause of such Section or definition;

(f) the words "herein," "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof;

(g) reference to any agreement, instrument, or other document means such agreement, instrument, or other document as amended, amended and restated, supplemented, or modified from time to time to the extent permitted by the provisions thereof and by this Agreement;

(h) reference to any law (including statutes and ordinances) means such law (including all rules and regulations promulgated thereunder) as amended, modified, codified, or reenacted, in whole or in part, and in effect at the time of determining compliance or applicability;

(i) relative to the determination of any period of time, "from" means "from and including," "to" means "to and including," and "through" means "through and including";

(j) the titles to Articles and headings of Sections contained in this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of or to affect the meaning or interpretation of this Agreement;

(k) unless otherwise specified in this Agreement, all references to dollar amounts herein shall be in respect of lawful currency of the United States; and

(l) any capitalized term used in an Exhibit, Schedule, or Annex but not otherwise defined therein shall have the meaning set forth in this Agreement.

## ARTICLE 2
## PRE-DISTRIBUTION ACTIONS

Section 2.1 Information Statement; Listing. SWBI shall mail (or shall cause to be mailed) the Information Statement to the holders of SWBI Common Stock as of the Record Date. SWBI and AOUT shall take (or shall cause to be taken) all such lawful actions as may be necessary or appropriate under the securities or blue sky laws of states or other political subdivisions of the United States and shall use (or cause to be used) commercially reasonable efforts to comply with all applicable foreign securities laws in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. AOUT shall prepare, file, and pursue (or shall cause to be prepared, filed, and pursued) an application to permit listing of the AOUT Common Stock on Nasdaq.

Section 2.2 The Transfer and Other Related Actions.

(a) The Transfer. At or prior to the Distribution Time, to the extent not already consummated, each of SWBI and AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the other members of its Group to, consummate the Transfer.

(b) AOUT Financing Arrangements. In connection with the Transfer, at or prior to the Distribution Time, to the extent not already entered into, AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the other members of its Group to, enter into the AOUT Financing Arrangements and related financing transactions described in the Information Statement as occurring prior to the Distribution Date (collectively, the "AOUT Financing Transactions").

(c) Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws. At or prior to the Distribution Time, to the extent not already consummated, (i) SWBI, as the sole stockholder of AOUT, and AOUT shall each take all lawful action that may be required to provide for the adoption by AOUT of an amended and restated certificate of incorporation of AOUT, substantially in the form of Exhibit E (the "Amended and Restated Certificate of Incorporation"), and amended and restated bylaws of AOUT, substantially in the form of Exhibit F (the "Amended and Restated Bylaws"), and (ii) AOUT shall file (or shall cause to be filed) the Amended and Restated Certificate of Incorporation of AOUT with the Secretary of State of the State of Delaware.

(d) Distribution Agent. At or prior to the Distribution Time, to the extent not already entered into, SWBI shall enter into a distribution agent agreement with the Distribution Agent or otherwise provide instructions to the Distribution Agent regarding the Distribution.

(e) Satisfying Conditions to the Distribution. SWBI and AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the other members of their respective Group to, cooperate to cause the conditions to the Distribution set forth in Section 3.1 to be satisfied (or waived by SWBI) and to effect the Distribution at the Distribution Time upon such satisfaction (or waiver by SWBI).

Section 2.3 Transfers of Certain Other Assets and Liabilities. At or prior to the Distribution Time, to the extent not already consummated and unless otherwise provided in this Agreement or in any Ancillary Agreement:

(a) SWBI shall, and shall, to the fullest extent permitted by Applicable Law, cause the relevant member of the SWBI Group to, assign, contribute, convey, transfer, and deliver to AOUT or any member of the AOUT Group designated by AOUT (an "AOUT Designee") all of the right, title, and interest of SWBI or such member of the SWBI Group in and to all of the AOUT Assets, if any, of SWBI or such member of the SWBI Group, and AOUT shall, or shall, to the fullest extent permitted by Applicable Law, cause the relevant AOUT Designee to, as applicable, accept such AOUT Assets.

(b) AOUT shall, and shall to the fullest extent permitted by Applicable Law, cause the relevant member of the AOUT Group to, assign, contribute, convey, transfer, and deliver to SWBI or any member of the SWBI Group designated by SWBI (a "SWBI Designee") all of the right, title, and interest of AOUT or such member of the AOUT Group in and to all of the SWBI Assets, if any, held by AOUT or such member of the AOUT Group and SWBI shall, or shall to the fullest extent permitted by Applicable Law, cause the relevant SWBI Designee to, as applicable, accept such SWBI Assets.

(c) SWBI shall, and shall, to the fullest extent permitted by Applicable Law, cause the relevant member of the SWBI Group to, assign, contribute, convey, transfer, and deliver to AOUT or any AOUT Designee all of the AOUT Liabilities, if any, of SWBI or such member of the SWBI Group, and AOUT shall, or shall, to the fullest extent permitted by Applicable Law, cause the relevant AOUT Designee to, as applicable, accept, assume and agree, to perform, discharge, and fulfill, all of the AOUT Liabilities.

(d) AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the relevant member of the AOUT Group to, assign, contribute, convey, transfer, and deliver to SWBI or any SWBI Designee all of the SWBI Liabilities, if any, of AOUT or such member of the AOUT Group, and SWBI shall, or shall, to the fullest extent permitted by Applicable Law, cause the relevant SWBI Designee to, as applicable, accept, assume and agree to perform, discharge, and fulfill, all of the SWBI Liabilities.

(e) To the extent any assignment, contribution, conveyance, transfer or delivery, or acceptance or assumption of any asset or Liability of either Group is not effected in accordance with this Section 2.3 at or prior to the Distribution Time for any reason (including as a result of the failure of the parties to identify it as being required to be transferred pursuant to this Section 2.3, but subject to Section 2.4), the relevant party shall and shall, to the fullest extent permitted by Applicable Law, cause the other members of its Group to, use all commercially reasonable efforts to effect such transfer as promptly thereafter as practicable.

Section 2.4 Transfer Agreements. The transfers of the various entities and the contribution, assignment, transfer, conveyance, and delivery of the assets and the acceptance and assumption of the Liabilities contemplated by Section 2.3 and the Transfer Plan will be effected, in certain cases, pursuant to one or more asset transfer agreements, share transfer agreements, business transfer agreements, certificates of demerger and merger, and other agreements and instruments (collectively, the "Transfer Agreements"); provided that, in each case, it is intended that the Transfer Agreements shall serve purely to effect (a) the legal transfer of the AOUT Assets or SWBI Assets to the relevant member of the AOUT Group or the SWBI Group, as applicable, in accordance with the Transfer Plan or as contemplated by Section 2.3, and (b) the acceptance and assumption of the AOUT Liabilities or the SWBI Liabilities by a member of the AOUT Group or the SWBI Group, as applicable, in accordance with the Transfer Plan or as contemplated by Section 2.3. In the event of any conflict between any Transfer Agreement and this Agreement, the terms of such Transfer Agreement shall control solely with respect to any applicable purchase price adjustment or cash adjustment set forth in any such Transfer Agreement and this Agreement shall control in all other respects; provided that, notwithstanding anything in any Transfer Agreement to the contrary, in the event any Transfer Agreement provides for a purchase price adjustment or cash adjustment, whether based upon a calculation of fair market value or otherwise, or any similar adjustment provision, any purchase price adjustment or cash adjustment determination under such Transfer Agreement, including as to the amount, if any, of any such adjustment, shall be determined by SWBI in its sole discretion. Notwithstanding anything in any Transfer Agreement to the contrary, neither SWBI nor any other member of the SWBI Group, on the one hand, nor AOUT nor any other member of the AOUT Group, on the other hand, shall commence, bring, or otherwise initiate any Action under any Transfer Agreement.

Section 2.5 Agreement Relating to Consents Necessary to Transfer Assets and Liabilities. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to assign, contribute, convey, transfer, deliver, or accept any asset (including any Contract) or any claim or right or any benefit arising thereunder or resulting therefrom, or to assume any Liability, if such assignment, contribution, conveyance, transfer, delivery, or acceptance, or such assumption without the consent of a Third Party or a Governmental Authority, would result in a breach, or constitute a default (or an event which, with the giving of notice or lapse of time, or both, would become a default), under any Contract or would otherwise adversely affect the rights of a member of the SWBI Group or the AOUT Group, as applicable, thereunder. SWBI and AOUT will use their respective commercially reasonable efforts to obtain the consent of any Third Party (including any Governmental Authority), if any, required in connection with the transfer, assignment, or assumption pursuant to Section 2.3 of any such asset or any such claim or right or benefit arising thereunder or to the assumption of any Liability; provided that in no event shall any member of a Group have any Liability whatsoever to any member of the other Group for any failure to obtain any such consent. If and when such consent is obtained, such transfer, assignment,

and/or assumption shall be effected in accordance with the terms of this Agreement and/or the relevant Ancillary Agreement. During the period in which any transfer, assignment, or assumption is delayed pursuant to this Section 2.5 as a result of the absence of a required consent, the party (or relevant other member of its Group) retaining such asset, claim, or right shall thereafter hold (or shall cause, to the fullest extent permitted by Applicable Law, such member of its Group to hold) such asset, claim, or right for the use and benefit of the party (or relevant other member of its Group) entitled thereto (at the expense of the Person entitled thereto) and the party intended to assume such Liability shall, or shall, to the fullest extent permitted by Applicable Law, cause the relevant other member of its Group to, pay, hold harmless, or reimburse the party (or the other relevant member of its Group) retaining such Liability for all amounts paid, incurred in connection with, or arising out of the retention of such Liability. In addition, the party retaining such asset, claim, or right, or such Liability (or other relevant member of its Group) shall (or shall cause, to the fullest extent permitted by Applicable Law, such member of its Group to) treat, insofar as reasonably possible and to the fullest extent permitted by Applicable Law, such asset, claim, or right, or such Liability, in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Person to which such asset, claim, or right, or such Liability, is to be assigned, contributed, conveyed, transferred, delivered, accepted, or assumed in order to place such Person, insofar as reasonably possible, in the same position as if such asset, claim, or right, or such Liability, had been assigned, contributed, conveyed, transferred, delivered, accepted, or assumed on or prior to the Distribution Time as contemplated by this Agreement and so that all the benefits and burdens relating to such asset, claim, or right, or such Liability, including possession, use, risk of loss, potential for gain, and dominion, control, and command over such asset, claim, or right, or such Liability, are to inure from and after the Distribution Time to the relevant member of the SWBI Group or the AOUT Group, as applicable, entitled to the receipt of such asset, claim, or right, or required to assume such Liability.

Section 2.6 Intercompany Accounts. SWBI and AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the other members of their respective Group to, use commercially reasonable efforts to settle on or prior to the Distribution Date (to the extent practicable), all intercompany receivables, payables, and other balances, in each case, that arise prior to the Distribution Time between members of the SWBI Group, on the one hand, and members of the AOUT Group, on the other hand (such intercompany receivable, payables, and other balances, the "Intercompany Accounts"), by way of capitalization and/or one or more payments (whether or not on a net basis) in satisfaction of such amounts. From and after the Distribution Time, SWBI and AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the other members of their respective Group to, use commercially reasonable efforts to settle any Intercompany Accounts that are not settled as of the Distribution Time within 90 days of the Distribution Date and in the manner set forth in the first sentence of this Section 2.6; provided that any claim by any member of either Group with respect to an Intercompany Account must be made in writing (which writing shall be provided in accordance with Section 6.1 and be reasonably specific as to the applicable Intercompany Account and the amount thereof) to the applicable member of the other Group within 150 days of the Distribution Date.

Section 2.7 Intercompany Agreements.

(a) Except as set forth in Section 2.7(b), all Contracts between members of the SWBI Group, on the one hand, and members of the AOUT Group, on the other hand, in effect immediately prior to the Distribution Time are hereby agreed by SWBI (on behalf of itself and, to the fullest extent permitted by Applicable Law, each other member of the SWBI Group) and by AOUT (on behalf of itself and, to the fullest extent permitted by Applicable Law, each other member of the AOUT Group) to be terminated, cancelled, and of no further force and effect from and after the Distribution Time (including any provision thereof that purports to survive termination) without any further Liability to any party thereto.

(b) The provisions of Section 2.7(a) shall not apply to any of the following Contracts: (i) this Agreement and the Ancillary Agreements (and each other Contract expressly contemplated by this Agreement or any Ancillary Agreement (A) to be entered into by either SWBI or AOUT or any of the other members of their respective Groups or (B) to survive the Distribution Date); (ii) any Contract to which any Person, other than solely SWBI and AOUT and the other members of their respective Group, is a party (it being understood that any such Contracts constitute AOUT Assets, AOUT liabilities, SWBI Assets, or SWBI liabilities, as applicable, and such Contracts shall be assigned, contributed, conveyed, transferred, or delivered, accepted, or assumed in accordance with Section 2.3); (iii) any Intercompany Accounts to the extent such Intercompany Accounts were not satisfied and/or settled in accordance with the first sentence of Section 2.6 (it being understood that such Intercompany Accounts shall be satisfied or settled in accordance with the second sentence of Section 2.6); and (iv) the Contracts set forth on Schedule 2.7(b).

Section 2.8 Bank Accounts; Cash Balances.

(a) SWBI and AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the other members of their respective Group to, use commercially reasonable efforts such that, at or prior to the Distribution Time, the SWBI Group and the AOUT Group maintain separate bank accounts and separate cash management processes. Without limiting the generality of the foregoing, SWBI and AOUT shall use commercially reasonable efforts to, and shall cause the other members of their respective Group to use commercially reasonable efforts to, effective prior to the Distribution Time, (i) remove and replace the signatories of any bank or brokerage account owned by AOUT or any other member of the AOUT Group as of the Distribution Time with individuals designated by AOUT and (ii) if requested by SWBI, remove and replace the signatories of any bank or brokerage account owned by SWBI or any other member of the SWBI Group as of the Distribution Time with individuals designated by SWBI.

(b) With respect to any outstanding payments initiated by SWBI, AOUT, or any of their respective Subsidiaries prior to the Distribution Time, such outstanding payments shall be honored following the Distribution by the Person or Group owning the account from which the payment was initiated.

(c) As between the SWBI Group, on the one hand, and the AOUT Group, on the other hand, all payments received after the Distribution Date by a member of either Group that relate to a business, asset, or Liability of a member of the other Group, shall be held by such Person for the use and benefit and at the expense of the Person entitled thereto. Each Group shall maintain an accounting of any such payments, and SWBI and AOUT shall have a monthly reconciliation, whereby all such payments received by any member of the SWBI Group and any member of the AOUT Group are calculated and the net amount owed to any member of the SWBI Group or any member of the AOUT Group, as applicable, shall be paid over to the relevant Person with a mutual right of set-off. If at any time the net amount owed to any Person pursuant to this Section 2.8(c) exceeds $[●], an interim payment of such net amount owed shall be made to the Person entitled thereto within three (3) Business Days of such amount exceeding $[●]. Notwithstanding the foregoing, no member of either Group shall act as collection agent for any member of the other Group, nor shall either Group act as surety or endorser with respect to non-sufficient funds checks or funds to be returned in a bankruptcy or fraudulent conveyance action.

Section 2.9 Replacement of Guarantees. SWBI and AOUT shall each use commercially reasonable efforts to, and shall cause the other members of their respective Group to, use commercially reasonable efforts to, effective as of the Distribution Time, terminate or cause a member of (a) the AOUT Group to be substituted in all respects for a member of the SWBI Group with respect to, and for the members of the SWBI Group, to be otherwise removed or released from, all obligations of any member of the AOUT Group under any guarantee, surety bond, letter of credit, letter of comfort or similar credit, or performance support arrangement (each, a "Guarantee"), given or obtained by any member of the SWBI Group for the

benefit of any member of the AOUT Group or the Outdoor Products and Accessories Business (including any Guarantee of any Environmental Liability) and (b) of the SWBI Group to be substituted in all respects for a member of the AOUT Group with respect to, and for the members of the AOUT Group to be otherwise removed or released from, all obligations of any member of the SWBI Group under any Guarantee given or obtained by a member of the AOUT Group for the benefit of any member of the SWBI Group or the Firearm Business (including any Guarantee of Environmental Liability). If SWBI and AOUT have been unable to effect any such substitution, removal, release, and termination with respect to any such Guarantee as of the Distribution Time, then, following the Distribution Time, subject to any applicable terms of Schedule 2.9, (i) SWBI and AOUT shall, and shall cause the members of their respective Group to, cooperate to effect such substitution, removal, release, and termination as soon as reasonably practicable after the Distribution Time, (ii) AOUT shall, and shall cause the other members of the AOUT Group to, from and after the Distribution Time, indemnify against, hold harmless, and promptly reimburse the members of the SWBI Group for any payments made by members of the SWBI Group and for any and all Liabilities of the members of the SWBI Group arising out of, or in performing, in whole or in part, any obligation under any Guarantee described in clause (a) of the first sentence of this Section 2.9, (iii) SWBI shall, and shall cause the members of the SWBI Group to, from and after the Distribution Time, indemnify against, hold harmless, and promptly reimburse the members of the AOUT Group for any payments made by the members of the AOUT Group and for any and all Liabilities of the members of the AOUT Group arising out of, or in performing, in whole or in part, any obligation under any Guarantee described in clause (b) of the first sentence of this Section 2.9, (iv) without the prior written consent of SWBI, no member of the AOUT Group may renew, extend the term of, increase any obligations under, or transfer to a third Person, any Liability for which any member of the SWBI Group is or might be liable pursuant to any Guarantee described in clause (a) of the first sentence of this Section 2.9 unless such Guarantee, and all applicable obligations of the members of the SWBI Group with respect thereto, are thereupon terminated pursuant to documentation reasonably acceptable to SWBI, and (v) without the prior written consent of AOUT, no member of the SWBI Group may renew, extend the term of, increase any obligations under, or transfer to a third Person, any Liability for which any member of the AOUT Group is or might be liable pursuant to any Guarantee described in clause (b) of the first sentence of this Section 2.9 unless such Guarantee, and all applicable obligations of the members of the AOUT Group with respect thereto, are thereupon terminated pursuant to documentation reasonably acceptable to AOUT.

Section 2.10 Further Assurances and Consents. In addition to the actions specifically provided for elsewhere in this Agreement, each of SWBI and AOUT shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper, or advisable under Applicable Law, agreements, or otherwise to consummate and make effective any transfers of assets, assignments and assumptions of Liabilities, and any other transactions contemplated by this Agreement, including using its commercially reasonable efforts to obtain any consents and approvals and to make any filings and applications necessary or desirable in order to consummate the transactions contemplated by this Agreement; provided that in no event shall any member of a Group have any Liability whatsoever to any member of the other Group for any failure to obtain any such consent or approval.

## ARTICLE 3
## DISTRIBUTION

Section 3.1 Conditions Precedent to the Distribution.

(a) In no event shall the Distribution occur unless each of the following conditions shall have been satisfied (or waived by SWBI in its sole discretion):

(i) the Transfer shall have been consummated;

(ii) the AOUT Financing Transactions shall have been consummated;

(iii) the Distribution will be made in a manner that does not cause SWBI to be unable to pay its debts as they become due in the usual course of its business or cause the total assets of SWBI to be less than the sum of its total liabilities plus the amount that would be needed, if SWBI were to be dissolved as of the Distribution Time, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the distribution, if any, in each case in accordance with Section 78.288 of the Nevada Revised Statutes;

(iv) the Board of Directors of SWBI shall have approved the Distribution and shall not have abandoned the Distribution or terminated this Agreement at any time prior to the Distribution Time;

(v) the Form 10 shall have been filed with the Commission and declared effective by the Commission, no stop order suspending the effectiveness of the Form 10 shall be in effect, no proceedings for such purpose shall be pending before or threatened by the Commission, and the Information Statement shall have been mailed to holders of the SWBI Common Stock as of the Record Date;

(vi) all actions and filings necessary or appropriate under applicable federal, state, or foreign securities or "blue sky" laws and the rules and regulations thereunder shall have been taken and, where applicable, become effective or been accepted;

(vii) the AOUT Common Stock to be delivered in the Distribution shall have been approved for listing on Nasdaq, subject to official notice of issuance;

(viii) the Board of Directors of AOUT, as named in the Information Statement, shall have been duly elected, and the Amended and Restated Certificate of Incorporation and the Amended and Restated Bylaws, each in substantially the form filed as an exhibit to the Form 10, shall be in effect;

(ix) each of the Ancillary Agreements shall have been duly executed and delivered by the parties thereto;

(x) SWBI shall have received the Tax Opinion (which shall not have been revoked or modified in any material respect) that is reasonably satisfactory to SWBI;

(xi) no Applicable Law shall have been adopted, promulgated, or issued, and be in effect, that prohibits the consummation of the Distribution or any of the other transactions contemplated hereby;

(xii) any material approvals and consents of any Governmental Authority and any material permits, registrations, and consents from Third Parties (including any Governmental Authority), in each case, necessary to effect the Distribution and to permit the operation of the Outdoor Products and Accessories Business and the Firearm Business after the Distribution Date substantially as it is conducted at the date hereof shall have been obtained; and

(xiii) no event or development shall have occurred or exist that, in the judgment of the Board of Directors of SWBI, in its sole discretion, makes it inadvisable to effect the Distribution or the other transactions contemplated hereby.

(b) Each of the conditions set forth in this Section 3.1(a) is for the sole benefit of SWBI and shall not give rise to or create any duty on the part of SWBI or its Board of Directors to waive or not to waive any such condition or to effect the Distribution, or in any way limit SWBI's rights of termination as set forth in Section 6.11 or alter the consequences of any termination from those specified in Section 6.11. Any determination made by SWBI on or prior to the Distribution Time concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.1 shall be conclusive and binding on the parties and all other affected Persons.

Section 3.2 The Distribution.

(a) SWBI shall, in its sole discretion, determine the Distribution Date and all terms of the Distribution, including the timing of the consummation of all or part of the Distribution. SWBI may, at any time and from time to time until the Distribution Time, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. For the avoidance of doubt, nothing in this Agreement shall in any way limit SWBI's right to terminate this Agreement or the Distribution as set forth in Section 6.11 or alter the consequences of any such termination from those specified in Section 6.11.

(b) Subject to the terms and conditions set forth in this Agreement, (i) on or prior to the Distribution Date, SWBI shall take such lawful actions as are reasonably necessary or appropriate to permit the Distribution by the Distribution Agent of validly issued, fully paid, and non-assessable shares of AOUT Common Stock, registered in book-entry form through the registration system, (ii) the Distribution shall be effective at the Distribution Time, and (iii) subject to Section 3.3, SWBI shall instruct the Distribution Agent to distribute, on or as soon as practicable after the Distribution Date, to each holder of record of SWBI Common Stock as of the Record Date, by means of a pro rata dividend, [●] shares of AOUT Common Stock for every [●] shares of SWBI Common Stock so held. Following the Distribution Date, AOUT agrees to provide all book-entry transfer authorizations for shares of AOUT Common Stock that SWBI or the Distribution Agent shall require (after giving effect to Sections 3.3 and 3.4) in order to effect the Distribution.

Section 3.3 Fractional Shares. Notwithstanding any provisions of this Agreement to the contrary, no fractional shares of AOUT Common Stock shall be distributed in the Distribution. Instead, SWBI shall direct the Distribution Agent to determine (based on the aggregate number of shares held by each holder) the number of whole shares and the fractional share of AOUT Common Stock allocable to each holder of SWBI Common Stock as of the Record Date. Upon the determination by the Distribution Agent of such numbers of whole shares and fractional shares, as soon as practicable on or after the Distribution Date, the Distribution Agent, acting on behalf of the holders thereof, shall aggregate the fractional shares into whole shares of AOUT Common Stock and shall sell the whole shares obtained thereby for cash on the open market (with the Distribution Agent, in its sole discretion, determining when, how, and through which broker-dealer(s) and at which price(s) to make such sales), which such open market sales shall constitute the method for determining the per share value of fractions of a share of AOUT Common Stock otherwise distributable in the Distribution, and shall thereafter promptly distribute to each such holder entitled thereto (pro rata based on the fractional share such holder would have been entitled to receive in the Distribution) the resulting aggregate cash proceeds, after making appropriate deductions of the amounts required to be withheld for Tax purposes, if any, and after deducting an amount equal to all brokerage fees and commissions, transfer taxes, and other costs attributed to the sale of shares pursuant to this Section 3.3. To the fullest extent permitted by Applicable Law, neither SWBI nor AOUT shall be required to guarantee any minimum sale price for the fractional shares. Recipients of cash in lieu of fractional shares shall not be entitled to any interest on the amounts of payments made in lieu of fractional shares.

Section 3.4 NO REPRESENTATIONS OR WARRANTIES. EXCEPT AS EXPRESSLY REPRESENTED AND WARRANTED HEREIN OR IN ANY OTHER DISTRIBUTION DOCUMENT, NO MEMBER OF EITHER GROUP MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, TO ANY MEMBER OF THE OTHER GROUP OR ANY OTHER PERSON WITH RESPECT TO ANY OF THE TRANSACTIONS OR MATTERS CONTEMPLATED BY THIS AGREEMENT OR THE OTHER DISTRIBUTION DOCUMENTS (INCLUDING WITH RESPECT TO THE BUSINESS, ASSETS, LIABILITIES, CONDITION, OR PROSPECTS (FINANCIAL OR OTHERWISE) OF, OR ANY OTHER MATTER INVOLVING, EITHER BUSINESS, OR THE SUFFICIENCY OF ANY ASSETS TRANSFERRED OR LICENSED TO THE APPLICABLE GROUP, OR THE TITLE TO ANY SUCH ASSETS, OR THAT ANY REQUIREMENTS OF APPLICABLE LAW ARE COMPLIED WITH IN RESPECT OF THE TRANSFER OR THE DISTRIBUTION), AND ALL OTHER REPRESENTATIONS AND WARRANTIES OF ANY KIND WHATSOEVER, EXPRESSED OR IMPLIED, ARE HEREBY EXPRESSLY DISCLAIMED BY SWBI, FOR ITSELF AND, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE OTHER MEMBERS OF ITS GROUP, AND AOUT, FOR ITSELF AND, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE OTHER MEMBERS OF ITS GROUP. EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY OTHER DISTRIBUTION DOCUMENT, EACH MEMBER OF EACH GROUP SHALL TAKE ALL OF THE BUSINESS AND ASSETS TRANSFERRED OR LICENSED TO OR LIABILITIES ASSUMED BY IT PURSUANT TO THIS AGREEMENT OR ANY OTHER DISTRIBUTION DOCUMENT ON AN "AS IS, WHERE IS" BASIS, AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A SPECIFIC PURPOSE, OR OTHERWISE ARE HEREBY EXPRESSLY DISCLAIMED BY SWBI, FOR ITSELF AND, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE OTHER MEMBERS OF ITS GROUP, AND AOUT, FOR ITSELF AND, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE OTHER MEMBERS OF ITS GROUP.

## ARTICLE 4
## COVENANTS

Section 4.1 Books and Records; Access to Information.

(a) To the extent not previously assigned, contributed, conveyed, transferred, delivered, and accepted in accordance with Section 2.2(a) or Section 2.3, from and after the Distribution Time, (i) SWBI shall, and shall cause the other members of the SWBI Group to, assign, contribute, convey transfer, and deliver to AOUT or any AOUT Designee any books and records that are AOUT Assets (or copies of relevant portions thereof if such books and records also contain information not related to the Outdoor Products and Accessories Business) found to be in the possession of SWBI or any other member of the SWBI Group in accordance with the applicable terms of the Transition Services Agreement and the applicable schedules thereto; provided that, without limiting any express delivery requirements under this Section 4.1(a) and the terms of the Transition Services Agreement, neither SWBI nor any other member of the SWBI Group shall be required to conduct any general search or investigation of its files for such books and records other than with respect to Commercial Data, and (ii) AOUT shall, and shall cause the other members of the AOUT Group to, assign, contribute, convey, transfer, and deliver to SWBI or any SWBI Designee any books and records that are SWBI Assets (or copies of relevant portions thereof if such books and records also contain information not related to the Firearm Business) found to be in the possession of AOUT or any other member of the AOUT Group in accordance with the applicable terms of the Transition Services Agreement and the applicable schedules thereto; provided that, without limiting any express delivery requirements under this Section 4.1(a) and the terms of the Transition Services Agreement, neither AOUT nor any other member of the AOUT Group shall be required to conduct any general search or investigation of its files for such books and records other than with respect to Commercial Data.

(b) Without limiting the express transfer and delivery requirements of Section 4.1(a) or any Ancillary Agreement, for a period of six years after the Distribution Date, each Group shall afford promptly the other Group and its agents and, to the extent required by Applicable Law, authorized representatives of any Governmental Authority of competent jurisdiction, reasonable access (which shall include, to the extent reasonably requested, the right to make copies) during normal business hours to its books of account, financial, and other records (including accountant's work papers, to the extent any required consents have been obtained), information (excluding any Commercial Data), employees and auditors to the extent necessary or useful for such other Group in connection with any audit, investigation, dispute, or litigation, complying with their obligations under this Agreement or any Ancillary Agreement, any regulatory proceeding, any regulatory filings, complying with reporting disclosure requirements or any other requirements imposed by any Governmental Authority or any other reasonable business purpose of the Group requesting such access; provided that (i) any such access shall not unreasonably interfere with the conduct of the business of the Group providing such access, and (ii) if any Group reasonably determines that affording any such access to the other Group would be commercially detrimental in any material respect or violate any Applicable Law or agreement to which any member of such Group is a party, or waive or adversely affect its ability to successfully assert any claim of attorney-client, business strategy, work product, common interest, or similar protection or privilege (collectively, "Privileges" and each, a "Privilege"), applicable to any member of such Group, the parties shall use commercially reasonable efforts to permit the compliance with such request in a manner that avoids any such harm or consequence.

(c) Without limiting the express assignment, contribution, conveyance, transfer, and delivery requirements of Section 4.1(a) or any Ancillary Agreement, until the end of the first full AOUT fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards as required for each party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the Distribution Date occurs), each party shall use, and shall, to the fullest extent permitted by Applicable Law, cause the other members of its Group to use, its commercially reasonable efforts to cooperate with the other Group's information requests (other than with respect to any Commercial Data) to enable: (i) the other Group to meet its timetable for dissemination of its earnings releases, financial statements, and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act; and (ii) the other Group's auditors timely to complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Group, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder, and any other Applicable Laws.

Section 4.2 Litigation Cooperation.

(a) To the extent not previously assigned, contributed, conveyed, transferred, delivered, and assumed in accordance with Section 2.2(a) or Section 2.3, from and after the Distribution Time, the relevant AOUT Designee shall assume and thereafter be responsible for all Liabilities of either Group that may result from the AOUT Assumed Actions and, subject to Section 5.4(c), all Liabilities and fees and costs relating to the defense of the AOUT Assumed Actions, including attorneys', accountants', consultants', and other 'professionals' fees and expenses that have been incurred prior to the Distribution Time and are unpaid as of or after the Distribution Time, or, that are incurred on or after the Distribution Time. "AOUT Assumed Actions" means (i) those Actions primarily relating to the Outdoor Products and Accessories Business, including those in which any member of the SWBI Group is a defendant or any of its property or assets is bound and, including, for the avoidance of doubt, those Actions set forth on Schedule 4.2(a), and (ii) all Actions that AOUT has elected to control the defense of as the Indemnifying Party pursuant to Section 5.4(b). If any member of the SWBI Group has any rights or claims against a

Third Party insurer or other Third Party in connection with or relating to any AOUT Assumed Action, SWBI shall and shall, to the fullest extent permitted by Applicable Law, cause the other members of the SWBI Group to, subject to Section 2.5, transfer and assign to the relevant AOUT Designee all such rights or claims and cooperate with the relevant AOUT Designee in connection with the enforcement and collection thereof. For the avoidance of doubt, effective as of the Distribution Time, the relevant AOUT Designee shall be entitled to all recovery, rights, claims, credits, causes of action, payments, awards, and rights of set-off, in each case, with respect to the AOUT Assumed Actions. SWBI hereby agrees to transfer or pay, and to cause, to the fullest extent permitted by Applicable Law, the relevant member of the SWBI Group to transfer or pay, to the relevant AOUT Designee any such recovery, rights, claims, credits, causes of action, payments, awards, and rights of set-off as promptly as possible.

(b) To the extent not previously assigned, contributed, conveyed, transferred, delivered, and assumed in accordance with Section 2.2(a) or Section 2.3, from and after the Distribution Time, the relevant SWBI Designee shall assume and thereafter be responsible for all Liabilities of either Group that may result from the SWBI Assumed Actions and, subject to Section 5.4(c), all Liabilities and fees and costs relating to the defense of the SWBI Assumed Actions, including attorneys', accountants', consultants', and other professionals' fees and expenses that have been incurred prior to the Distribution Time and are unpaid as of or after the Distribution Time, or, that are incurred on or after the Distribution Time. "SWBI Assumed Actions" means (i) those Actions primarily relating to the Firearm Business, including those in which any member of the AOUT Group is a defendant, any of its property or assets is bound, and, including, for the avoidance of doubt, those Actions set forth on Schedule 4.2(b), and (ii) all Actions that SWBI has elected to control the defense of as the Indemnifying Party pursuant to Section 5.4(b). If any member of the AOUT Group has any rights or claims against a Third Party insurer or other Third Party in connection with or relating to any SWBI Assumed Action, AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the other members its Group to, subject to Section 2.5, transfer and assign to the relevant SWBI Designee all such rights or claims and cooperate with the relevant SWBI Designee in connection with the enforcement and collection thereof. For the avoidance of doubt, effective as of the Distribution Time, the relevant SWBI Designee shall be entitled to all recovery, rights, claims, credits, causes of action, payments, awards, and rights of set-off, in each case, with respect to the SWBI Assumed Actions. AOUT hereby agrees to transfer or pay, and to cause, to the fullest extent permitted by Applicable Law, the applicable member of the AOUT Group to transfer or pay, to the relevant SWBI Designee any such recovery, rights, claims, credits, causes of action, payments, awards, and rights of set-off as promptly as possible.

(c) Each party agrees that, at all times from and after the Distribution Time, if an Action relating primarily to its Group's Business is commenced by a Third Party naming a member of either Group as defendants thereto, such Action shall be deemed to be an AOUT Assumed Action (in the case of an Action primarily related to the Outdoor Products and Accessories Business) or an SWBI Assumed Action (in the case of an Action primarily related to the Firearm Business) and the party as to which the Action primarily relates to its Group's Business shall use its commercially reasonable efforts to cause the other party or member of its Group to be removed from such Action.

(d) The parties agree, that at all times from and after the Distribution Time, if any Action is commenced by a Third Party naming a member of either Group as a defendant thereto and the parties are not able to reasonably determine whether such Action primarily relates to the Outdoor Products and Accessories Business or the Firearm Business, then the parties shall cooperate in good faith to determine which party and the members of its Group shall control and be responsible for such Action in accordance with the terms of this Section 4.2, and the parties will consult to the extent necessary or advisable with respect to such Action.

(e) SWBI and AOUT shall, to the fullest extent permitted by Applicable Law, cause the other members of its respective Group to, use commercially reasonable efforts to, upon written request, (i) make available to the other Group and its attorneys, accountants, consultants, and other designated representatives and its directors, officers, employees, and representatives as witnesses, and (ii) otherwise cooperate with the other Group, in each case, to the extent reasonably requested in connection with any Action arising out of either Group's Business prior to the Distribution Time in which the requesting Group may from time to time be involved. To the fullest extent permitted by Applicable Law, the making available of Persons or information or cooperating pursuant to this Section 4.2(e) shall not be deemed to be a waiver of any Privilege.

(f) Notwithstanding the foregoing, this Section 4.2 shall not require the party to whom any request pursuant to Section 4.2(e) has been made or any of the other members of its Group to make available Persons or information if such party determines that doing so would, in the reasonable good faith judgment of such party, reasonably be expected to result in any violation of any Applicable Law or agreement or waive or adversely affect its ability to successfully assert any Privilege; provided that the parties shall use commercially reasonable efforts to cooperate in seeking to find a way to permit compliance with such obligations to the extent and in a manner that avoids such consequence.

Section 4.3 Reimbursement. Each Group providing information or witnesses to the other Group or otherwise incurring any out-of-pocket expense in connection with transferring books and records or otherwise cooperating under Section 4.1 or Section 4.2 shall be entitled to receive from the recipient thereof, upon the presentation of invoices therefor, payment for all reasonable and documented out-of-pocket costs and expenses (including attorney's fees but excluding reimbursement for general overhead, salary, and employee benefits) actually and reasonably incurred in providing such access, information, witnesses, or cooperation.

Section 4.4 Ownership of Information. All information owned by one party (or another member of its Group) that is furnished to or accessed by the other party (or another member of its Group) under Section 4.1 or Section 4.2 shall, to the fullest extent permitted by Applicable Law, be deemed to remain the property of the providing party. Unless specifically set forth herein or in any Ancillary Agreement, nothing contained in this Agreement shall be construed to grant or confer rights of license or otherwise in any such information.

Section 4.5 Retention of Records. Except as otherwise required by Applicable Law or agreed to by the parties in writing, for a period of [●] year[s] following the Distribution Date, each party shall, and shall, to the fullest extent permitted by Applicable Law, cause the other members of its Group to, retain any and all information in its possession or control relating to the other Group's Business in accordance with the document retention practices of SWBI as in effect as of the date hereof. Each party shall not, and shall, to the fullest extent permitted by Applicable Law, cause the other members of its Group not to, destroy, or permit the destruction, or otherwise dispose, or permit the disposal, of any such information, subject to such retention practice, unless, prior to such destruction or disposal, the party proposing (or whose Group member is proposing) such destruction or disposal (the "Disposing Party") provides not less than 30 days' prior written notice to the other party (the "Receiving Party"), specifying the information proposed to be destroyed or disposed of and the scheduled date for such destruction or disposal. If the Receiving Party shall request in writing prior to the scheduled date for such destruction or disposal that any of the information proposed to be destroyed or disposed of be delivered to the Receiving Party, the Disposing Party shall promptly arrange for the delivery of such of the information as was requested at the expense of the Receiving Party; provided that, if the Disposing Party reasonably determines that any such provision of information would violate any Applicable Law or agreement to which such party or other member of its Group is a party, or waive or adversely affect the ability to successfully assert any Privilege applicable to such party or any member of its Group, the parties shall use commercially reasonable efforts to permit the prompt compliance with such request in a manner that avoids any such harm or consequence. Any records or documents that were subject to a litigation hold prior to the Distribution Date must be retained by the applicable party (or other member of its Group) until such party or member of its Group is notified by the other party that the litigation hold is no longer in effect.

Section 4.6 Confidentiality. Each party acknowledges that it or another member of its Group may have in its possession, and, in connection with this Agreement and the Ancillary Agreements, may receive, Confidential Information of the other party or any other member of its Group (including information in the possession of such other party or any other member of its Group relating to its clients or customers). Each party shall hold and shall cause its directors, officers, employees, agents, consultants, and advisors ("Representatives") and the other members of its Group and their Representatives to hold in strict confidence and not to use, except as permitted by this Agreement or any Ancillary Agreement, all such Confidential Information concerning the other Group unless (a) such party or any of the other members of its Group or its or their Representatives is compelled to disclose such Confidential Information by judicial or administrative process or by other requirements of Applicable Law, or (b) such Confidential Information can be shown to have been (i) in the public domain through no fault of such party or any of the other members of its Group or its or their Representatives, (ii) lawfully acquired after the Distribution Date on a non-confidential basis from other sources not known by such party or other members of its Group to be under any legal obligation to keep such information confidential, or (iii) developed by such party or any of the other members of its Group or its or their Representatives without the use of any Confidential Information of the other Group. Notwithstanding the foregoing, such party or other member of its Group or its or their Representatives may disclose such Confidential Information to the other members of its Group and its or their Representatives so long as such Persons are informed by such Person of the confidential nature of such Confidential Information and are directed by such Person to treat such information confidentially. The obligation of each party and the other members of its Group and its and their Representatives to hold any such Confidential Information in confidence shall be satisfied if they exercise the same level of care with respect to such Confidential Information as they would with respect to their own proprietary information. If such party or other member of its Group or any of its or their Representatives becomes legally compelled to disclose any documents or information subject to this Section 4.6, such party or other member of its Group shall promptly notify the other party and, upon request, use commercially reasonable efforts to cooperate with the other party's or Group's efforts to seek a protective order or other remedy. If no such protective order or other remedy is obtained or if the other party waives in writing such party's compliance with this Section 4.6, such party or the other member of its Group or its or their Representatives may furnish only that portion of the information which it concludes, after consultation with counsel, is legally required to be disclosed and will exercise its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information. Each party agrees to be responsible for any breach of this Section 4.6 by it, the other members of its Group, and its and their Representatives.

Section 4.7 Privileged Information.

(a) Notwithstanding the further provisions of this Section 4.7, each of the parties agrees, for itself and, to the fullest extent permitted by Applicable Law, for the other members of its Group, that legal services rendered prior to the Distribution Time with respect to the transactions contemplated by this Agreement and the other Distribution Documents were rendered to both the SWBI Group and the AOUT Group and both the SWBI Group and the AOUT Group shall be considered the client with respect to such legal services for the purposes of any Privilege relating to such legal services.

(b) Each of the parties agrees, for itself and, to the fullest extent permitted by Applicable Law, for the other members of its Group, (i) that all documents or other information subject to any Privilege ("Privileged Information") of any member of either Group shall survive the assignment, contribution, conveyance, transfer, delivery, and acceptance of the AOUT Assets and the SWBI Assets, respectively, and the assignment, contribution, conveyance, transfer, delivery, and assumption of the AOUT Liabilities and the SWBI Liabilities, respectively, pursuant to Article 2, and (ii) to use commercially reasonable efforts to protect and maintain any Privileged Information in a manner that prevents any Privilege from being waived or in a manner that would adversely affect the protection of such Privilege.

(c) Each of the parties agrees, for itself and, to the fullest extent permitted by Applicable Law, for the other members of its Group, that (i) any Privileged Information relating to the SWBI Assets, the SWBI Assumed Liabilities, the SWBI Assumed Actions, or the Firearm Business shall belong to SWBI or the relevant SWBI Designee and any right to control, assert, and/or waive any Privilege relating thereto shall be controlled by SWBI or the relevant SWBI Designee, (ii) any Privileged Information relating to the AOUT Assets, the AOUT Assumed Liabilities, the AOUT Assumed Actions, or the Outdoor Products and Accessories Business shall belong to AOUT or the relevant AOUT Designee and any right to control, assert, and/or waive any Privilege relating thereto shall be controlled AOUT or the relevant AOUT Designee, (iii) it would be impracticable to remove or segregate any Privileged Information relating to the SWBI Assets, the SWBI Assumed Liabilities, the SWBI Assumed Actions, or the Firearm Business, and therefore the failure of any member of the AOUT Group to remove or segregate any Privileged Information relating to the SWBI Assets, the SWBI Assumed Liabilities, or the Firearm Business shall, to the fullest extent permitted by Applicable Law, not constitute a waiver of any such Privilege, and (iv) it would be impracticable to remove or segregate any Privileged Information relating to the AOUT Assets, the AOUT Assumed Liabilities, the AOUT Assumed Actions, or the Outdoor Products and Accessories Business, and therefore the failure of any member the SWBI Group to remove or segregate any Privileged Information relating to the AOUT Assets, the AOUT Assumed Liabilities, the AOUT Assumed Actions, or the Outdoor Products and Accessories Business shall, to the fullest extent permitted by Applicable Law, not constitute a waiver of any such Privilege.

(d) Upon the receipt by any member of the AOUT Group of any subpoena, discovery request or other request, that may reasonably be expected to require the production or disclosure of Privileged Information relating to the SWBI Assets, the SWBI Assumed Liabilities, the SWBI Assumed Actions, or the Firearm Business, AOUT shall promptly notify SWBI of the subpoena, discovery request, or other request and shall provide SWBI a reasonable opportunity to review such subpoena, discovery request, or other request and to assert any Privilege or right any member of the SWBI Group may have to prevent the disclosure of such Privileged Information or to preserve any Privilege with respect to such Privileged Information. Upon the receipt by any member of the SWBI Group of any subpoena, discovery request, or other request that may reasonably be expected to require the production or disclosure of Privileged Information relating to the AOUT Assets, the AOUT Assumed Liabilities, the AOUT Assumed Actions, or the Outdoor Products and Accessories Business, SWBI shall promptly notify AOUT of the subpoena, discovery request, or other request and shall provide AOUT with a reasonable opportunity to review such subpoena, discovery request, or other request and to assert any Privilege or right any member of the AOUT Group may have to prevent the disclosure of such Privileged Information or to preserve any Privilege with respect to such Privileged Information.

Section 4.8 Limitation of Liability. Except as otherwise provided in this Agreement, no party (or any other member of its Group) shall have any liability to any other party (or any other member of its Group) in the event that any information, books, or records exchanged or provided pursuant to this Agreement is found to be inaccurate or the requested information, books, or records is not provided, in the absence of willful misconduct by the party (or any other member of its Group) requested to provide such information, books, or records. No party (or any other member of its Group) shall have any liability to any other party (or any other member of its Group) if any information, books, or records is destroyed after commercially reasonable efforts by such party (or any other member of its Group) to comply with the provisions of Section 4.5.

Section 4.9 Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Article 4 are subject to any specific limitations, qualifications, or additional provisions on the sharing, exchange, retention, rights to use, or confidential treatment of Confidential Information set forth in any Ancillary Agreement. Notwithstanding anything in this Agreement to the contrary, (a) the Tax Matters Agreement shall govern the retention of Tax related records and the exchange of Tax related information and (b) the Employee Matters Agreement shall govern the retention of employment and benefits related records.

Section 4.10 Conduct of Incidents Subject to SWBI Insurance.

(a) AOUT, for itself and the other members of its Group, acknowledges and agrees that coverage for the Outdoor Products and Accessories Business under the insurance policies of SWBI and the members of the SWBI Group (other than insurance policies, insurance contracts, and claim administration contracts established in contemplation of the Distribution to cover only the AOUT Group after the Distribution Time (the "Post-Distribution Insurance Arrangements")) will cease as of the Distribution Time, and that, except as set forth in this Section 4.10, neither SWBI nor any member of its Group will purchase or be required to purchase any "tail" policy or other additional or substitute coverage for the benefit of AOUT or the other members of the AOUT Group relating to the Outdoor Products and Accessories Business applicable in any period after the Distribution Time.

(b) Notwithstanding the foregoing, SWBI, for itself and the other members of its Group, agrees that SWBI or any other member of its Group shall, with respect to (i) any act, omission, circumstance, occurrence, or incident arising prior to the Distribution Time that relates to the Outdoor Products and Accessories Business that is potentially covered by an occurrence-based insurance policy of SWBI or any other member of its Group (each, a "SWBI Occurrence-Based Policy") in effect prior to the Distribution Time, (ii) any act, omission, circumstance, occurrence, or incident arising or occurring prior to the Distribution Time that relates to the Outdoor Products and Accessories Business that is potentially covered by an insurance policy of SWBI or any other member of its Group written on a "claims made" basis ("SWBI Claims-Made Policies") in effect prior to the Distribution Time, or (iii) any act, omission, circumstance, occurrence, or incident arising or occurring prior to the Distribution Time that relates to the Outdoor Products and Accessories Business that is potentially covered by an insurance policy of SWBI or any other member of its Group written on a "loss discovered" basis ("SWBI Loss Discovered-Policies" and together with the SWBI Occurrence-Based Policies and the SWBI Claims-Made Policies, the "SWBI Shared Policies") (i) not relinquish any of its or their rights, or take any actions (other than the making of claims under the SWBI Shared Policies) that could reasonably be expected to reduce or otherwise limit the available coverage for any claim with respect to any act, omission, circumstance, occurrences, or incident arising prior to the Distribution Time that relates to the Outdoor Products and Accessories Business under any of the SWBI Shared Policies, (ii) upon request of AOUT or any other member of its Group, report such claim with respect to any act, omission, circumstance, occurrences, or incident to the appropriate insurer as promptly as practicable and in accordance with the terms and conditions of the applicable SWBI Shared Policy and use commercially reasonable efforts to administer such claims, (iii) include AOUT and the relevant member of its Group on material correspondence and any possible Action relating to such claim with respect to any act, omission, circumstance, occurrence, or incident, and (iv) instruct that such proceeds are paid directly to the injured party in settlement of any claim with respect to any act, omission, circumstance, occurrence, or incident, rather than to SWBI or the other members of its Group, or, if such proceeds are received by SWBI or any other member of its Group, pay such proceeds over to AOUT or the other relevant member of its Group; provided that AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the other members of its Group to, notify SWBI promptly of any potential claim with respect to any act, omission, circumstance, occurrence, or incident, and cooperate in the investigation and pursuit of any claim, and the AOUT Group shall have the right to effectively associate in the pursuit of any claim with respect to any act, omission, circumstance, occurrence, or incident, including the ability to withhold consent to any proposed claim settlement (such consent not to be unreasonably conditioned, withheld, or delayed) and shall bear all reasonable out-of-pocket expenses incurred by SWBI or the other members of its Group in connection with the foregoing; provided further that SWBI and the other members of its Group shall be obligated to use only commercially reasonable efforts to pursue any claim with respect to any act, omission, circumstance, occurrence, or incident that are potentially covered by available SWBI Shared Policies and shall not, for the avoidance of doubt, have any obligation to commence any litigation with respect to any matter potentially covered by any SWBI Shared Policy unless the costs of such litigation are borne by the AOUT Group. The AOUT Group shall bear responsibility for any deductible payments required to be made under the SWBI Shared Policies in respect of any such claims with respect to any such act, omission, circumstance, occurrence, or incident.

(c) Notwithstanding the foregoing Section 4.10(a), with respect to the SWBI Loss Discovered Policies providing cyber and privacy coverage to SWBI and the other members of its Group, on the one hand, and the Post-Distribution Insurance Arrangements providing cyber and privacy coverage to AOUT and the other members of its Group, on the other hand (collectively, the "Cyber Policies"), in the event of any Cyber Event arising or occurring at or following the Distribution Time that affects, impacts, or relates to both SWBI (or any other member of its Group) and AOUT (or any other member of its Group) and that is potentially covered by such Cyber Policies (a "Cyber Insurance Event"), including any Cyber Event occurring in connection with services to be provided pursuant to the Transition Services Agreement, then SWBI and the other members of its Group, on the one hand, and AOUT and the other members of its Group, on the other hand, shall cooperate in good faith with respect to the making of any claims with respect to such Cyber Insurance Event with the respective Cyber Policies of the AOUT Group, on the one hand, and the SWBI Group, on the other hand; provided that neither SWBI and the other members of its Group, on the one hand, nor AOUT and the other members of its Group, on the other hand, shall be covered by, or have any right to make any claim against or otherwise seek coverage under, any of the Cyber Policies of the other Group with respect to any such Cyber Insurance Event.

(d) If, after the Distribution Time, AOUT or any of the other members of its Group reasonably requires any information regarding claims data for renewal purposes or other information pertaining to a claim or to any occurrence or alleged wrongful act, omission, circumstance, occurrence, or incident which occurred prior to the Distribution Time (regardless of when such occurrences or alleged wrongful acts, omissions, circumstances, occurrences, or incidents may be reported) that could reasonably be expected to give rise to a claim (including any pre-Distribution claims under any SWBI Shared Policy) in order to give notice to or make filings with insurance carriers or claims adjustors or administrators or to adjust, administer, or otherwise manage a claim, then, subject to the provisos in Section 4.10, SWBI shall cause such information to be supplied to AOUT or the relevant member of its Group, to the extent such information is in the possession and control of the SWBI Group or can be reasonably obtained by the SWBI Group, reasonably promptly upon a written request therefore. In furtherance of the foregoing, if any Third Party requires the consent of any member of the SWBI Group to the disclosure of claims data or information maintained by an insurance company or other Third Party in respect of any claim (including any pre-Distribution claims under any SWBI Shared Policy), such consent shall not be unreasonably withheld, conditioned, or delayed.

Section 4.11 Trademark Phase Out.

(a) Except as expressly provided in the Trademark License Agreement or any Post-Distribution Commercial Agreement, as soon as reasonably practicable, but in any event within one hundred eighty (180) days, following the Distribution Time, AOUT shall, and shall, to the fullest extent permitted by Applicable Law, cause the members of the AOUT Group to, cease any and all use of the SWBI Names and Marks and remove, conceal, cover, redact, and/or replace the SWBI Names and Marks from any and all AOUT Assets and any other assets and materials under their possession or control bearing such SWBI Names and Marks.

(b) Except as expressly provided in any Post-Distribution Commercial Agreement, as soon as reasonably practicable, but in any event within one hundred eighty (180) days, following the Distribution Time, SWBI shall, and shall, to the fullest extent permitted by Applicable Law, cause the members of the SWBI Group to, cease any and all use of the AOUT Names and Marks and remove, conceal, cover, redact, and/or replace the AOUT Names and Marks from any and all SWBI Assets and any other assets and materials under their possession or control bearing such AOUT Names and Marks.

**ARTICLE 5**
**RELEASE; INDEMNIFICATION**

Section 5.1 Release of Pre-Distribution Claims.

(a) Except (i) as provided in Section 5.1(b) and (ii) as otherwise expressly provided in this Agreement or any Ancillary Agreement, each party does hereby, on behalf of itself and, to the fullest extent permitted by Applicable Law, each other member of its Group, and each of their successors and permitted assigns, release and forever discharge the other party and the other members of such party's Group, and their respective successors and permitted assigns, and all Persons who at any time prior to the Distribution Time have been directors, officers, employees, or attorneys serving as independent contractors of such other party or any other member of its Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors, and permitted assigns (collectively, the "Released Parties" and each, a "Released Party"), from any and all demands, Claims, Actions, and Liabilities whatsoever, whether at law or in equity (including any right of contribution or any right pursuant to any Environmental Law whether now or hereinafter in effect), whether arising under any Contract, by operation of law or otherwise (and including for the avoidance of doubt, those arising as a result of the negligence, strict liability, or any other liability under any theory of law or equity of, or any violation of Applicable Law by any Released Party), existing or arising from any acts, omissions, circumstances, occurrences, or incidents occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Time.

(b) Nothing contained in Section 5.1(a) shall impair any right of any Person identified in Section 5.1(a) to enforce this Agreement or any Ancillary Agreement. Nothing contained in Section 5.1(a) shall release or discharge any Person from:

(i) any Liability assumed, transferred, assigned, retained, or allocated to that Person in accordance with, or any other Liability of that Person under, this Agreement or any of the Ancillary Agreements;

(ii) any Liability that is expressly specified in this Agreement (including Section 2.6 and Section 2.7) or any Ancillary Agreement to continue after the Distribution Time, but subject to any limitation set forth in this Agreement (including Section 2.6 and Section 2.7) or any Ancillary Agreement relating specifically to such Liability;

(iii) any demand, Claim, Action, or Liability that the parties may have with respect to claims for indemnification, recovery, or contribution brought pursuant to this Agreement or any Ancillary Agreement, which demand, Claim, Action, or Liability shall be governed by the provisions of this Article 5, or, if applicable, the appropriate provisions of the Ancillary Agreements; or

(iv) any demand, Claim, Action, or Liability the release of which would result in the release of any Person, other than a Released Party; provided, however, that the parties hereto agree not to bring or allow, to the fullest extent permitted by Applicable Law, any other member of its Group to bring any suit, action, or proceeding against the other party, any other member of its Group, or any related Released Party with respect to any such Liability.

In addition, nothing contained in Section 5.1(a) shall release any party or any member of its Group from honoring its existing obligations to indemnify, or advance expenses to, any Person (x) who was a director, officer, employee, or agent of such party or any other member of its Group at or prior to the Distribution Time, or (y) was serving at the request of such party or any other member of its Group as a director, officer, employee, or agent of another Person (other than an individual) at or prior to the Distribution Time, in each case, to the extent such Person was entitled to such indemnification or advancement of expenses pursuant to then-existing obligations; provided, however, that to the extent applicable, Section 5.2 hereof shall determine whether any party shall be required to indemnify the other or another member of its Group in respect of such Liability.

(c) No party hereto shall make, nor, to the fullest extent permitted by Applicable Law, permit any other member of its Group to make, any demand or Claim, or commence any Action asserting any demand or Claim, including any Claim of or demand for contribution or indemnification, against the other party, or any related Released Party, with respect to any demand, Claim, Action, or Liability released pursuant to Section 5.1(a).

(d) It is the intent of each of the parties and the other members of their respective Group, by virtue of the provisions of this Section 5.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts, omissions, circumstances, occurrences, or incidents occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Time between members of the SWBI Group, on the one hand, and members of the AOUT Group, on the other hand (including any Contract existing or alleged to exist between the Groups on or before the Distribution Time), except as expressly set forth in Section 5.1(b) or as expressly provided in this Agreement or any Ancillary Agreement. At any time, at the reasonable request of either SWBI or AOUT, the other party hereto shall and shall, to the fullest extent permitted by Applicable Law, cause the other members of its Group to, execute and deliver releases reflecting the provisions hereof.

Section 5.2 AOUT Indemnification of the SWBI Group.

(a) Effective as of and after the Distribution Time, AOUT shall indemnify, defend, and hold harmless each member of the SWBI Group, each Affiliate thereof, and each of their respective past, present, and future directors, officers, employees, and agents and the respective heirs, executors, administrators, successors, and permitted assigns of any of the foregoing (collectively, the "SWBI Indemnitees" and each, a "SWBI Indemnitee") from and against any and all Liabilities incurred or suffered by any of the SWBI Indemnitees arising out of or in connection with (i) any of the AOUT Liabilities, or the failure of any member of the AOUT Group to pay, perform, or otherwise discharge any of the AOUT Liabilities, (ii) any breach by AOUT or any other member of the AOUT Group of this Agreement or any Ancillary Agreement, (iii) the ownership or operation of the Outdoor Products and Accessories Business or the AOUT Assets, prior to, on, or after the Distribution Date, (iv) any payments made by SWBI or any other member of the SWBI Group in respect of any Guarantee given or obtained by any member of the SWBI Group for the benefit of any member of the AOUT Group or the Outdoor Products and Accessories Business, or any Liability of any member of the SWBI Group in respect thereof, and (v) any use of any Licensed SWBI IP (as defined in the Trademark License Agreement) or the SWBI Names and Marks by AOUT, by any member of the AOUT Group or any permitted sublicensee under the Trademark License Agreement.

(b) Effective as of and after the Distribution Time, AOUT shall indemnify, defend, and hold harmless each of the SWBI Indemnitees and each Person, if any, who controls any SWBI Indemnitee within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in the Form 10, the Information Statement, the Equity Compensation Registration Statement, or any offering or marketing materials prepared in connection with the AOUT Financing Arrangements or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case, to the extent, but only to the extent that, such Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based on information furnished by the AOUT Group regarding the business, operations, financial results, stockholder communications, risks, management, management compensation levels, and stock ownership of AOUT.

Section 5.3 SWBI Indemnification of the AOUT Group.

(a) Effective as of and after the Distribution Time, SWBI shall indemnify, defend, and hold harmless each member of the AOUT Group, each Affiliate thereof, and each of their respective past, present, and future directors, officers, employees, and agents and the respective heirs, executors, administrators, successors, and permitted assigns of any of the foregoing (collectively, the "AOUT Indemnitees" and each, an "AOUT Indemnitee") from and against any and all Liabilities incurred or suffered by any of the AOUT Indemnitees and arising out of or in connection with (i) any of the SWBI Liabilities, or the failure of any other member of the SWBI Group to pay, perform, or otherwise discharge any of the SWBI Liabilities, (ii) any breach by SWBI or any other member of the SWBI Group of this Agreement or any Ancillary Agreement, (iii) the ownership or operation of the Firearm Business or the SWBI Assets, prior to, on, or after the Distribution Date, and (iv) any payments made by AOUT or any other member of the AOUT Group in respect of any Guarantee given or obtained by any member of the AOUT Group for the benefit of any member of the SWBI Group or the Firearm Business, or any Liability of any member of the AOUT Group in respect thereof.

(b) Effective as of and after the Distribution Time, SWBI shall indemnify, defend, and hold harmless each of the AOUT Indemnitees and each Person, if any, who controls any AOUT Indemnitee within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in the Form 10, the Information Statement, the Equity Compensation Registration Statement, or any offering or marketing materials prepared in connection with the AOUT Financing Arrangements or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based on information furnished by any member of the SWBI Group regarding the business, operations, financial results, stockholder communications, risks, management, management compensation levels, and stock ownership of SWBI.

Section 5.4 Procedures.

(a) The SWBI Indemnitee or AOUT Indemnitee seeking indemnification under Section 5.2 or Section 5.3, respectively (the "Indemnified Party"), agrees to give prompt notice to the party against whom indemnity is sought (the "Indemnifying Party") of the assertion of any demand or claim, or the commencement of any other Action (each, a "Claim") in respect of which indemnity may be sought under Section 5.2 or Section 5.3, as applicable, and shall provide the Indemnifying Party such information with respect thereto that the Indemnifying Party may reasonably request. The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations under Section 5.2 or Section 5.3, as applicable, except to the extent such failure shall have prejudiced the Indemnifying Party.

(b) The Indemnifying Party shall be entitled to participate in the defense of any Claim asserted by any Third Party ("Third Party Claim") and, subject to the limitations set forth in this Section 5.4, if it so notifies the Indemnified Party no later than 30 days after receipt of the notice described in Section 5.4(a), shall be entitled to control and appoint lead counsel for such defense, in each case at its expense. If the Indemnifying Party does not so notify the Indemnified Party, the Indemnified Party shall have the right to defend or contest such Third Party Claim through counsel chosen by the Indemnified Party that is reasonably acceptable to the Indemnifying Party, subject to the provisions of this Section 5.4. The Indemnified Party shall provide the Indemnifying Party and such counsel with such information regarding such Third Party Claim as either of them may reasonably request (which request may be general or specific).

(c) If the Indemnifying Party shall assume the control of the defense of any Third Party Claim in accordance with the provisions of Section 5.4(b), (i) the Indemnifying Party shall obtain the prior written consent of the Indemnified Party (which shall not be unreasonably withheld) before entering into any settlement of such Third Party Claim, if the settlement does not release the Indemnified Party from all Liabilities and obligations with respect to such Third Party Claim or the settlement imposes injunctive or other equitable relief against the Indemnified Party or any of its related Indemnitees or is otherwise materially prejudicial to any such Person and (ii) the Indemnified Party shall be entitled to participate in (but not control) the defense of such Third Party Claim and, at its own expense, to employ separate counsel of its choice for such purpose; provided that in the event of a conflict of interest between the Indemnifying Party and such Indemnified Party, the reasonable and documented fees and expenses of such separate counsel shall be at the Indemnifying Party's expense.

(d) Each of the Indemnifying Party and the Indemnified Party shall cooperate, and shall cause, to the fullest extent permitted by Applicable Law, their respective Affiliates to, cooperate, in the defense or prosecution of any Third Party Claim and shall furnish or cause to be furnished such records, information, and testimony, and attend such conferences, discovery proceedings, hearings, trials, or appeals, as may be reasonably requested in connection therewith.

(e) Each Indemnified Party shall use commercially reasonable efforts to collect any amounts available under insurance coverage, or from any other Person alleged to be responsible, for any Liabilities payable under Section 5.2 or Section 5.3 and the reasonable expenses incurred in connection therewith shall be treated as Liabilities subject to indemnification under Section 5.2 or Section 5.3.

(f) If any Third Party Claim shall be brought against a member of either Group, then the Action relating to such Third Party Claim shall be deemed to be an AOUT Assumed Action or an SWBI Assumed Action in accordance with Sections 4.2(a) or 4.2(b), respectively, to the extent applicable, and AOUT, in the case of any AOUT Assumed Action, or SWBI, in the case of any SWBI Assumed Action, shall be deemed to be the Indemnifying Party for the purposes of this Article 5. In the event of any Action in which the Indemnifying Party is not also named defendant, at the request of either the Indemnified Party or the Indemnifying Party, the parties shall and shall, to the fullest extent permitted by Applicable Law, cause its applicable Affiliate to, use commercially reasonable efforts to substitute the Indemnifying Party or its applicable Affiliate for the named defendant in the Action.

Section 5.5 Calculation of Indemnification Amount. Any indemnification amount owed pursuant to Section 5.2 or Section 5.3 shall be paid (a) net of any amounts actually recovered by the Indemnified Party under applicable Third Party insurance policies or from any other Third Party alleged to be responsible therefor, and (b) taking into account any Tax Benefit allowable to the Indemnified Party and any Tax cost incurred by the Indemnified Party arising from the incurrence or payment of the relevant Liabilities. SWBI and AOUT agree that, for all Tax purposes, any payment made pursuant to this Article 5 will be treated as provided under Section 2.01(d) of the Tax Matters Agreement. If the Indemnified Party receives any amounts under applicable Third Party insurance policies, or from any other Third Party alleged to be responsible for any Liabilities, subsequent to an indemnification payment by the Indemnifying Party in respect thereof, then such Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made by such Indemnifying Party in respect thereof up to the amount received by the Indemnified Party from such Third Party insurance policy or Third Party, as applicable.

Section 5.6 Contribution. If for any reason the indemnification provided for in Section 5.2 or Section 5.3 is unavailable to any Indemnified Party, or insufficient to hold it harmless, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the SWBI Group, on the one hand, and the AOUT Group, on the other hand, in connection with the act, omission, circumstance, occurrence, or incident that resulted in such Liabilities. In case of any Liabilities arising out of or related to information contained in the Form 10, the Information Statement, the Equity Compensation Registration Statement, or any offering or marketing materials prepared in connection with the AOUT Financing Arrangements, the relative fault of the SWBI Group, on the one hand, and the AOUT Group, on the other hand, shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or the omission or alleged omission of a material fact relates to information supplied by AOUT or any other member of its Group, on the one hand, or SWBI or any other member of its Group, on the other hand.

Section 5.7 Non-Exclusivity of Remedies. Subject to Section 5.1, the remedies provided for in this Article 5 are not exclusive and shall, to the fullest extent permitted by Applicable Law, not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity; provided that the procedures set forth in Sections 5.4 and 5.5 shall be the exclusive procedures governing any indemnity action brought under this Article 5.

Section 5.8 Survival of Indemnities. The rights and obligations of any Indemnified Party or Indemnifying Party under this Article 5 shall survive the sale or other transfer of any such Person of any of its assets, business, or liabilities.

Section 5.9 Ancillary Agreements. If an indemnification claim is covered by the indemnification provisions of an Ancillary Agreement, the claim shall be made under the Ancillary Agreement to the extent applicable and the provisions thereof shall govern such claim. In no event shall any Person be entitled to double recovery from the indemnification provisions of this Agreement and any Ancillary Agreement.

## ARTICLE 6
## MISCELLANEOUS

Section 6.1 Notices. Any notice, instruction, direction, or demand under the terms of this Agreement required to be in writing shall be duly given upon delivery, if delivered by hand, facsimile transmission, mail, or e-mail transmission to the following addresses:

If to SWBI to:

Smith & Wesson Brands, Inc.
2100 Roosevelt Avenue
Springfield, Massachusetts 01104
Email: [●]
Attn: General Counsel

with a copy to:

Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, Arizona 85016
Email: kantr@gtlaw.com
beckk@gtlaw.com
Attn: Robert S. Kant
Katherine A. Beck

If to AOUT to:
American Outdoor Brands, Inc.
1800 North Route Z
Columbia, Missouri 65202
Email: [●]
Attn: [●]

with a copy to:
Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, Arizona 85016
Email: kantr@gtlaw.com
beckk@gtlaw.com
Attn: Robert S. Kant
Katherine A. Beck

or such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other party hereto. All such notices, requests, and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request, or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

Section 6.2 Amendments; No Waivers.

(a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by SWBI and AOUT, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power, or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies herein provided shall, to the fullest extent permitted by Applicable Law, be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 6.3 Expenses. SWBI and AOUT shall each bear the costs and expenses incurred or paid by it or the other members of its respective Group in connection with the Transfer, the Distribution, and any other related transaction, as applicable, set forth below their respective names on Schedule 6.3. All other third-party fees, costs, and expenses paid or incurred in connection with the foregoing (except as specifically allocated pursuant to the terms of this Agreement or any Ancillary Agreement) shall be paid by the party or Group incurring such fees or expenses, whether or not the Distribution occurs, or as otherwise agreed by the parties in writing.

Section 6.4 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided that neither party may assign, delegate, or otherwise transfer any of its rights or obligations (or those of any other member of its Group) under this Agreement without the consent of the other party hereto. If any party or any of its successors or permitted assigns (a) shall consolidate with or merge into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (b) shall transfer all or substantially all of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and permitted assigns of such party shall assume all of the obligations of such party under this Agreement and the other Distribution Documents.

Section 6.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules of such State, all rights and remedies being governed by said laws.

Section 6.6 Counterparts; Effectiveness; Third-Party Beneficiaries. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). Except for Section 4.7 and the indemnification and release provisions of Article 5, neither this Agreement nor any provision hereof is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than the parties hereto and their respective successors and permitted assigns.

Section 6.7 Entire Agreement. This Agreement and the other Distribution Documents constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings, and negotiations, both written and oral, between the parties with respect to the subject matter hereof and thereof. No representation, inducement, promise, understanding, condition, or warranty not set forth herein or in the other Distribution Documents has been made or relied upon by any party hereto or any other member of its Group with respect to the transactions contemplated hereby or by the other Distribution Documents, and such reliance is hereby expressly disclaimed by SWBI, for itself and, to the fullest extent permitted by Applicable Law, the other members of its Group, and AOUT for itself and, to the fullest extent permitted by Applicable Law, the other members of its Group. Except as provided in Section 2.4, without limiting Section 5.9 and subject to Section 6.8, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement, the Ancillary Agreement shall control with respect to the subject matter thereof, and this Agreement shall control with respect to all other matters; provided, that except as provided for in Section 2.4 to extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Transfer Agreement, this Agreement shall control with respect to all matters.

Section 6.8 Tax Matters. Except as otherwise expressly provided herein, this Agreement shall not govern Tax matters (including any administrative, procedural, and related matters thereto), which shall be exclusively governed by the Tax Matters Agreement and the Employee Matters Agreement. For the avoidance of doubt, to the extent of any inconsistency between this Agreement and either of the Tax Matters Agreement or Employee Matters Agreement, the terms of the Tax Matters Agreement or Employee Matters Agreement, as the case may be, shall govern.

Section 6.9 Jurisdiction. To the fullest extent permitted by Applicable Law, each of the parties hereto, for themselves and, to the fullest extent permitted by Applicable Law, for the other members of their respective Group, (a) agrees that any suit, action, or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be exclusively resolved by the Court of Chancery of the State of Delaware, or, if the Court of Chancery of the State of Delaware does not have jurisdiction over a particular matter, the Superior Court of the State of Delaware (and the Complex Commercial Litigation Division thereof if such division has jurisdiction over the particular matter) or, if the Superior Court of the State of Delaware does not have jurisdiction over a particular mater, any federal court of the United States sitting in the State of Delaware (the "Delaware Courts"), (b) irrevocably consents to the exclusive jurisdiction of the Delaware Courts (and of the appropriate appellate courts therefrom), (c) irrevocably waives any objection that it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding in the Delaware Courts or that any such suit, action, or proceeding brought in the Delaware Courts has been brought in an inconvenient forum, (d) agrees that process in any such suit, action, or proceeding may be served on any party or any member of its Group anywhere in the world, whether within or outside of the jurisdiction of the Delaware Courts, and (e) agrees that service of process on such party or any member of the Group as provided in Section 6.1 shall be deemed effective service of process on such Person.

Section 6.10 WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO, FOR THEMSELVES AND, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, FOR THE OTHER MEMBERS OF THEIR RESPECTIVE GROUP, WAIVES ANY RIGHT SUCH PERSON MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY ACTION, SUIT, OR PROCEEDING SEEKING TO ENFORCE ANY PROVISIONS OF, OR BASED ON ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY.

Section 6.11 Termination. Notwithstanding any provision of this Agreement to the contrary, the Board of Directors of SWBI may, in its sole discretion and without the approval of AOUT or any other Person, at any time prior to the Distribution Time terminate this Agreement and/or abandon the Distribution, whether or not any Person has theretofore approved this Agreement and/or the Distribution. In the event this Agreement is terminated pursuant to the preceding sentence, this Agreement shall, to the fullest extent permitted by Applicable Law, forthwith become void and neither SWBI nor AOUT, nor any other member of their respective Group, nor any of their respective directors, officers, employees, or agents shall have any liability or further obligation to any other Person by reason of this Agreement.

Section 6.12 Severability. If any one or more of the provisions contained in this Agreement should be declared invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained in this Agreement shall not, to the fullest extent permitted by Applicable Law, in any way be affected or impaired thereby so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a declaration, the parties shall modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner so that the transactions contemplated hereby are consummated as originally contemplated to the fullest extent possible.

Section 6.13 Survival. All covenants and agreements of the parties contained in this Agreement shall survive the Distribution Date indefinitely, unless a specific survival or other applicable period is expressly set forth herein.

Section 6.14 Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

Section 6.15 Interpretation. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall, to the fullest extent permitted by Applicable Law, be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of its authorship of any of the provisions of this Agreement.

Section 6.16 Specific Performance. Each party to this Agreement, for itself, and, to the fullest extent permitted by Applicable Law, for the other members of its Group, acknowledges and agrees that monetary damages for a breach or threatened breach of any of the provisions of this Agreement would be inadequate and irreparable harm would occur. In recognition of this fact, each party agrees, for itself, and, to the fullest extent permitted by Applicable Law, for the other members of its Group, that, if there is a breach or threatened breach, in addition to any damages, the nonbreaching party, without posting any bond, shall, to the fullest extent permitted by Applicable Law, be entitled to seek and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, attachment, or any other equitable remedy which may then be available to obligate the breaching party (a) to perform its obligations under this Agreement or (b) if the breaching party is unable, for whatever reason, to perform those obligations, to take any other lawful actions as are necessary, advisable, or appropriate to give the other party the economic effect which comes as close as possible to the performance of those obligations (including transferring, or granting liens on, the assets of the breaching party to secure the performance by the breaching party of those obligations).

Section 6.17 Performance. Each party shall cause to be performed all actions, agreements, and obligations set forth herein to be performed by any other member of such party's Group.

[Signature Page Follows]

**IN WITNESS WHEREOF** the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

**SMITH & WESSON BRANDS, INC.**

By: _____
Name: Mark P. Smith
Title: President and Chief Executive Officer

**AMERICAN OUTDOOR BRANDS, INC.**

By: _____
Name: Brian D. Murphy
Title: President and Chief Executive Officer

**EXHIBIT A**

**Employee Matters Agreement**

(Attached)

**EXHIBIT B**

**Tax Matters Agreement**

(Attached)

**EXHIBIT C**

**Trademark License Agreement**

(Attached)

**EXHIBIT D**

**Transition Services Agreement**

(Attached)

**EXHIBIT E**

**Amended and Restated Certificate of Incorporation**

(Attached)

**EXHIBIT F**

**Amended and Restated Bylaws**

(Attached)

**ANNEX A**

**Transfer Plan**

(Attached)

**Exhibit 3.1**

**AMENDED AND RESTATED**
**CERTIFICATE OF INCORPORATION**
**OF**
**AMERICAN OUTDOOR BRANDS, INC.**

The present name of the corporation is "American Outdoor Brands, Inc." The corporation was incorporated under the name "American Outdoor Brands Spin Co." by the filing of its original certificate of incorporation with the Secretary of State of the State of Delaware on January 28, 2020. This Amended and Restated Certificate of Incorporation of the corporation, which both restates and further amends the provisions of the corporation's certificate of incorporation, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware and by the written consent of its sole stockholder in accordance with Section 228 of the General Corporation Law of the State of Delaware. The certificate of incorporation of the corporation is hereby amended and restated to read in its entirety as follows:

FIRST. The name of the corporation is American Outdoor Brands, Inc. (the "Corporation").

SECOND. The address of the Corporation's registered office in the State of Delaware is 9 E. Loockerman Street, Suite 311, City of Dover, County of Kent, State of Delaware 19901. The name of its registered agent at such address is Registered Agent Solutions, Inc.

THIRD. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (as the same exists or may hereafter be amended, the "General Corporation Law").

FOURTH.

A. Capital Stock. The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is One Hundred Twenty Million (120,000,000) shares, divided into: (i) One Hundred Million (100,000,000) shares, par value $0.001 per share, of common stock (the "Common Stock"); and (ii) Twenty Million (20,000,000) shares, par value $0.001 per share, of preferred stock (the "Preferred Stock").

B. Common Stock.

1. Dividends. Subject to applicable law and the rights, if any, of the holders of any series of Preferred Stock then outstanding, dividends may be declared and paid on the Common Stock at such times and in such amounts as the Board of Directors of the Corporation (the "Board of Directors") in its discretion shall determine.

2. Voting Rights. Except as otherwise provided by or pursuant to the provisions of this certificate of incorporation (including any certificate filed with the Secretary of State of the State of Delaware establishing a series of Preferred Stock) (as the same may be amended or amended and restated, this "Certificate of Incorporation") or by applicable law, each holder of Common Stock, as such, shall be entitled to one (1) vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote.

3. Liquidation Rights. Subject to applicable law and the rights, if any, of the holders of any series of Preferred Stock then outstanding, in the event of any liquidation, dissolution or winding up of the Corporation, the holders of the Common Stock shall be entitled to receive the assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares of Common Stock held by them. A merger or consolidation of the Corporation with or into any other corporation or other entity, or a sale or conveyance of all or any part of the assets of the Corporation (which shall not in fact result in the liquidation, dissolution or winding up of the Corporation and the distribution of assets to its stockholders) shall not be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 3.

C. Preferred Stock. The Board of Directors is hereby expressly authorized, by resolution or resolutions thereof, to provide from time to time out of the unissued shares of Preferred Stock for one or more series of Preferred Stock, and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the powers (including voting powers), if any, of the shares of such series and the preferences and relative, participating, optional, special or other rights, if any, and the qualifications, limitations or restrictions, if any, of the shares of such series. The designations, powers (including voting powers), preferences and relative, participating, optional, special and other rights of each series of Preferred Stock, if any, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series of Preferred Stock at any time outstanding. Except as may otherwise be provided in this Certificate of Incorporation or by applicable law, no holder of any series of Preferred Stock then outstanding, as such, shall be entitled to any voting powers in respect thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote irrespective of Section 242(b)(2) of the General Corporation Law, without the separate vote of the holders of the Preferred Stock as a class.

FIFTH. Board of Directors.

1. Management; Election of Directors. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. Removal of Directors. Except for any Preferred Directors, any director or the entire Board of Directors may be removed, solely by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2⁄3%) in voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

3. Vacancies. Subject to the rights, if any, of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from an increase in the authorized number of directors or any vacancies on the Board of Directors resulting from the death, resignation, disqualification, removal or other cause shall be filled solely and exclusively by a majority of the directors then in office, although less than a quorum, or by the sole remaining director. Any director so elected shall hold office until the expiration of the term of office of the director whom he or she has replaced and until his or her successor shall be elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. No decrease in the number of directors shall shorten the term of any incumbent director.

4. Automatic Increase/Decrease in Authorized Directors. During any period when the holders of any series of Preferred Stock then outstanding have the right to elect one or more Preferred Directors, then upon commencement of, and for the duration of, the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such specified Preferred Directors, and the holders of such series of Preferred Stock shall be entitled to elect such Preferred Director or Directors; and (ii) each such Preferred Director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates, whichever occurs earlier, subject to such director's earlier death, resignation, disqualification or removal. Except as otherwise provided by or pursuant to the provisions of this Certificate of Incorporation, whenever the holders of any series of Preferred Stock then outstanding having the right to elect one or more Preferred Directors are divested of such right by or pursuant to the provisions of this Certificate of Incorporation, the term of office of each such Preferred Director elected by the holders of such series of Preferred Stock, or elected to fill any vacancy resulting from the death, resignation, disqualification or removal of each such Preferred Director, shall forthwith terminate and the total authorized number of directors of the Corporation shall automatically be decreased by such specified number of directors.

5. No Written Ballot. Unless and except to the extent that the bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

6. Amendment of Bylaws. In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to make, alter, amend and repeal the bylaws of the Corporation. In addition to any affirmative vote required by this Certificate of Incorporation, any bylaw that is to be made, altered, amended or repealed by the stockholders of the Corporation shall receive the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2⁄3%) in voting power of the then outstanding shares of stock of the Corporation generally entitled to vote, voting together as a single class.

7. Special Meetings of Stockholders. Except as otherwise provided by or pursuant to the provisions of this Certificate of Incorporation, special meetings of stockholders for any purpose or purposes may be called at any time, but only by (a) the Chairperson of the Board of Directors, (b) the President, or (c) the Board of Directors. Except as provided in the foregoing sentence, special meetings of stockholders may not be called by another person or persons. Any meeting of stockholders may be postponed by action of the Board of Directors or by the person calling such meeting (if other than the Board of Directors) at any time in advance of such meeting.

SIXTH. Except as otherwise provided by or pursuant to the provisions of this Certificate of Incorporation, no action that is required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders may be effected by consent of stockholders in lieu of a meeting of stockholders.

SEVENTH. A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

EIGHTH. The Corporation reserves the right at any time, and from time to time, to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by applicable law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation are granted subject to the rights reserved in this Article EIGHTH. In addition to any affirmative vote required by applicable law or this Certificate of Incorporation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66⅔%) in voting power of the then outstanding shares of stock of the Corporation generally entitled to vote, voting together as a single class, shall be required to amend, alter, repeal or adopt any provision inconsistent with Articles FIFTH, SIXTH or SEVENTH or this sentence.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed and acknowledged this Amended and Restated Certificate of Incorporation this ____ day of _____, 2020.

AMERICAN OUTDOOR BRANDS, INC.

By: _____
Name: Brian D. Murphy
Office: President and Chief Executive Officer

**Exhibit 3.2**

# AMENDED AND RESTATED BYLAWS OF AMERICAN OUTDOOR BRANDS, INC.

## ARTICLE I

## Meetings of Stockholders

Section 1.1 Annual Meetings. If required by applicable law, an annual meeting of stockholders shall be held for the election of directors at such date, time and place, if any, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors of the Corporation (the "Board of Directors") from time to time. Any other proper business may be transacted at the annual meeting of stockholders.

Section 1.2 Special Meetings. Except as otherwise provided by or pursuant to the provisions of the corporation's certificate of incorporation (including any certificate filed with the Secretary of State of the State of Delaware establishing a series of preferred stock of the corporation) (as the same may be amended or amended and restated, the "Certificate of Incorporation"), special meetings of stockholders for any purpose or purposes may be called at any time, but only by (a) the Chairperson of the Board of Directors, (b) the President, or (c) the Board of Directors. Except as provided in the foregoing sentence, special meetings of stockholders may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 1.3 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given that shall state the place, if any, date and hour of the meeting, the record date for determining stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by applicable law, the Certificate of Incorporation or these Amended and Restated Bylaws (as the same may be amended or amended and restated, these "Bylaws"), the notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, as of the record date for determining the stockholders entitled to notice of the meeting.

Section 1.4 Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, if any, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix a new record date for notice of such adjourned meeting in accordance with Section 1.8 of these

Bylaws, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

Section 1.5 Quorum. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of a majority in voting power of the then outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a quorum, the stockholders so present may, by a majority in voting power thereof, adjourn the meeting from time to time in the manner provided in Section 1.4 of these Bylaws until a quorum shall attend. Shares of its own stock belonging to the corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the corporation or any subsidiary of the corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.6 Organization. Meetings of stockholders shall be presided over by the Chairperson of the Board of Directors, if any, or in his or her absence by the Vice Chairperson of the Board of Directors, if any, or in the absence of the foregoing persons by a chairperson designated by the Board of Directors, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7 Proxies; Voting.

(a) Except as otherwise provided by or pursuant to the provisions of the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one (1) vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting, if any, may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary a revocation of the proxy or a new proxy bearing a later date.

(b) Voting at meetings of stockholders need not be by written ballot.

(c) Except for directors, if any, elected by the holders of any series of preferred stock of the corporation (the "Preferred Stock") then outstanding pursuant to any applicable provisions of the Certificate of Incorporation (collectively, the "Preferred Directors" and each, a "Preferred Director"), and with respect to newly created directorships resulting from an increase in the authorized number of directors or any vacancies on the Board of Directors resulting from death, disqualification, removal or other cause, each director shall be elected by a majority of the votes cast with respect to the nominee for election to the Board of Directors at any meeting of stockholders at which directors are to be elected by the stockholders generally entitled to vote and

a quorum is present; provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders at which directors are to be elected by the stockholders generally entitled to vote, a quorum is present and a stockholder or stockholders of the corporation generally entitled to vote has or have (1) nominated one or more individuals for election to the Board of Directors in compliance with Section 1.13 of these Bylaws such that the number of nominees for election to the Board of Directors exceeds the number of open seats, and (2) not withdrawn such Nomination or Nominations on or prior to the tenth (10th) day preceding the date the corporation first mails its notice of such meeting to the stockholders. When a quorum is present at any meeting of stockholders, all other elections, questions or business presented to the stockholders at such meeting shall be decided by the affirmative vote of a majority of votes cast with respect to any such election, question or business presented to the stockholders unless the election, question or business is one which, by express provision of the Certificate of Incorporation, these Bylaws (including, without limitation, Article II of these Bylaws), the laws of the State of Delaware, the rules or regulations of any stock exchange applicable to the corporation or any regulation applicable to the corporation or its securities, a vote of a different number or voting by class or series is required, in which case, such express provision shall govern.

(d) For purposes of this Section 1.7, (i) a "majority of the votes cast" means that (1) the number of shares voted "for" a nominee for election to the Board of Directors by the stockholders generally entitled to vote or (2) "for" any other election, question or business, in each case, exceeds the votes cast "against" such nominee or such other election, question or business, respectively, and (ii) "votes cast" shall not include "abstentions" and "broker non-votes".

Section 1.8 Fixing Date for Determination of Stockholders of Record. In order that the corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, if any, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (a) in the case of a determination of stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, shall, unless otherwise required by applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting and, unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for determining the stockholders entitled to vote at such meeting, the record date for determining the stockholders entitled to notice of such meeting shall also be the record date for determining the stockholders entitled to vote at such meeting; (b) in the case of a determination of the stockholders, if any, entitled to express consent to corporate action in writing without a meeting, shall not be more than ten (10) days from the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (c) in the case of any other action, shall not be more than sixty (60) days prior to such other action. If no record date is fixed: (a) the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (b) the record date for determining the stockholders, if any, entitled to express consent to corporate action in writing without a meeting, when no prior action of the Board of Directors is required by applicable

law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with applicable law, or, if prior action by the Board of Directors is required by applicable law, shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action; and (c) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for the stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for the determination of stockholders entitled to vote in accordance with the foregoing provisions of this Section 1.8 at the adjourned meeting.

Section 1.9 List of Stockholders Entitled to Vote. The corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting, or (b) during ordinary business hours at the principal place of business of the corporation. The list of stockholders must also be open to examination at the meeting as required by applicable law. Except as otherwise provided by applicable law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.9 or to vote in person or by proxy at any meeting of stockholders.

Section 1.10 Action By Consent in Lieu of Meeting. Except as otherwise permitted by or pursuant to the provisions of the Certificate of Incorporation, no action that is required or permitted to be taken by the stockholders of the corporation at any annual or special meeting of stockholders may be effected by consent of stockholders in lieu of a meeting of stockholders. When, as permitted by or pursuant to the provisions of the Certificate of Incorporation, action required or permitted to be taken at any annual or special meeting of stockholders is taken without a meeting, without prior notice and without a vote, a consent or consents, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which minutes of proceedings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. When, as permitted by or pursuant to the provisions of the Certificate of Incorporation, action required or permitted to be taken at any annual or special meeting of stockholders is taken without a meeting, without prior notice and without a vote, prompt notice of the taking of the corporate action without a meeting by less than unanimous consent shall, to the extent required by applicable law, be given to those stockholders

who have not consented and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that consents signed by a sufficient number of holders to take the action were delivered to the corporation.

Section 1.11 Inspectors of Election. The corporation may, and shall if required by applicable law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the individual presiding over the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (a) ascertain the number of shares of stock of the corporation outstanding and the voting power of each such share, (b) determine the shares of stock of the corporation represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares of stock of the corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by applicable law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the corporation, the inspectors may consider such information as is permitted by applicable law. No individual who is a candidate for an office at an election may serve as an inspector at such election.

Section 1.12 Conduct of Meetings. The date and time of the opening and the closing of the polls for each election, question or business upon which the stockholders will vote at a meeting shall be announced at the meeting by the individual presiding over the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the individual presiding over any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such individual, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the individual presiding over the meeting of stockholders, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the individual presiding over the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. The Board of Directors or, in addition to making any other determinations that may be appropriate to the conduct of the meeting, the individual presiding over any meeting of stockholders, in each case, shall have the power and duty to determine whether any election, question or business was or was not properly brought before the meeting and therefore shall be disregarded and not be considered at the meeting, and, if the

Board of Directors or the individual presiding over the meeting, as the case may be, determines that such election, question or business was not properly brought before the meeting and shall be disregarded and not be considered at the meeting, the individual presiding over the meeting shall declare to the meeting that such election, question or business was not properly brought before the meeting and shall be disregarded and not be considered at the meeting, and any such election, question or business shall not be transacted or considered at the meeting. Unless and to the extent determined by the Board of Directors or the individual presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.13 Notice of Stockholder Business and Nominations.

(a) Annual Meetings.

(1) Nominations of one or more individuals for election to the Board of Directors (each, a "Nomination," and more than one, "Nominations") and the proposal of business other than Nominations to be considered by the stockholders ("Business") may be made at an annual meeting of stockholders only:

(A) pursuant to the corporation's notice of meeting (or any supplement thereto), provided, however, that reference in the corporation's notice of meeting to the election of directors or the election of members of the Board of Directors shall not include or be deemed to include Nominations;

(B) by or at the direction of the Board of Directors; or

(C) by any stockholder who was a stockholder of record of the corporation at the time the notice provided for in this Section 1.13 is delivered to the Secretary at the principal executive offices of the corporation, who is entitled to vote at the annual meeting of stockholders and who complies with the notice procedures set forth in this Section 1.13(a).

(2) For Nominations or Business to be properly brought before an annual meeting of stockholders by a stockholder pursuant to Section 1.13(a)(1)(C), the stockholder must have given timely notice thereof in writing to the Secretary and any proposed Business must constitute a proper subject for stockholder action under applicable law. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one-hundred twentieth (120th) day prior to the first (1st) anniversary of the preceding year's annual meeting of stockholders (provided, however, that in the event that the date of the annual meeting of stockholders is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one-hundred twentieth (120th) day prior to such annual meeting of stockholders and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting of stockholders or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the corporation). In no event

shall the public announcement of an adjournment or postponement of an annual meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth:

(A) as to each Nomination to be made by such stockholder:

(i) the name, age, business address and residence address of the individual subject to such Nomination (the "Stockholder Nominee");

(ii) all other information relating to the Stockholder Nominee that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case, pursuant to and in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), without regard to the application of the Exchange Act to either the Nomination or the corporation;

(iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among the stockholder giving the notice or the beneficial owner, if any, on whose behalf the Nomination is made, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and the Stockholder Nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if such stockholder or such beneficial owner, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such item and the Stockholder Nominee were a director or executive officer of such registrant; and

(iv) the Stockholder Nominee's written consent to being named in the corporation's proxy statement as a nominee and to serving as a director of the corporation if elected;

(B) as to the Business that the stockholder proposes to bring before the annual meeting of stockholders, a brief description of the Business, the text of the proposed Business (including the text of any resolutions proposed for consideration and in the event that such Business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such Business at such meeting and any material interest in such Business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the Nomination or Business is made:

(i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner;

(ii) the class or series and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner;

(iii) a representation that such stockholder (or a qualified representative of such stockholder) intends to appear in person or by proxy at the annual meeting of stockholders to propose such Nomination or Business;

(iv) a representation whether the stockholder or the beneficial owner, if any, or any of their respective affiliates and associates, or any other person acting in concert therewith, intends or is part of a group that intends:

(x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding shares of stock required to approve or adopt the Business or elect the Stockholder Nominee; and/or

(y) otherwise to solicit proxies from stockholders of the corporation in support of such Business or Nomination;

(v) a description of any agreement, arrangement or understanding with respect to the Nomination or Business between or among the stockholder or the beneficial owner, if any, on the one hand, and any of their respective affiliates and associates, or any other person acting in concert therewith, on the other hand, including, without limitation, any agreements that would be required to be disclosed pursuant to Item 5 or Item 6 of Schedule 13D under the Exchange Act (regardless of whether the requirement to file a Schedule 13D is applicable);

(vi) a description of any agreement, arrangement or understanding (including, without limitation, with respect to any profit interests, options, hedging transactions, borrowed or loaned shares, or other derivative positions) that has been entered into as of the date of the notice by, or on behalf of, the stockholder or the beneficial owner, if any, or any of their respective affiliates and associates, or any other person acting in concert therewith, the effect or intent of which is to mitigate loss, manage risk or benefit from changes in the share price of any class or series of the corporation's capital stock, or to maintain, increase or decrease the voting power of the stockholder or the beneficial owner, if any, or any of their respective affiliates and associates, or any other person acting in concert

therewith, with respect to shares of the corporation (any such agreement, arrangement or understanding, a "Derivative Instrument");

(vii) a description of the terms of, and the number of shares subject to, any short interest in any securities of the corporation in which the stockholder or the beneficial owner, if any, or any of their respective affiliates and associates, or any other person acting in concert therewith, has an interest (for purposes of these Bylaws, a person shall be deemed to have a short interest in a security if the person or any of its affiliates and associates, directly or indirectly, through any agreement, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security);

(viii) a description of any proportionate interest in the shares of the corporation or any Derivative Instrument held, directly or indirectly, by a general or limited partnership or limited liability company or similar entity in which the stockholder or the beneficial owner, if any, or any of their respective affiliates and associates, or any other person acting in concert therewith, is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, of such general or limited partnership or similar entity or is the manager or managing member or, directly or indirectly, beneficially owns an interest in the manager or managing member of such limited liability company or similar entity;

(ix) a description of the terms of any performance-related fees (other than asset-based fees) that the stockholder or the beneficial owner, if any, or any of their respective affiliates and associates, or any other person acting in concert therewith, is entitled to based on any increase or decrease in the value of shares of the corporation or any Derivative Instruments; and

(x) a description of (I) any significant equity interest of the stockholder or the beneficial owner, if any, or any of their respective affiliates and associates, or any other person acting in concert therewith, in a competitor of the corporation, and (II) any direct or indirect pecuniary interest of the stockholder or the beneficial owner, if any, or any of their respective affiliates and associates, or any other person acting in concert therewith, in any material contract with a competitor of the corporation; provided, however, that if the Business is otherwise subject to Rule 14a-8 (or any successor thereto) promulgated under the Exchange Act ("Rule 14a-8"), the foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the corporation of such stockholder's intention to present such Business at an annual meeting of stockholders of the corporation in compliance with Rule 14a-8, and such Business has been included in a proxy statement that has been prepared by the corporation to solicit proxies for such annual meeting of stockholders.

(3) Notwithstanding anything in the second sentence of Section 1.13(a)(2) to the contrary, in the event that the number of directors to be elected to the Board of Directors at an annual meeting is increased and there is no public announcement naming the nominees for election to the additional directorships at least one-hundred (100) days prior to the first (1st) anniversary of the preceding year's annual meeting, a stockholder's notice required by Section 1.13(a)(2) shall also be considered timely, but only with respect to nominees for election to the new directorships, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation.

(b) Special Meetings. Only such Business shall be conducted at a special meeting of stockholders of the corporation as shall have been brought before such meeting pursuant to the corporation's notice of meeting (or any supplement thereto); provided, however, that reference therein to the election of directors or the election of members of the Board of Directors shall not include or be deemed to include Nominations. Nominations may be made at a special meeting of stockholders at which directors are to be elected:

(1) pursuant to the corporation's notice of meeting (or any supplement thereto) as aforesaid; or

(2) in the event a special meeting of stockholders is called for the purpose of electing one or more directors to the Board of Directors, by any stockholder of the corporation who is entitled to vote at such special meeting with respect to the election of directors, who complies with the notice procedures set forth in this Section 1.13(b), and who is a stockholder of record at the time such notice is delivered to the Secretary as provided for in this Section 1.13.

In the event that a special meeting of stockholders of the corporation is called for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may make a Nomination or Nominations (as the case may be) of one or more individuals (as the case may be) for election to such position(s) specified in the corporation's notice of meeting, if the stockholder's notice as required by Section 1.13(a)(2) shall be delivered to the Secretary at the principal executive offices of the corporation not earlier than the close of business on the one-hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the (10th) tenth day following the day on which public announcement is first made of the date of such special meeting and of the nominees proposed by the Board of Directors to be elected at such special meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting of stockholders of the corporation commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) Stockholder Nominee.

(1) To be eligible to be a Stockholder Nominee pursuant to this Section 1.13 at any annual or special meeting of stockholders, the Stockholder Nominee must complete

and deliver (within the time period specified in this Section 1.13 for delivery of a stockholder's notice), to the Secretary at the principal executive offices of the corporation, a written questionnaire providing information with respect to the background, experience and qualifications of such Stockholder Nominee, together with a written representation and agreement of such Stockholder Nominee (the questionnaire, representation and agreement to be in the form provided by the Secretary upon written request) that such Stockholder Nominee:

(A) is not and will not become a party to, and is not and will not be bound by: (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person as to how such Stockholder Nominee, if elected as a director of the corporation, will act or vote on any issue or question (a "Voting Commitment") that has not be disclosed to the corporation, or (ii) any Voting Commitment or other agreement, arrangement or understanding or fiduciary capacity that could limit or interfere with such Stockholder Nominee's ability to comply, if elected as a director of the corporation, with such Stockholder Nominee's fiduciary duties under applicable law;

(B) is not and will not become a party to any agreement, arrangement or understanding with any person other than the corporation with respect to any direct or indirect compensation, reimbursement, indemnification or advancements in connection with any service, action or omission in his or her capacity as a director of the corporation that has not been disclosed to the corporation;

(C) is not and will not become a party to any Derivative Instrument, and does not and will not acquire any short interest in any securities of the corporation, in each case, that has not been disclosed to the corporation; and

(D) will be in compliance, if elected as a director of the corporation, and will comply with, applicable law and all applicable publicly disclosed corporate governance, business conduct, ethics, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the corporation (and that, to evidence such Stockholder Nominee's undertaking and commitment to so comply, such Stockholder Nominee will execute and deliver to the corporation all such agreements and instruments that the corporation requires of each of its directors).

(2) At the written request of the corporation, the Stockholder Nominee shall promptly, but in any event within five (5) business days of such request, submit any additional completed and signed questionnaires required of the corporation's directors and provide to the corporation such other information as the corporation may reasonably request in order for the corporation to comply with its disclosure obligations under applicable law or, as of the date on which the stockholder's notice required by Section 1.13(a)(2) was delivered or a date subsequent thereto, determine whether such notice satisfies the requirements of this Section 1.13 or ascertain whether the Stockholder Nominee is eligible for nomination pursuant to this Section 1.13. The corporation may request such additional information as necessary to permit the Board of Directors to

determine if the Stockholder Nominee is qualified and suitable to serve as a director of the corporation, eligible to serve as an "independent director" or "audit committee financial expert" of the corporation under applicable law, the rules or regulations of any stock exchange applicable to the corporation, any regulation applicable to the corporation or its securities, or any publicly disclosed corporate governance guideline or committee charter of the corporation, and such other information as could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of the Stockholder Nominee. If the Stockholder Nominee fails to furnish such requested information, such Nomination shall not be considered made in compliance with this Section 1.13 and shall be disregarded and not be considered at the meeting of stockholders before which such Nomination is proposed to be brought, notwithstanding that proxies in respect of such vote or such Stockholder Nominee may have been received by the corporation.

(3) Only individuals who are nominated in accordance with the procedures set forth in this Section 1.13 shall be eligible for election as directors of the corporation at a meeting of stockholders, and only such Business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.13.

(4) Except as otherwise provided by applicable law, the Certificate of Incorporation, or this Section 1.13, the Board of Directors or the individual presiding over the meeting of stockholders, in each case, shall have the power and duty to determine whether a Nomination or any Business proposed to be brought before the meeting of stockholders pursuant to this Section 1.13 was or was not made, proposed or brought, as the case may be, in accordance with the procedures set forth in this Section 1.13 and therefore shall be disregarded and not be considered or transacted at the meeting. Notwithstanding the foregoing provisions of this Section 1.13, if the stockholder (or a qualified representative of such stockholder) does not appear at the meeting of stockholders of the corporation to present a Nomination or Business pursuant to this Section 1.13, such Nomination or Business shall not be considered made in accordance with this Section 1.13 and shall be disregarded and not be considered or transacted at the meeting of stockholders before which such Nomination or Business is proposed to be brought, notwithstanding that proxies in respect of such vote or such Stockholder Nominee or Business may have been received by the corporation.

(5) For purposes of this Section 1.13, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act.

(6) Notwithstanding the foregoing provisions of this Section 1.13, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.13.

(7) Nothing in this Section 1.13 shall be deemed to affect any rights:

(A) of stockholders to request inclusion of proposals in the corporation's proxy materials with respect to a meeting of stockholders pursuant to Rule 14a-8 (to the extent the corporation or such proposals are subject to Rule 14a-8); or

(B) of the holders of (i) any series of Preferred Stock then outstanding to nominate one or more Preferred Directors or (ii) any other class or series of stock of the corporation to nominate directors or to propose other business, in each case, with respect to which such holders are entitled, by or pursuant to the provisions of the Certificate of Incorporation, to vote or consent separately as a single class or series.

## ARTICLE II

## Board of Directors

Section 2.1 Number; Qualifications. Subject to applicable law and the rights, if any, of the holders of any series of Preferred Stock outstanding to elect one or more Preferred Directors, the Board of Directors shall consist of not less than three (3) nor more than twelve (12) directors, the exact number thereof to be determined from time to time by resolution of the Board of Directors. Directors need not be stockholders.

Section 2.2 Election of Directors. The Board of Directors (other than any Preferred Directors) shall be divided into three (3) classes, as nearly equal in number as possible, designated as Class I, Class II and Class III. The Board of Directors is hereby expressly authorized to assign members of the Board of Directors (other than any Preferred Directors) already in office to such classes at the time the classification becomes effective. The Class I directors shall initially serve until the 2021 annual meeting of stockholders; the Class II directors shall initially serve until the 2022 annual meeting of stockholders; and the Class III directors shall initially serve until the 2023 annual meeting stockholders. Commencing with the annual meeting of stockholders in 2021, directors of each class the term of which shall then expire shall be elected to hold office for a three-year term or until the election and qualification of their respective successors in office, subject to their earlier death, resignation, disqualification or removal. In case of any increase or decrease, from time to time, in the number of directors (other than any Preferred Directors), the number of directors in each class shall be apportioned by resolution of the Board of Directors as nearly equal as possible.

Section 2.3 Resignation; Vacancies. Any director may resign at any time upon notice to the corporation. Subject to the rights, if any, of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from an increase in the authorized number of directors or any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely and exclusively by a majority of the directors then in office, although less than a quorum, or by the sole remaining director. Any director so elected shall hold office until the expiration of the term of office of the director whom he or she has replaced and until his or her successor shall be elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 2.4 Meetings.

(a) A regular meeting of the Board of Directors shall be held immediately following the annual meeting of stockholders at the place of such annual meeting of stockholders or at such other place within or without the State of Delaware as the Board of Directors may determine. Any other regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine.

(b) Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairperson of the Board of Directors, the President or a majority of the directors then in office. Notice of a special meeting of the Board of Directors shall be given by the individual or individuals calling the meeting (1) by courier service or electronic transmission at least twenty-four (24) hours before the special meeting, or (2) by U.S. mail, postage prepaid at least four (4) days before the special meeting.

Section 2.5 Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or other communications equipment by means of which all individuals participating in the meeting can hear each other, and participation in a meeting pursuant to this Bylaw shall constitute presence in person at such meeting.

Section 2.6 Quorum; Vote Required for Action. At all meetings of the Board of Directors the directors entitled to cast a majority of the votes of the whole Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which the Certificate of Incorporation, these Bylaws or applicable law otherwise provides, a majority of the votes entitled to be cast by the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.7 Organization. Meetings of the Board of Directors shall be presided over by the Chairperson of the Board of Directors, if any, or in his or her absence by the Vice Chairperson of the Board of Directors, if any, or in their absence by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any individual to act as secretary of the meeting.

Section 2.8 Compensation. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors.

Section 2.9 Action by Unanimous Consent of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of the proceedings of the Board of Directors, or the committee thereof, in the same paper or electronic form as the minutes are maintained.

## ARTICLE III

## Committees

Section 3.1 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by applicable law and to the extent provided in the resolution of the Board of Directors or these Bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

Section 3.2 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

## ARTICLE IV

## Officers

Section 4.1 Fundamental, Executive and Appointed Officers; Election; Term of Office; Qualifications.

(a) The Board of Directors shall elect a President, a Secretary, and a Treasurer and may, if it so determines, choose a Chairperson of the Board of Directors, a Vice Chairperson of the Board of Directors, a Chief Executive Officer and a Chief Financial Officer and one or more Vice Presidents (such officers of the corporation, collectively, the "fundamental officers" and each, an "fundamental officer" and such fundamental officers determined by the Board of Directors to be executive officers, the "executive officers" and each, an "executive officer"). Each of the fundamental officers shall hold office until the regular meeting of the Board of Directors held immediately following the annual meeting of stockholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal.

(b) The Board of Directors or the President may also elect one or more other officers as the Board of Directors or the President, as the case may be, shall from time to time deem necessary or desirable (such officers of the corporation, collectively, the "appointed officers" and each, an "appointed officer"); provided that any such officer elected by the President shall be reported to the Board of Directors. Each of the appointed officers shall hold office until his or her successor is elected and qualified or until his or her earlier death, resignation or removal.

(c) Any number of offices may be held by the same individual. Any officer of the corporation other than the Chairperson of the Board of Directors or the Vice Chairperson of the Board of Directors, if any, may be, but is not required to be, a director.

(d) As used in these Bylaws, "officer of the corporation" shall refer to the fundamental officers and/or the appointed officers, as the context may require.

Section 4.2 Resignation; Removal.

(a) Any officer of the corporation may resign at any time upon written notice to the corporation.

(b) The Board of Directors may remove any fundamental officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such fundamental officer, if any, with the corporation.

(c) The Board of Directors or the President may remove any appointed officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such appointed officer, if any, with the corporation.

Section 4.3 Vacancies.

(a) Any vacancy occurring in any fundamental office of the corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

(b) Any vacancy occurring in any appointed office of the corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting or by the President.

Section 4.4 Powers and Duties of Officers.

(a) The Chairperson of the Board of Directors shall, when present, preside over all meetings of the stockholders and of the Board of Directors and shall have such other powers and perform all such duties and functions as may be prescribed by the Board of Directors or these Bylaws and, to the extent not so provided, as generally pertain to such office, subject to the control of the Board of Directors. The Chairperson of the Board of Directors may from time to time, with the approval of a majority of the Board of Directors, delegate to the Vice Chairperson of the Board of Directors, if any, or the President, the duties of presiding over meetings of the stockholders and of the Board of Directors.

(b) In the absence or the incapacity of the Chairperson of the Board of Directors, the Vice Chairperson of the Board of Directors shall preside over all meetings of the stockholders and of the Board of Directors, but shall not have any other powers or duties and functions of the Chairperson of the Board of Directors with respect to supervision or control of the business or other officers of the corporation, except insofar as such powers or duties and functions may be expressly prescribed by the Chairperson of the Board of Directors, the Board of Directors or these Bylaws.

(c) In the absence or incapacity of the Chairperson of the Board of Directors and subject to the powers or duties and functions of the Vice Chairperson of the Board of Directors, the President shall perform all the duties and functions and shall have all the powers of the Chairperson of the Board of Directors. The President shall have such other powers and perform such other duties and functions as may be prescribed by the Board of Directors or these Bylaws and, to the extent not so provided, as generally pertain to such office, subject to the control of the Board of Directors.

(d) The Vice Presidents shall have such powers and perform such duties and functions as from time to time may be prescribed for them by the Board of Directors or these Bylaws and, to the extent not so provided, as generally pertain to such offices, subject to the control of the Board of Directors.

(e) The Secretary shall (1) record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office and such other place as the Board of Directors may order, a book of minutes of actions taken at all meetings of the stockholders and the Board of Directors, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at meetings of the Board of Directors, the number of shares present or represented at meetings of the stockholders, and the proceedings thereof, (2) keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent, a share register, or a duplicate share register, showing the names of the stockholders and their addresses, the number and classes or series of shares held by each, the number and date of certificates (if any) issued for the same, and the number and date of cancellation of every certificate (if any) surrendered for cancellation, (3) give, or cause to be given, notice of all the meetings of the stockholders and of the Board of Directors required by these Bylaws or by applicable law, (4) keep the seal of the corporation in safe custody, and (5) have such other powers and perform such other duties and functions as may be prescribed by the Board of Directors or these Bylaws and, to the extent not so provided, as generally pertain to such office, subject to the control of the Board of Directors.

(f) The Treasurer shall (1) keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus, and shares, (2) deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors, (3) disburse the funds of the corporation as may be ordered by the Board of Directors, (4) render to the Chairperson of the Board of Directors, the President, and the Board of Directors, whenever they request it, and (5) have such other powers and perform such other duties and functions as may be prescribed by the Board of Directors or these Bylaws and, to the extent not so provided, as generally pertain to such office, subject to the control of the Board of Directors.

(g) Any other officers of the corporation shall have such powers and perform such duties and functions in the management of the corporation as may be prescribed by the Board of Directors or these Bylaws and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors.

(h) The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

Section 4.5 Appointing Attorneys and Agents; Voting Securities of Other Entities. Unless otherwise provided by resolution adopted by the Board of Directors or by these Bylaws, the the President, any Vice President or any other officer of the corporation designated by the Board of Directors may from time to time appoint an attorney or attorneys or agent or agents of the corporation, for, in the name and on behalf of the corporation, to cast the votes which the corporation may be entitled to cast as the holder of stock or other securities in any other corporation or other entity, any of whose stock or other securities may be held by the corporation, at meetings of the holders of the stock or other securities of such other corporation or other entity, or to consent in writing, for, in the name of, and on behalf of the corporation as such holder, to any action by such other corporation or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consents, and may execute or cause to be executed for, in the name and on behalf of the corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper.

## ARTICLE V

## Stock

Section 5.1 Certificates. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of, the corporation by any two (2) authorized officers of the corporation representing the number of shares registered in certificate form. Each of the Chief Executive Officer, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer, in addition to any other officers of the corporation authorized by the Board of Directors or these Bylaws, is hereby authorized to sign certificates by, or in the name of, the corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue. The corporation shall not have the power to issue a certificate in bearer form.

Section 5.2 Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates or Uncertificated Shares. The corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or such owner’s legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.3 Restrictions. If the corporation issues any shares that are not registered under the Securities Act of 1933, as amended, and registered or qualified under the applicable state securities laws, such shares may not be transferred without the consent of the corporation and the certificates evidencing such shares or the notice required by Delaware law, as the case may be, shall contain the following legend:

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY SET FORTH IN THE CORPORATION'S BYLAWS (AS THE SAME MAY BE AMENDED OR AMENDED AND RESTATED) AND MAY NOT BE TRANSFERRED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, WITHOUT THE CONSENT OF THE CORPORATION.

## ARTICLE VI

## Indemnification

Section 6.1 Right to Indemnification. The corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law, any individual (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she, or an individual for whom he or she is the legal representative, is or was a director or officer of the corporation or a director level or above employee of the corporation or any of its consolidated subsidiaries (as shown in the corporation's or the applicable covered subsidiary's, as the case may be, human resources records) or, while a director or officer of the corporation or a director level or above employee of the corporation or any of its consolidated subsidiaries (as shown in the corporation's or the applicable covered subsidiary's, as the case may be, human resources records), is or was serving at the request of the corporation or any of its consolidated subsidiaries as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, its participants or beneficiaries, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in Section 6.3, the corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors.

Section 6.2 Prepayment of Expenses. The corporation shall to the fullest extent not prohibited by applicable law, pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition; provided, however, that such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VI or otherwise.

Section 6.3 Claims. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Article VI is not paid in full within thirty (30) days after a written claim therefor by the Covered Person has been received by the corporation, the Covered Person may file suit to recover the unpaid amount of such claim

and, if successful in whole or in part, shall be entitled to be paid the expense (including attorneys' fees) of prosecuting such claim. In any such action the corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

Section 6.4 Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article VI shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.5 Other Sources. The corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request or the request of any of its consolidated subsidiaries as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit entity.

Section 6.6 Amendment or Repeal. Any amendment, repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such amendment, repeal or modification.

Section 6.7 Other Indemnification and Prepayment of Expenses. This Article VI shall not limit the right of the corporation, to the extent and in the manner permitted by applicable law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

Section 6.8 Certain Terms. For purposes of this Article VI: (a) references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article VI with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation as if its separate existence had continued; (b) references to "other enterprise" shall include employee benefit plans; (c) reference to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and (d) references to "serving at the request of the corporation or any of its consolidated subsidiaries" shall include any service as a director, officer, employee or agent of the corporation or any of its controlled subsidiaries which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries.

## ARTICLE VII

## Miscellaneous

Section 7.1 Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

Section 7.2 Seal. The corporate seal shall have the name of the corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.3 Manner of Notice. Except as otherwise provided by these Bylaws or permitted by applicable law, notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice to directors may also be given by telecopier, telephone or other means of electronic transmission.

Section 7.4 Checks, Drafts, Etc.; Loans; Contracts.

(a) All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

(b) No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution or resolutions of the Board of Directors; such authority may be general or confined to specific instances.

(c) Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers of the corporation, agent or agents, to enter into any contract or execute any instrument, for, in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors, no officer of the corporation, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose of for any amount. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other instrument in writing and any assignment or endorsements thereof executed or entered into between the corporation and any other person, when signed by the Chairperson of the Board of Directors, the President, or any Vice President, and the Secretary, any Assistant Secretary, the Treasurer, or any Assistant Treasurer shall, to the fullest extent permitted by applicable law, be valid and binding on the corporation in the absence of actual knowledge on the part of the other person that the signing officers had not authority to execute the same.

Section 7.5 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any waiver of notice, given by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in a waiver of notice.

Section 7.6 Form of Records. Any records administered by or on behalf of the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device, method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases; provided that the records so kept can be converted into clearly legible paper form within a reasonable time, and, with respect to the stock ledger, that the records so kept comply with applicable law.

Section 7.7 Amendment of Bylaws. These Bylaws may be altered, amended or repealed, and new bylaws made, by the Board of Directors, but the stockholders may make additional bylaws and may alter and repeal any bylaws whether adopted by them or otherwise. In addition to any affirmative vote required by the Certificate of Incorporation, any bylaw that is to be made, altered, amended or repealed by the stockholders of the corporation shall receive the affirmative vote of the holders of at least sixty-six and two-thirds percent (66⅔%) in voting power of the then outstanding shares of stock of the corporation entitled to vote, voting together as a single class.

Section 7.8 Forum for Adjudication of Disputes. Unless the corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or employee of the corporation to the corporation or the corporation's stockholders, (c) any civil action to interpret, apply or enforce any provision of the General Corporation Law of the State of Delaware, (d) any civil action to interpret, apply, enforce or determine the validity of the provisions of the Certificate of Incorporation or these Bylaws, or (e) any action asserting a claim governed by the internal affairs doctrine; provided, however, in the event that the Court of Chancery of the State of Delaware lacks jurisdiction over such action, the sole and exclusive forum for such action shall be another state or federal court located within the State of Delaware, in all cases, subject to such court having personal jurisdiction over the indispensable parties named as defendants. Failure to enforce the foregoing provisions of this Section 7.7 would cause the corporation irreparable harm and the corporation shall, to the fullest extent permitted by applicable law, be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. Any person purchasing or otherwise acquiring any interest in shares of stock of the corporation shall be deemed to have notice of and consented to the provisions of this Section 7.7.

Adopted Effective As of _____ ____, 2020.

**Exhibit 10.1**

# TRANSITION SERVICES AGREEMENT

**by and between**

**SMITH & WESSON BRANDS, INC.**

**and**

**AMERICAN OUTDOOR BRANDS, INC.**

**Dated as of [●], 2020**

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**SCHEDULES**

**TRANSITION SERVICES AGREEMENT**

**THIS TRANSITION SERVICES AGREEMENT** (this "Agreement"), is entered into as of [●], 2020, by and between Smith & Wesson Brands, Inc., a Nevada corporation ("SWBI"), and American Outdoor Brands, Inc., a Delaware corporation ("AOUT").

**RECITALS**

**WHEREAS**, SWBI through its direct and indirect subsidiaries, owns the Firearm Business and the Outdoor Products and Accessories Business;

**WHEREAS**, SWBI and AOUT have entered into a Separation and Distribution Agreement, dated as of the date hereof (the "Separation and Distribution Agreement"), pursuant to which SWBI will be separated into two independent publicly traded companies: (a) SWBI, which, following the consummation of the transactions contemplated by the Separation and Distribution Agreement, will own and conduct the Firearm Business, and (b) AOUT, which, following the consummation of the transactions contemplated by the Separation and Distribution Agreement, will own and conduct the Outdoor Products and Accessories Business, which separation will be effected via the distribution by SWBI of all of the issued and outstanding shares of common stock of AOUT to the holders of SWBI common stock (the "Distribution");

**WHEREAS**, pursuant to the Separation and Distribution Agreement and in connection with the transactions contemplated thereby, SWBI and AOUT have agreed to enter into this Agreement, pursuant to which each party will provide, or cause its Affiliates to provide (in such capacity, as "Provider"), the other party (in such capacity, as "Recipient") with certain services, in each case on a transitional basis and subject to the terms and conditions set forth herein; and

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants hereinafter set forth, AOUT and SWBI hereby agree as follows:

**ARTICLE 1**
**DEFINITIONS**

Section 1.1 Definitions. As used in this Agreement, the following terms have the following meanings:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding any provision of this Agreement to the contrary (except where the relevant provision states explicitly to the contrary), no member of the SWBI Group, on the one hand, and no member of the AOUT Group, on the other hand, shall be deemed to be an Affiliate of the other.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"AOUT" has the meaning set forth in the preamble to this Agreement.

"AOUT Group" means AOUT and its subsidiaries as set forth in the Separation and Distribution Agreement, including all predecessors and successors to such Persons.

"AOUT Indemnified Parties" has the meaning set forth in Section 6.2.

"Applicable Law" means, with respect to any Person, any federal, state, local, or foreign law (statutory, common, or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling, directive, guidance, instruction, direction, permission, waiver, notice, condition, limitation, restriction or prohibition, or other similar requirement enacted, adopted, promulgated, imposed, issued, or applied by a Governmental Authority that is binding upon or applicable to such Person, its properties or assets, or its business or operations.

"Breaching Party" has the meaning set forth in Section 4.2.

"Business Day" means any day, other than Saturday, Sunday, or other day on which commercial banks in New York, New York are authorized or required by Applicable Law to close.

"Confidential Information" has the meaning set forth in Section 5.1(a).

"Disclosing Party" has the meaning set forth in Section 5.1(a).

"Distribution" has the meaning set forth in the recitals to this Agreement.

"Employee Expenses" has the meaning set forth in Section 3.1.

"End Date" has the meaning set forth in Section 2.1(e).

"Firearm Business" means the business, operations, products, services, and activities of SWBI's firearm business.

"Force Majeure Events" has the meaning set forth in Section 4.5.

"Governmental Authority" means any multinational, foreign, federal, state, local, or other governmental, statutory, or administrative authority, regulatory body, or commission or any court, tribunal, or judicial or arbitral authority which has any jurisdiction or control over either party (or any of their Affiliates).

"Liabilities" means any and all claims, debts, liabilities, damages, and/or obligations of any kind, character, or description, whether absolute or contingent, matured or not matured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including all costs and expenses (including attorneys' fees and expenses and associated investigation costs) relating thereto, and including those claims, debts, liabilities, damages, and/or obligations arising under this Agreement, any Applicable Law, any action or threatened action, any order or consent decree of any Governmental Authority, or any award of any arbitrator of any kind, and those arising under any agreement, commitment, or undertaking, including in connection with the enforcement of rights hereunder or thereunder

"Non-Breaching Party" has the meaning set forth in Section 4.2.

"Out-of-Pocket Costs" has the meaning set forth in Section 3.2(a).

"Outdoor Products and Accessories Business" means the business, operations, products, services, and activities of SWBI's outdoor products and accessories business, which will be transferred from SWBI to AOUT in connection with the Distribution.

"Permitted Purpose" has the meaning set forth in Section 5.1(a).

"Person" means an individual, corporation, partnership, limited liability company, association, trust, or other entity or organization, including a Governmental Authority.

"Provider" has the meaning set forth in the recitals to this Agreement.

"Receiving Party" has the meaning set forth in Section 5.1(a).

"Recipient" has the meaning set forth in the recitals to this Agreement.

"Representatives" has the meaning set forth in Section 5.1(a).

"Separation and Distribution Agreement" has the meaning set forth in the recitals to this Agreement.

"Service Schedules" has the meaning set forth in Section 2.1(a).

"Services" has the meaning set forth in Section 2.1(a).

"SWBI" has the meaning set forth in the preamble to this Agreement.

"SWBI Group" means SWBI and its subsidiaries as set forth in the Separation and Distribution Agreement, including all predecessors and successors to such Persons.

"SWBI Indemnified Parties" has the meaning set forth in Section 6.3.

## ARTICLE 2
## SERVICES

Section 2.1 Provision of Services.

(a) Commencing on the Distribution, Provider agrees to provide the services (the "Services") set forth in the schedules attached hereto (such schedules may be amended or supplemented pursuant to the terms of this Agreement, collectively the "Service Schedules") to Recipient, for the respective periods and on the other terms and conditions set forth in this Agreement and the Service Schedules.

(b) Notwithstanding the contents of the Service Schedules, Provider agrees to respond in good faith to any reasonable request by Recipient for access to any additional services that are necessary for the operation of the Firearm Business and/or the Outdoor Products and Accessories Business, as applicable, following the Distribution that are not currently contemplated in the Service Schedules, at a price to be agreed upon after good faith negotiations between the parties. Any such additional services so provided by Provider shall constitute Services under this Agreement and be subject in all respects to the provisions of this Agreement as if fully set forth on the Service Schedules as of the date hereof.

(c) The parties hereto acknowledge the transitional nature of the Services. Accordingly, as promptly as practicable following the execution of this Agreement, Recipient agrees to use commercially reasonable efforts to make a transition of each Service to its own internal organization or to obtain alternate third-party sources to provide the Services.

(d) In providing the Services, Provider shall not be obligated to (i) purchase, lease, or license any additional equipment or software unless any additional costs to Provider are reimbursed by Recipient, (ii) create or supply any documentation or information not currently existing or available through minimal efforts of Provider, (iii) pay any costs related to the transfer or conversion of data to Recipient or any alternate supplier of the Services, or (iv) enter into additional contracts with third parties or change the scope of current agreements with third parties unless any additional costs to Provider are reimbursed by Recipient.

(e) Subject to Section 3.3, Section 3.4, and Section 4.5, the obligations of Provider under this Agreement to provide Services shall terminate with respect to each Service upon the earlier of (i) [●], 2022, or (ii) the termination of the applicable service period specified in the Service Schedule (each, an "End Date"). Notwithstanding the foregoing, the parties acknowledge and agree that Recipient may determine from time to time that it does not require all the Services set forth on the Service Schedules or that it does not require such Services for the entire period up to the applicable End Date. Accordingly, Recipient may terminate any Service, in whole or in part, upon thirty (30) days' advance written notice to Provider. In no event shall Provider be obligated to provide Services to Recipient after the End Date unless Provider otherwise agrees in writing to such an extension pursuant to Section 3.3.

Section 2.2 Standard of Service.

(a) Provider represents, warrants, and agrees that the Services shall be provided in good faith, in accordance with Applicable Law, and in a manner generally consistent with the historical provision of the Services and with the same standard of care as historically provided. Subject to Section 2.3, Provider agrees to assign sufficient resources and qualified personnel as are reasonably required to perform the Services in accordance with the standards set forth in the preceding sentence.

(b) Except as expressly set forth in Section 2.2(a) or in any contract entered into hereunder, Provider makes no representations and warranties of any kind, implied or expressed, with respect to the Services, including, without limitation, no warranties of merchantability or fitness for a particular purpose, which are specifically disclaimed. Recipient acknowledges and agrees that this Agreement does not create a fiduciary relationship, partnership, joint venture, or relationships of trust or agency between the parties and that all Services are provided by Provider as an independent contractor.

Section 2.3 Third-Party Service Providers. Provider shall have the right to hire third-party subcontractors to provide all or part of any Service hereunder; provided, however, that in the event such subcontracting is inconsistent with past practices or such subcontractor is not already engaged with respect to such Service as of the date hereof, Provider shall obtain the prior written consent of Recipient to hire such subcontractor, which consent shall not be unreasonably withheld. Provider shall in all cases retain responsibility for the provision to Recipient of Services to be performed by any third-party service provider or subcontractor or by any of Provider's Affiliates.

Section 2.4 Access to Premises.

(a) In order to enable the provision of the Services by Provider, Recipient agrees that it shall provide to Provider's Affiliates, employees, and any third-party service providers or subcontractors who provide Services, at no cost to Provider, access to the facilities, assets, and books and records of Recipient and its Affiliates, in all cases to the extent reasonably necessary for Provider to fulfill its obligations under this Agreement.

(b) Provider agrees that all of its and its Affiliates' employees and any third-party service providers and subcontractors, when on the property of Recipient or when given access to any equipment, computer, software, network, or files owned or controlled by Recipient, shall conform to the policies and procedures of Recipient concerning health, safety, and security which are made known to Provider in advance in writing.

## ARTICLE 3
## COMPENSATION

Section 3.1 Responsibility for Wages and Fees. For such time as any employees of Provider or any of its Affiliates are providing the Services to Recipient under this Agreement, (a) such employees will remain employees of Provider or such Affiliate, as applicable, and shall not be deemed to be employees of Recipient for any purpose, and (b) subject to Section 3.2, Provider or such Affiliate, as applicable, shall be solely responsible for the payment and provision of all wages, bonuses, and commissions, employee benefits, including severance and worker's compensation, and the withholding and payment of applicable taxes relating to such employment ("Employee Expenses").

Section 3.2 Terms of Payment and Related Matters.

(a) As consideration for provision of the Services, Recipient shall pay Provider the amount specified for each Service in accordance with the terms set forth in the Service Schedules. In addition to such amounts, unless covered in the amount specified for the Services in accordance with the terms set forth in the Service Schedules, Recipient shall reimburse Provider for reasonable documented expenses incurred by Provider in the provision of any Service, including, without limitation, Employee Expenses, license fees, and payments to third-party service providers or subcontractors (collectively, "Out-of-Pocket Costs"), in accordance with the procedure set forth in Section 3.2(b).

(b) Provider shall provide Recipient with such supporting documentation as Recipient may reasonably request with respect to Out-of-Pocket Costs. Subject to Section 3.2(c), Recipient shall pay to Provider the amount payable pursuant to this Agreement as promptly as reasonably practicable after the date of receipt of such supporting documentation by Recipient from Provider, but in any event no later than 15 days after receipt of such supporting documentation. Notwithstanding any other provision of this Agreement (except Section 3.3), compensation for Services will be determined using an internal cost allocation methodology based on fully burdened cost such that the party providing the Services will have neither a profit nor loss from the provision of such Services as calculated under GAAP.

(c) In the event of a dispute by Recipient of the amount due according to the supporting documentation, no later than ten (10) days following receipt by Recipient of such disputed supporting documentation, Recipient shall deliver a written statement to Provider listing all disputed items and providing a reasonably detailed description of each disputed item. Amounts not so disputed shall be deemed accepted and shall be paid, notwithstanding disputes on other items, within the period set forth in Section 3.2(b). The parties shall seek to resolve all such disputes expeditiously and in good faith but if such dispute cannot be resolved within thirty (30) days, Provider may initiate legal action to seek resolution of such dispute.

Section 3.3 Extension of Services. The parties agree that Provider shall not be obligated to perform any Service after the applicable End Date; provided, however, that if Recipient desires and Provider agrees to continue to perform any of the Services after the applicable End Date, the parties shall negotiate in good faith to determine a market price that compensates Provider for its performance of such Services, including reimbursement of all Out-of-Pocket Costs and an ongoing procedure for such reimbursement. Except as amended through the mutually agreed upon extension, the Services so performed by Provider after the applicable End Date shall continue to constitute Services under this Agreement and be subject in all respects to the provisions of this Agreement for the duration of the agreed-upon extension period.

Section 3.4 Terminated Services. Upon termination or expiration of any or all Services pursuant to this Agreement, or upon the termination of this Agreement in its entirety, Provider shall have no further obligation to provide the applicable terminated Services and Recipient will only have the obligation to pay Provider pursuant to Section 3.2 for or in respect of (a) Services already provided in accordance with the terms of this Agreement and received by Recipient prior to such termination, and (b) which Provider became legally bound on or before such termination or expiration to pay as a result of the provision of Services to Recipient.

Section 3.5 No Right of Setoff. Each of the parties hereby acknowledges that it shall have no right under this Agreement to offset any amounts owed (or to become due and owing) to the other party, whether under this Agreement, the Separation and Distribution Agreement, or otherwise, against any other amount owed (or to become due and owing) to it by the other party.

## ARTICLE 4
## TERMINATION

Section 4.1 Termination of Agreement. Subject to Section 4.4, this Agreement shall terminate in its entirety upon the earlier of (a) the End Date, (b) the date upon which the parties shall have no continuing obligation to perform any Services as a result of each of their expiration or termination in accordance with Section 2.1(e) or Section 4.2, or (c) in accordance with Section 4.3.

Section 4.2 Termination of Agreement in the Event of Breach. Any party (the "Non-Breaching Party") may terminate this Agreement with respect to any Service, in whole or in part, at any time upon prior written notice to the other party (the "Breaching Party") if the Breaching Party has failed (other than pursuant to Section 4.5) to perform any of its obligations under this Agreement relating to such Service, and such failure shall have continued without cure for a period of fifteen (15) days after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching Party seeking to terminate such Service.

Section 4.3 Insolvency. In the event that either party hereto shall (a) file a petition in bankruptcy, (b) become or be declared insolvent, or become the subject of any proceedings (not dismissed within sixty (60) days) related to its liquidation, insolvency, or the appointment of a receiver, (c) make an assignment on behalf of all or substantially all of its creditors, or (d) take any corporate action for its winding up or dissolution, then the other party shall have the right to terminate this Agreement by providing written notice in accordance with Section 7.1.

Section 4.4 Effect of Termination. Upon termination of this Agreement in its entirety pursuant to Section 4.1, all obligations of the parties hereto shall terminate, except for the provisions of Section 3.2, Section 3.4, Section 3.5, Article 4, Article 5 and Article 6, which shall survive any termination or expiration of this Agreement.

Section 4.5 Force Majeure. The obligations of Provider under this Agreement with respect to any Service shall be suspended during the period and to the extent that Provider is prevented or hindered from providing such Service, or Recipient is prevented or hindered from receiving such Service, due to any of the following causes beyond such party's reasonable control (such causes, "Force Majeure Events"): (a) acts of God; (b) flood, fire, or explosion, (c) war, invasion, riot, or other civil unrest; (d) Applicable Law or judicial or administrative order; (e) actions, embargoes, or blockades in effect on or after the date of this Agreement; (f) action by any Governmental Authority; (g) national or regional emergency; (h) strikes, labor stoppages, or slowdowns or other industrial disturbances; (i) shortage of adequate power or transportation facilities; (j) pandemics; or (k) any other event which is beyond the reasonable control of such party. The party suffering a Force Majeure Event shall give notice of suspension as soon as reasonably practicable to the other party stating the date and extent of such suspension and the cause thereof, and Provider shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. Neither Provider nor Recipient shall be liable for the nonperformance or delay in performance of its respective obligations under this Agreement when such failure is due to a Force Majeure Event. The applicable End Date for any Service so suspended shall be automatically extended for a period of time equal to the time lost by reason of the suspension.

## ARTICLE 5
## CONFIDENTIALITY

Section 5.1 Confidentiality.

(a) During the term of this Agreement and thereafter, the parties hereto shall, and shall instruct their respective employees, agents, accountants, legal counsel, and other representatives ("Representatives") to, maintain in confidence and not disclose the other party's financial, technical, sales, marketing, development, personnel, and other information, records, or data, including, without limitation, customer lists, supplier lists, trade secrets, designs, product formulations, product specifications, or any other proprietary or confidential information, however recorded or preserved, whether written or oral (any such information, "Confidential Information"). Each party hereto shall use the same degree of care, but no less than reasonable care, to protect the other party's Confidential Information as it uses to protect its own Confidential Information of like nature. Unless otherwise authorized in any other agreement between the parties, any party receiving any Confidential Information of the other party (the "Receiving Party") may use Confidential Information only for the purposes of fulfilling its obligations under this Agreement (the "Permitted Purpose"). Any Receiving Party may disclose such Confidential Information only to its Representatives who have a need to know such information for the Permitted Purpose and who have been advised of the terms of this Section 5.1 and the Receiving Party shall be liable for any breach of these confidentiality provisions by such Persons; provided, however, that any Receiving Party may disclose such Confidential Information to the extent such Confidential Information is required to be disclosed by Applicable Law or judicial or administrative order, in which case the Receiving Party shall promptly notify, to the extent possible, the disclosing party (the "Disclosing Party"), and take reasonable steps to assist in contesting such disclosure or in protecting the Disclosing Party's rights prior to disclosure, and in which case the Receiving Party shall only disclose such Confidential Information that it is advised by its counsel in writing that it is legally bound to disclose under such Applicable Law or judicial or administrative order.

(b) Notwithstanding the foregoing, "Confidential Information" shall not include any information that the Receiving Party can demonstrate (i) was publicly known at the time of disclosure to it, or has become publicly known through no act of the Receiving Party or its Representatives in breach of this Section 5.1, (ii) was rightfully received from a third party without a duty of confidentiality, or (iii) was developed by it independently without any reliance on the Confidential Information.

(c) Upon demand by the Disclosing Party at any time, or upon expiration or termination of this Agreement with respect to any Service, the Receiving Party agrees promptly to return or destroy, at the Disclosing Party's option, all Confidential Information. If such Confidential Information is destroyed, an authorized officer of the Receiving Party shall certify to such destruction in writing.

## ARTICLE 6
## LIMITATION ON LIABILITY; INDEMNIFICATION

Section 6.1 Limitation on Liability. In no event shall either party hereto have any liability under any provision of this Agreement for any punitive, special, or indirect damages relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, whether based on statute, contract, tort, or otherwise, and whether or not arising from the other party's sole, joint, or concurrent negligence, strict liability, criminal liability, or other fault. Recipient acknowledges that the Services to be provided to it hereunder are subject to, and that its remedies under this Agreement are limited by, the applicable provisions of Section 2.2, including the limitations on representations and warranties with respect to the Services.

Section 6.2 SWBI Indemnification. Subject to the limitations set forth in Section 6.1, SWBI shall indemnify, defend, and hold harmless AOUT and its Affiliates and each of their respective Representatives (collectively, the "AOUT Indemnified Parties") from and against any and all Liabilities of the AOUT Indemnified Parties relating to, arising out of, or resulting from the gross negligence or willful misconduct of SWBI or its Affiliates or any third party that provides a Service to AOUT pursuant to Section 2.3 in connection with the provision of, or failure to provide, any Services to AOUT.

Section 6.3 AOUT Indemnification. Subject to the limitations set forth in Section 6.1, AOUT shall indemnify, defend, and hold harmless SWBI and its Affiliates and each of their respective Representatives (collectively, the "SWBI Indemnified Parties") from and against any and all Liabilities of the SWBI Indemnified Parties relating to, arising out of, or resulting from the gross negligence or willful misconduct of AOUT or its Affiliates or any third party that provides a Service to SWBI pursuant to Section 2.3 in connection with the provision of, or failure to provide, any Services to SWBI.

**ARTICLE 7**
**MISCELLANEOUS**

Section 7.1 Notices. All supporting documentation, invoices, notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt), (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested), (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient, or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.1):

(a) if to SWBI:

Smith & Wesson Brands, Inc.
2100 Roosevelt Avenue
Springfield, Massachusetts 01104
Email: [●]
Attn: General Counsel

with a copy (which shall not constitute notice) to:

Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, Arizona 85016
Attn: Robert S. Kant
Katherine A. Beck
Email: kantr@gtlaw.com
beckk@gtlaw.com

(b) if to AOUT:

American Outdoor Brands, Inc.
1800 North Route Z
Columbia, Missouri 65202
Attn: [●]
Email: [●]

with a copy (which shall not constitute notice) to:

Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, Arizona 85016
Attn: Robert S. Kant
Katherine A. Beck
Email: kantr@gtlaw.com
beckk@gtlaw.com

Section 7.2 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 7.3 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 7.4 Entire Agreement. This Agreement, including the Service Schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event and to the extent that there is a conflict between the provisions of this Agreement and the provisions of the Separation and Distribution Agreement as it relates to the Services hereunder, the provisions of this Agreement shall control.

Section 7.5 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Subject to the following sentence, neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing sentence, Recipient may, without the prior written consent of Provider, assign all or any portion of its right to receive Services to any of its Affiliates; provided, that such Affiliate shall receive such Services from Provider in the same place and manner as described in the Service Schedule as Recipient would have received such Service. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 7.6 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever, under or by reason of this Agreement.

Section 7.7 Amendment and Modification; Waiver. This Agreement, including the Service Schedules, may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

Section 7.8 Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the state of Delaware without giving effect to any choice or conflict of law provision or rule. Any legal suit, action, or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the courts of the state of Delaware, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding. Service of process, summons, notice, or other document by mail to such party's address set forth herein shall be effective service of process for any suit, action, or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum.

Section 7.9 Waiver of Jury Trial. Each party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby. Each party to this Agreement certifies and acknowledges that (a) no representative of any other party has represented, expressly or otherwise, that such other party would not seek to enforce the foregoing waiver in the event of a legal action, (b) such party has considered the implications of this waiver, (c) such party makes this waiver voluntarily, and (d) such party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 7.9.

Section 7.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**SMITH & WESSON BRANDS, INC.**

By: _____
Name: Mark P. Smith
Title: President and Chief Executive Officer

**AMERICAN OUTDOOR BRANDS, INC.**

By: _____
Name: Brian D. Murphy
Title: President and Chief Executive Officer

**SCHEDULE A**

**Information Technology Services**

| ID | Service | Description | Service Period | Cost[1] |
|---|---|---|---|---|
| 1 | IT Systems | SWBI will provide AOUT (and third parties designated by AOUT) with network access to the SWBI IT systems specified below in the attached Schedule A-1.<br><br>SWBI will provide AOUT with reasonable notice in advance of any planned system maintenance outages so that AOUT can properly plan for such outages. | Up to 24 months commencing on the Distribution; provided, however, that this term may be extended by mutual agreement of AOUT and SWBI pursuant to Section 3.3. | |
| 2 | Share Point and Shared Drives | SWBI to provide AOUT with access to the SWBI shared drives set forth in the attached Schedule A-2 until such time as they have been carved out or copied and provided to AOUT: | Up to 24 months commencing on the Distribution. | |
| 3 | E-mail | SWBI to provide AOUT with access to historical emails, to the extent not transferred prior to or following the Distribution.<br><br>Email will be migrated from SWBI to AOUT prior to the termination of this transition service. | Up to 24 months commencing on the Distribution. | |

[1] Costs for services in this Schedule A will be calculated as set forth in the “Cost and Billing” section below.

| ID | Service | Description | Service Period | Cost[1] |
|---|---|---|---|---|
| 4 | End User Support | SWBI to provide AOUT with Service Desk services until such time as substitute Service Desk services are established by AOUT.<br><br>Service desk services of AOUT will be split into:<br><br>Traditional IT service desk – PC maintenance, software licensing, password reset, network/infrastructure, Citrix, printer / copier maintenance etc.<br><br>SAP support – Break/Fix and interface support, mass data loads, batch jobs, go anywhere file movement, authorization support, EDI, data carve out/copy for transition to new ERP system by AOUT.<br><br>In the event that AOUT acquires a new company or business or performs other integrations while this transition service is in effect, SWBI will assist in the loading of the data for that newly acquired company in SAP. The assumption is that any new acquisitions will follow current business processes.<br><br>New custom development in SAP solely for AOUT will not be provided to AOUT, nor will support of ERP selection or implementation by AOUT, or loading of legacy data into the newly selected ERP system. However, SWBI will provide data extraction and transfer to assist AOUT's third-party consultants in implementation of new AOUT ERP system.<br><br>AOUT will manage and provide its own cyber security for the websites directly related to AOUT. SWBI will not provide administration and cyber security to web sites that are not operated and maintained by SWBI.<br><br>SWBI will not provide support for AOUT's Salesforce.com functionality.<br><br>SWBI will work with AOUT to establish and adhere to quarterly system maintenance windows in which systems may be down and unavailable for use. | Up to 24 months commencing on the Distribution. | |

**Cost and Billing**

AOUT will be billed by SWBI monthly for services rendered associated with this Agreement according to the following guidelines:

- Hardware purchased by SWBI for AOUT will be billed at cost.
- Software licensing will be billed by SWBI at the license cost per application per person.
- Day-to-day IT support supplied to AOUT will be billed by SWBI as 15% of the fully burdened salary plus fringe of the infrastructure, service desk, CoE, BASIS, and authorization teams monthly. This percentage will be revisited quarterly in order to ensure that the charges and percentage of time spent on AOUT IT support are appropriate and justified. These assessments may increase or decrease the rate billed by SWBI to AOUT.
- Development project(s) for the sole use of AOUT will be estimated by SWBI by functional area/resource and billed above and beyond day-to-day IT services.

**SCHEDULE A-1**

**IT Systems**

| ID | System/Software | Description | Additional notes | Cost[2] |
|---|---|---|---|---|
| 1 | SAP | CoE - Supported as described in Schedule A, IT Services | No Infrastructure | |
| 2 | Esker | Infrastructure – Support connectivity with SAP & SAGE<br><br>CoE - Interface support as needed | | |
| 3 | Sterling Integrator | Infrastructure – Support Servers, vendor connectivity<br><br>CoE - Day to day business support for all EDI transactions between SAP and trading partners. | | |
| 4 | Solidworks | Infrastructure – Support Server, Licensing | | |
| 5 | Creo | Infrastructure – Support Server, Licensing | | |
| 6 | Office 365/suite | Infrastructure – Email Domains, SharePoint | | |
| 7 | Blackline | CoE - Interface support as needed | No Infrastructure | |
| 8 | Qlikview | Infrastructure – Support Servers<br><br>CoE - Break/fix support of existing reports. SWBI may choose to use existing or create Qlikview reports if deemed necessary to support data carve out. | | |
| 9 | ADP | Access will be provided and administered.<br><br>CoE – Interface support as needed | No Infrastructure | |
| 10 | Trend Micro | End point and server anti-virus software. Software and updates will be supported.<br><br>Infrastructure – Support Servers | | |
| 11 | Blue Prism | Infrastructure – Support Servers | | |

[2] During the last year of the transition services to be provided under this Schedule A-1, licensing for the applicable software will be transitioned to AOUT from SWBI on the respective anniversary of each license renewal. Until that date, SWBI will cross charge AOUT for the cost of each such license.

| ID | System/Software | Description | Additional notes | Cost[2] |
|---|---|---|---|---|
| 12 | SPS Commerce | Complete transition of trading partners from SPS commerce to Sterling Integrator | No Infrastructure | |
| 13 | Adobe | Reader, Pro, and Creative Cloud. Licensing and installation supported | No Infrastructure | |
| 14 | PDM Standard | PDM vault for solids. Database and application support | | |
| 17 | Paymetric | Infrastructure – Support Servers | | |
| 18 | QAS (address verification) | Infrastructure – Support Servers<br><br>Installation and testing of updates | | |
| 19 | Active Directory | Infrastructure – Support Servers; user accounts; security groups | | |
| 20 | Network services | Infrastructure – Support network switches, routers, firewalls, wireless, LAN, WAN, VPN | | |
| 21 | SAP Console | Infrastructure – Support Servers | | |
| 22 | Winshuttle Foundation | Infrastructure – Support Servers. Break / fix for purchase requisition release process. | | |
| 23 | Winshuttle data services | Infrastructure – Support Servers<br><br>CoE - Break/fix support as well as mass updates as needed. | | |
| 24 | Wells Fargo | Interface and file administration support.<br><br>Infrastructure – Support Servers and FTP/SFTP connections/accounts<br><br>CoE - Interface support as needed. | | |
| 25 | TD Bank | Interface and file administration support.<br><br>Infrastructure – Support Servers and FTP/SFTP connections/accounts<br><br>CoE - Interface support as needed. | | |

| ID | System/Software | Description | Additional notes | Cost[2] |
|---|---|---|---|---|
| 26 | Printing services | Print servers<br><br>Maintain printers<br><br>Infrastructure – Support Servers | | |
| 27 | SMTP Email relay | Infrastructure – Support Servers | | |
| 28 | SQL database servers | Infrastructure – Support Servers | | |
| 29 | SAP GRC services | Support audit compliance / segregation of duties for AOUT | | |
| 30 | Citrix | Need to determine remote access needs of AOUT moving forward | | |
| 31 | KBOX | KBOX will be used to track ticket progress and resolution for AOUT | | |
| 32 | Sage – Taylor Brands | Infrastructure – Support Servers and access controls | | |
| 33 | Sage – Crimson Trace | Infrastructure – Support Servers and access controls | | |
| 34 | Sage – UST | Infrastructure – Support Servers and access controls | | |
| 35 | Great Plains – BTI | Infrastructure – Support Servers | | |
| 36 | SAP Concur | Access and travel administration will be supported until AOUT establishes their own travel and expense solution | No Infrastructure | |
| 37 | Readsoft | Legacy invoicing data. Infrastructure – Support Servers | | |
| 38 | Mitel/Telephone | Phone systems in Chicopee, Columbia and Crimson Trace. Infrastructure – Support | | |
| 39 | Bartender | CoE – maintain necessary customer labels as well as the associated interfaces and printing functionality.<br><br>Infrastructure – Support Servers | | |

| ID | System/Software | Description | Additional notes | Cost[2] |
|---|---|---|---|---|
| 40 | Currency Exchange Interface | Thompson Reuter’s currency exchange interface<br><br>CoE - Interface support as needed | | |
| 41 | Process Weaver | CoE - Interface support as needed<br><br>Infrastructure – Support Servers | | |
| 42 | SFCC Interface | CoE – support SAP interface with SFCC | | |
| 43 | Windchill | Windchill engineering software – Software installation when required | | |

**SCHEDULE A-2**

**Shared Drives**

| ID | Network Drive | Description | Additional notes |
|---|---|---|---|
| 1 | \\san-cifs01.smith-wesson.com\usr-share (H) | Shared drive space by endpoint | Allows people to store files on a network drive that is not accessible by other people |
| 2 | \\SAN-CIFS01.smith-wesson.com (I) | Shared drive. Access can be limited by folder. | |
| 3 | \\SAN-CIFS01.smith-wesson.com (T) | Shared drive. Access can be limited by folder. | |

**SCHEDULE B**

**Finance Services**

| ID | Service | Description | Service Period | Cost[3] |
|---|---|---|---|---|
| 1 | Financial Business Transactions | As reasonably requested by either party, the other party to provide support and training for the requesting party to perform financial business transactions, including accounting, consolidation, reporting, and forecasting. | Up to 24 months commencing on the Distribution. | |
| 2 | Treasury | As reasonably requested by either party, the other corresponding party will support the requesting party with banking activities (including banking and cash management processes and procedures). | Up to 24 months commencing on the Distribution. | |
| 3 | Tax | As reasonably requested by either party, the other party will provide support and assistance in the resolution of audit matters related to any tax filing that occurred prior to the spin-off of AOUT. | Up to 24 months commencing on the Distribution. | |
| 4 | Audit | SWBI to provide AOUT with SOC1 testing and certificate; reasonable cost to be paid by AOUT. Failing the ability to provide a SOC1, SWBI will accommodate AOUT's auditors in testing internal controls over information technology systems. SWBI to provide AOUT with support, knowledge transfer, and training related to internal controls. | Up to 24 months commencing on the Distribution. | |

[3] Cost for all Finance Services will be calculated in accordance with Section 3.2 of this Agreement.

**SCHEDULE C**

**Human Resources Services**

| ID | Service | Description | Service Period | Cost |
|---|---|---|---|---|
| 1 | 401(k) | As reasonably requested by AOUT, SWBI to (i) provide information and consulting services regarding prior participation by any AOUT employee in the SWBI 401(k) plan, and (ii) assist in transitioning AOUT employees to the AOUT 401(k) plan, including with respect to questions/issues that arise regarding the transfer of participant accounts, loans, etc. from the SWBI 401(k) plan into the AOUT 401(k) plan. For these services, the primary service providers will be Benefits Manager, Jim Pashko, or Benefits Specialist, (currently Liz Carroll), provided that neither shall dedicate more than 5% of their time during the service period. | Up to 24 months commencing on the Distribution. | $48/hour |
| 2 | E-Trade | As reasonably requested by AOUT, SWBI to provide consulting services regarding administration of AOUT's E-Trade platform and equity/ESPP program. For these services, the primary service providers will be Lisa Gebhardt and/or Laura Olmeda-Smith, provided that neither shall dedicate more than 5% of their time during the service period. E-Trade to be the primary consultant for things such as processing, admin. SWBI would be the resource on plans, historical eligibility, ESPP historical records, etc. | Up to 24 months commencing on the Distribution. | $76/hour |

**SCHEDULE D**

**Compliance Services**

| ID | Service | Description | Service Period | Cost[4] |
|---|---|---|---|---|
| 1 | Compliance Training | As reasonably requested by AOUT, SWBI will provide assistance in managing quarterly, online compliance training for AOUT employees.<br><br>For these services, the primary service provider shall be SWBI's Corporate Compliance Analyst, provided that the service provider shall not dedicate more than 5% of his or her time to the provision of these services to AOUT during the service period. | Up to 6 months commencing on the Distribution. | |
| 2 | Policy Management | As reasonably requested by AOUT, SWBI will provide assistance in managing compliance policies.<br><br>For these services, the primary service provider shall be SWBI's Corporate Compliance Analyst, provided that the service provider shall not dedicate more than 5% of his or her time to the provision of these services to AOUT during the service period. | Up to 6 months commencing on the Distribution. | |
| 3 | Anti-Corruption and Third Party Management | As reasonably requested by AOUT, SWBI will provide assistance managing AOUT's Anti-Corruption processes, policies, and procedures, including due diligence and training.<br><br>For these services, the primary service provider shall be SWBI's Director of Corporate Compliance, Hope Sholes, provided that Ms. Sholes shall not dedicate more than 15% of her time to the provision of these services to AOUT during the service period. | Up to 6 months commencing on the Distribution. | |
| 4 | Export Compliance | As reasonably requested by AOUT, SWBI will provide assistance in managing AOUT's Export Controls processes, policies, and procedures, including training.<br><br>For these services, the primary service provider shall be SWBI's Trade Compliance Manager, Sharon Breault, provided that Ms. Breault shall not dedicate more than 15% of her time to the provision of these services to AOUT during the service period. | Up to 6 months commencing on the Distribution. | |

[4] Cost for all Compliance Services will be calculated in accordance with Section 3.2 of this Agreement.

**SCHEDULE E**

**Legal Services**

| ID | Service | Description | Service Period | Cost[5] |
|---|---|---|---|---|
| 1 | Knowledge Transfer | As reasonably requested by AOUT, SWBI Legal Department personnel shall provide knowledge transfer and general assistance to AOUT, related to legal matters that occurred prior to the Distribution.<br><br>No information or assistance may be provided to the extent it would create a conflict of interest, violate any confidentiality obligations, risk the loss of attorney-client privilege, expose SWBI to potential liability, or otherwise interfere with the operation of SWBI's business. AOUT shall use all reasonable efforts to minimize the extent of requested knowledge transfer and general assistance from SWBI.<br><br>The areas of knowledge transfer will include the following:<br><br>• Access to information from SWBI's e-billing and matter management system, on an as-needed basis<br>• Access to SWBI's information regarding contract management, on an as-needed basis<br>• Access to information and supporting documentation for materials filed with the SEC prior to the Distribution | Up to 12 months commencing on the Distribution. | |
| 2 | Legal Services - IP | As reasonably requested by AOUT, SWBI Legal Department personnel shall provide assistance with regard to the legal aspects of managing AOUT's intellectual property portfolio.<br><br>For these services, the primary service providers shall be Associate General Counsel, Chris Scott, and Intellectual Property Paralegal, Paul Szulak, provided that neither Mr. Scott nor Mr. Szulak shall dedicate more than 15% of his time to the provision of these services to AOUT during the service period. | Up to 6 months commencing on the Distribution. | |

[5] Cost for all Legal Services will be calculated in accordance with Section 3.2 of this Agreement.

| ID | Service | Description | Service Period | Cost[5] |
|---|---|---|---|---|
| 3 | Legal Services _ Data Privacy and Cyber Security | As reasonably requested by AOUT, SWBI Legal Department personnel shall provide assistance with issues relating to privacy law and cybersecurity law.<br><br>For these services, the primary service provider shall be Assistant General Counsel, Ahsan Khan, provided that Mr. Khan shall not dedicate more than 5% of his time to the provision of these services to AOUT during the service period. | Up to 6 months commencing on the Distribution. | |
| 4 | Legal Services – Commercial Contracts | As reasonably requested by AOUT, SWBI Legal Department personnel shall provide assistance with issues relating to commercial contracts.<br><br>For these services, the primary service provider shall be Assistant General Counsel, Ahsan Khan, provided that Mr. Kahn shall not dedicate more than 10% of his time to the provision of these services to AOUT during the service period. | Up to 6 months commencing on the Distribution. | |
| 5 | Legal Services - Corporate | As reasonably requested by AOUT, SWBI Legal Department personnel shall provide assistance with legal entity formation and corporate organization and maintenance matters.<br><br>For these services, the primary service provider shall be General Counsel, Robert Cicero, provided that Mr. Cicero shall not dedicate more than 5% of his time to the provision of these services to AOUT during the service period. | Up to 6 months commencing on the Distribution. | |

**SCHEDULE F**

**Security Services**

| ID | Service | Description | Service Period | Cost[6] |
|---|---|---|---|---|
| 1 | Security Services | SWBI Security will continue to provide the security services and continue to administer the security systems in place at the Columbia, Missouri facility as of the Distribution | Up to 6 months commencing on the Distribution. | |

6 Cost for all Security Services will be calculated in accordance with Section 3.2 of this Agreement.

**SCHEDULE G**

**Investor Relations Support Services**

| ID | Service | Description | Service Period | Cost[7] |
|---|---|---|---|---|
| 1 | Investor Relations | SWBI pays AOUT for investor relations consulting services as needed, up to an agreed maximum percentage of available time of AOUT's Investor Relations employee(s) | Up to 24 months commencing on the Distribution. | |

[7] Cost for all Investor Relations Services will be calculated in accordance with Section 3.2 of this Agreement.

**Exhibit 10.2**

# TAX MATTERS AGREEMENT

**by and between**

**SMITH & WESSON BRANDS, INC.**

**and**

**AMERICAN OUTDOOR BRANDS, INC.**

**Dated as of [●], 2020**

**TAX MATTERS AGREEMENT**

**THIS TAX MATTERS AGREEMENT** (this "Agreement") is entered into as of [●], 2020, by and between Smith & Wesson Brands, Inc., a Nevada corporation ("SWBI"), and American Outdoor Brands, Inc., a Delaware corporation ("AOUT"). Each of SWBI and AOUT is sometimes referred to herein as a "Party" and, collectively, as the "Parties."

WHEREAS, pursuant to the Separation and Distribution Agreement, dated as of [●], 2020, by and between SWBI and AOUT (the "Separation Agreement"), SWBI agreed, among other things, to contribute certain assets to AOUT (the "Contribution") and to distribute all of the outstanding stock of AOUT to SWBI's stockholders (the "Distribution");

WHEREAS, prior to consummation of the Distribution, SWBI was in "control" of AOUT (within the meaning of Section 368(c) of the Code);

WHEREAS, the Parties intend that, for federal income Tax purposes, the Contribution and the Distribution qualify as a reorganization within the meaning of Section 368(a)(1)(D) of the Code and a distribution to which Section 355 of the Code applies and this Agreement and any related agreement constitute a "plan of reorganization" within the meaning of Section 368 of the Code;

WHEREAS, the obligation of SWBI to consummate the Contribution and Distribution is conditioned, among other things, upon the receipt of a tax opinion from the Tax Advisor that the Contribution and the Distribution will qualify as a reorganization within the meaning of Section 368(a)(1)(D) of the Code and a distribution to which Section 355 of the Code applies (the "Tax Opinion"); and

WHEREAS, the Parties wish to (a) provide for the payment of Tax liabilities and entitlement to refunds thereof, allocate responsibility for, and cooperation in the filing of Tax Returns, and provide for certain other matters relating to Taxes, and (b) set forth certain covenants and indemnities relating to the preservation of the intended Tax treatment of the Contribution and the Distribution.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, each of the Parties mutually covenants and agrees as follows:

## ARTICLE I
## DEFINITIONS

General

. As used in this Agreement, the following terms have the following meanings:

"Affiliated Group" means an affiliated group of corporations within the meaning of Section 1504(a) of the Code, or any other group filing consolidated, combined or unitary Tax Returns under state, local or foreign law.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"AOUT" has the meaning set forth in the preamble to this Agreement.

"AOUT Equity Awards" has the meaning set forth in the Employee Matters Agreement.

"AOUT Group" has the meaning set forth in the Separation Agreement.

"AOUT Separate Tax Return" means any Tax Return that is required to be filed by, or with respect to, a member of the AOUT Group that is not a Combined Tax Return.

"AOUT Tax Representation Letter" means the tax representation letter from AOUT addressed to the Tax Advisor dated [●], 2020, supporting the Tax Opinion.

"Closing of the Books Method" means the apportionment of items between portions of a taxable period based on a closing of the books and records on the close of the Distribution Date (in the event that the Distribution Date is not the last day of the taxable period, as if the Distribution Date were the last day of the taxable period), subject to adjustment for items accrued on the Distribution Date that are properly allocable to the taxable period following the Distribution, as determined by SWBI in accordance with applicable law; provided, however, that Taxes not based upon or measured by net or gross income or specific events shall be apportioned between portions of a taxable period on a pro rata basis in accordance with the number of days in each portion.

"Code" means the Internal Revenue Code of 1986, as amended.

"Combined Tax Return" means a Tax Return filed in respect of federal, state, local or foreign income Taxes for an Affiliated Group, or any other affiliated, consolidated, combined, unitary, fiscal unity or other group basis (including as permitted by Section 1501 of the Code).

"Contribution" has the meaning set forth in the recitals to this Agreement.

"Disqualifying Action" means (i) any breach by AOUT of any representation, warranty or covenant made by it in this Agreement or (ii) any event (or series of events) involving the capital stock of AOUT that, in either case, would negate the Tax-Free Status of the Transactions; provided, however, the term "Disqualifying Action" shall not include any action required or expressly permitted under any Transaction Document or that is undertaken pursuant to the Contribution or the Distribution.

"Distribution" has the meaning set forth in the recitals to this Agreement.

"Distribution Date" means the date on which the Distribution occurs.

"Effective Time" means the time at which the Distribution becomes effective.

"Employee Matters Agreement" means the Employee Matters Agreement by and between the Parties dated [●], 2020.

"Final Determination" means the final resolution of liability for any Tax for any taxable period, by or as a result of: (i) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed; (ii) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or a comparable agreement under the laws of other jurisdictions, that resolves the entire Tax liability for any taxable period; or (iii) any other final resolution, including by reason of the expiration of the applicable statute of limitations or the execution of a pre-filing agreement with the IRS or other Tax Authority.

"Indemnified Party" means the Party that is entitled to seek indemnification from the other Party pursuant to the provisions of Section 2.01.

"Indemnifying Party" means the Party from which the other Party is entitled to seek indemnification pursuant to the provisions of Section 2.01.

"IRS" means the Internal Revenue Service or any successor thereto, including its agents, representatives, and attorneys.

"Outdoor Products and Accessories Business" has the meaning set forth in the Separation Agreement.

"Party" has the meaning set forth in the preamble to this Agreement.

"Person" has the meaning set forth in Section 7701(a)(1) of the Code.

"Post-Distribution Period" means any taxable period (or portion thereof) beginning after the Distribution Date.

"Pre-Distribution Period" means any taxable period (or portion thereof) ending on or before the Distribution Date.

"Separation Agreement" has the meaning set forth in the recitals to this Agreement.

"Separation Taxes" means any income Taxes (other than Transaction Taxes) that arise in connection with the Contribution or the Distribution. For the avoidance of doubt, Separation Taxes shall include, without limitation, any federal, state, or local income Taxes arising out of deferred intercompany gains recognized pursuant to Treasury Regulations Section 1.1502-13.

"SWBI" has the meaning set forth in the preamble to this Agreement.

"SWBI Equity Awards" has the meaning set forth in the Employee Matters Agreement.

"SWBI Group" has the meaning set forth in the Separation Agreement.

"SWBI Separate Tax Return" means any Tax Return that is required to be filed by, or with respect to, a member of the SWBI Group that is not a Combined Tax Return.

"SWBI Tax Representation Letter" means the tax representation letter from SWBI addressed to the Tax Advisor dated [●], 2020, supporting the Tax Opinion.

"Tax" means (i) all taxes, charges, fees, duties, levies, imposts, or other similar assessments, imposed by any federal, state or local or foreign governmental authority, including income, gross receipts, excise, property, sales, use, license, capital stock, transfer, franchise, payroll, withholding, social security, value added, real property transfer, intangible, recordation, registration, documentary, stamp and other taxes of any kind whatsoever, and (ii) any interest, penalties or additions attributable thereto.

"Tax Advisor" means Greenberg Traurig, LLP.

"Tax Arbiter" has the meaning set forth in Section 5.08.

"Tax Attributes" means net operating losses, capital losses, investment tax credit carryovers, earnings and profits, foreign tax credit carryovers, overall foreign losses, previously taxed income, separate limitation losses, deductions, credits or other comparable items, and assets basis, that could affect a Tax liability for a past or future taxable period.

"Tax Authority" means any governmental authority or any subdivision, agency, commission or entity thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

"Tax Detriment" means an increase in the Tax liability (or reduction in refund or credit or item of deduction or expense, including any carryforward) of a taxpayer for any taxable period.

"Tax Matter" has the meaning set forth in Section 4.01.

"Tax Notice" has the meaning set forth in Section 2.07.

"Tax Opinion" has the meaning set forth in the recitals to this Agreement.

"Tax Opinion Documents" means the Tax Opinion and the information and representations provided by, or on behalf of, SWBI or AOUT to the Tax Advisor in connection therewith.

"Tax Return" means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, or declaration of estimated Tax) supplied or required to be supplied to, or filed with, a Tax Authority in connection with the payment, determination, assessment or collection of any Tax or the administration of any laws relating to any Tax and any amended Tax return or claim for refund.

"Tax-Free Status of the Transactions" means the qualification of the Contribution and the Distribution as a reorganization within the meaning of Section 368(a)(1)(D) of the Code and a distribution with respect to which gain or loss is not recognized by SWBI, AOUT, or their respective shareholders pursuant to Section 355 of the Code and in which the AOUT Common Stock distributed is "qualified property" under Section 361(c) of the Code.

"Transaction Documents" means this Agreement, the Separation Agreement, the Transition Services Agreement, and the Employee Matters Agreement.

"Transaction Taxes" means any Tax Detriment incurred by SWBI or AOUT as a result of the Contribution or the Distribution failing to qualify as a reorganization within the meaning of Section 368(a)(1)(D) of the Code and a distribution to which Section 355 of the Code applies or corresponding provisions of other applicable laws with respect to Taxes.

"Transition Services Agreement" means the Transition Services Agreement by and between the Parties dated [●], 2020.

"Transfer Taxes" means all sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar Taxes imposed on the Contribution or the Distribution.

"Treasury Regulations" means the final and temporary (but not proposed) income Tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

Additional Definitions

. Capitalized terms used but not defined in this Agreement have the meaning ascribed to them in the Separation Agreement.

**ARTICLE II**
**ALLOCATION, PAYMENT AND INDEMNIFICATION**

Responsibility for Taxes; Indemnification

.

(a) SWBI shall be responsible for and shall pay, and shall indemnify and hold harmless AOUT for, all Tax liabilities (and any loss, cost, damage or expense, including reasonable attorneys' fees and costs, incurred in connection therewith) attributable to: (i) any Taxes reported or required to be reported on (A) an SWBI Separate Tax Return, or (B) a Combined Tax Return that any member of the SWBI Group files or is required to file; (ii) any Transaction Taxes; and (iii) fifty percent (50%) of all Transfer Taxes; in each case, other than Taxes for which AOUT is responsible for under Section 2.01(b).

(b) AOUT shall be responsible for and shall pay, and shall indemnify and hold harmless SWBI for, all Tax liabilities (and any loss, cost, damage or expense, including reasonable attorneys' fees and costs, incurred in connection therewith) attributable to: (i) any Taxes reported or required to be reported on (A) an AOUT Separate Tax Return, or (B) a Combined Tax Return that any member of the AOUT Group files or is required to file; (ii) any Taxes reported or required to be reported on any Combined Tax Return that any member of the SWBI Group files or is required to file to the extent such Taxes are attributable to the Outdoor Products and Accessories Business, as determined pursuant to Section 2.02; (iii) any Taxes that arise from or are attributable to a Disqualifying Action; (iv) fifty percent (50%) of all Transfer Taxes; and (v) any Separation Taxes.

(c) If the Indemnifying Party is required to indemnify the Indemnified Party pursuant to this Section 2.01, the Indemnified Party shall submit its calculations of the amount required to be paid pursuant to this Section 2.01, showing such calculations in sufficient detail so as to permit the Indemnifying Party to understand the calculations. Subject to the following sentence, the Indemnifying Party shall pay to the Indemnified Party, no later than twenty (20) days after the Indemnifying Party receives the Indemnified Party's calculations, the amount that the Indemnifying Party is required to pay the Indemnified Party under this Section 2.01. If the Indemnifying Party disagrees with such calculations, it must notify the Indemnified Party of its disagreement in writing within fifteen (15) days of receiving such calculations.

(d) For all Tax purposes, SWBI and AOUT agree to treat (i) any payment required by this Agreement (other than payments with respect to interest accruing after the Effective Time) as either a contribution by SWBI to AOUT or a distribution by AOUT to SWBI as the case may be, occurring immediately prior to the Effective Time, and (ii) any payment of interest or non-federal Taxes by or to a Tax Authority as taxable or deductible, as the case may be, to the party entitled under this Agreement to retain such payment or required under this Agreement to make such payment, in either case except as otherwise mandated by applicable law.

(e) The amount of any indemnification payment pursuant to this Section 2.01 shall be reduced by the amount of any reduction in Taxes actually realized by the Indemnified Party by the end of the taxable year in which the indemnity payment is made, and shall be increased if and to the extent necessary to ensure that, after all required Taxes on the indemnity payment are paid (including Taxes applicable to any increases in the indemnity payment under this Section 2.01(e)), the Indemnified Party receives the amount it would have received if the indemnity payment was not taxable.

(f) The determination of the Tax liabilities of SWBI and AOUT, respectively, shall be made in a manner consistent with the Employee Matters Agreement and the Separation Agreement.

Section 2.02. Determination of Taxes Attributable to the Outdoor Products and Accessories Business.

(a) For purposes of Section 2.01(b)(ii), the amount of Taxes attributable to the Outdoor Products and Accessories Business shall be determined by SWBI on a pro forma Combined Tax Return of the AOUT Group prepared: (i) assuming that the members of the AOUT Group were not included in the group that filed the relevant Combined Tax Return; (ii) including only Tax items of members of the AOUT Group that were included in the relevant Combined Tax Return; (iii) using all elections, accounting methods and conventions used on the relevant Combined Tax Return for such period; (iv) applying the highest statutory marginal corporate income Tax rate in effect for the relevant taxable period; (v) assuming that the AOUT Group elects not to carry back any net operating losses; and (vi) assuming that the AOUT Group's utilization of any Tax Attribute carryforward or carryback is limited to the Tax Attributes of the AOUT Group that would be available if the Tax liability of the AOUT Group for each prior taxable year were determined in accordance with this Section 2.02.

(b) The Parties shall cooperate in good faith in order to jointly determine the allocation of items of income and expense and intercompany eliminations for purposes of preparing the pro forma Combined Tax Return of the AOUT Group pursuant to Section 2.02(a).

Preparation of Tax Returns

.

(a) SWBI's Responsibility. SWBI shall prepare and timely file (taking into account applicable extensions) all (i) Combined Tax Returns that any member of the SWBI Group is required to file or elects to file, and (ii) SWBI Separate Tax Returns. To the extent that such a Combined Tax Return reflects operations of the AOUT Group for a taxable period that includes the Distribution Date, SWBI shall include in such Combined Tax Return the results of such member of the AOUT Group on the basis of the Closing of the Books Method to the extent permitted by applicable law.

(b) AOUT's Responsibility. Subject to any arrangement under the Transaction Documents, AOUT shall prepare and timely file (taking into account applicable extensions) all Tax Returns required to be filed by or with respect to any member of the AOUT Group other than those Tax Returns that SWBI is required to prepare and file under Section 2.03(a).

Payment of Sales, Use or Similar Taxes

. Transfer Taxes shall be borne fifty percent (50%) by SWBI and fifty percent (50%) by AOUT. Notwithstanding anything in this Section 2.04 to the contrary, the Party required by applicable law shall remit payment for any Transfer Taxes and duly and timely file any related Tax Returns, subject to any indemnification rights it may have against the other Party, which shall be paid in accordance with Section 2.01(c). The Parties shall cooperate in: (i) determining the amount of such Taxes; (ii) providing all available exemption certificates; and (iii) preparing and timely filing any and all required Tax Returns for or with respect to such Taxes with any and all appropriate Tax Authorities.

Section 2.05. Treatment of Equity Awards.

(a) To the extent permitted by law, income Tax deductions with respect to the issuance, exercise, vesting or settlement after the Distribution Date of any SWBI Equity Awards or AOUT Equity Awards shall be claimed: (i) in the case of an active officer or employee, solely by the Group that employs such officer or employee at the time of such issuance, exercise, vesting, or settlement, as applicable; (ii) in the case of a former officer or employee, solely by the Group that was the last to employ such former officer or employee; and (iii) in the case of a director or former director (who is not an officer or employee or former officer or employee of a member of either Group), (A) solely by the SWBI Group

if such person was, at any time before or after the Distribution, a director of any member of the SWBI Group, and (B) in any other case, solely by the AOUT Group.

(b) If, notwithstanding clause (a), the AOUT Group actually utilizes any deductions for a taxable period ending after the Distribution Date with respect to (i) the issuance, exercise, vesting or settlement after the Distribution Date of any SWBI Equity Awards, or (ii) any liability with respect to compensation required to be paid or satisfied by, or otherwise allocated to, any member of the SWBI Group in accordance with any Transaction Document, AOUT shall promptly remit an amount equal to the overall net reduction in actual cash Taxes paid by the AOUT Group (determined on a "with and without" basis) resulting from the event giving rise to such deduction in the year of such event. If a Tax Authority subsequently reduces or disallows the use of such a deduction by the AOUT Group, SWBI shall return an amount equal to the overall net increase in Tax liability of the AOUT Group owing to the Tax Authority to the remitting party.

(c) For any taxable period (or portion thereof), except as SWBI may at any time determine in its reasonable discretion, SWBI shall satisfy, or shall cause to be satisfied, all applicable withholding and reporting responsibilities (including all income, payroll or other Tax reporting related to income to any current or former employees) with respect to the issuance, exercise, vesting or settlement of SWBI Equity Awards that settle with or with respect to stock of SWBI. For any taxable period (or portion thereof), AOUT shall satisfy, or shall cause to be satisfied, all applicable withholding and reporting responsibilities (including all income, payroll or other Tax reporting related to income to any current or former employees) with respect to the exercise, vesting or settlement of AOUT Equity Awards that settle with or with respect to stock of AOUT. SWBI and AOUT acknowledge and agree that the Parties shall cooperate with each other and with third-party providers to effectuate withholding and remittance of Taxes, as well as required Tax reporting, in a timely manner.

Section 2.06. Tax Refunds. SWBI shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Taxes for which SWBI is responsible for hereunder, AOUT shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Taxes for which AOUT is responsible for hereunder, and a Party receiving a refund to which the other Party is entitled hereunder shall pay over such refund to such other Party within twenty (20) days after such refund is received.

Audits and Proceedings

.

(a) Notwithstanding any other provision hereof, if after the Distribution Date, an Indemnified Party receives any notice, letter, correspondence, claim or decree from any Tax Authority (a "Tax Notice") and, upon receipt of such Tax Notice, believes it has suffered or potentially could suffer any Tax liability for which it is indemnified pursuant to Section 2.01, the Indemnified Party shall deliver such Tax Notice to the Indemnifying Party within ten (10) days of the receipt of such Tax Notice; provided, however, that the failure of the Indemnified Party to provide the Tax Notice to the Indemnifying Party shall not affect the indemnification rights of the Indemnified Party pursuant to Section 2.01, except to the extent that the Indemnifying Party is prejudiced by the Indemnified Party's failure to deliver such Tax Notice. The Indemnifying Party shall have the right to handle, defend, conduct and control, at its own expense, any Tax audit or other proceeding that relates to such Tax Notice; provided that, in all events, SWBI shall have the right to control any Tax audit or proceeding relating to Transaction Taxes or the Tax-Free Status of the Transactions. The Indemnifying Party shall also have the right to compromise or settle any such Tax audit or other proceeding that it has the authority to control pursuant to the preceding sentence subject, in the case of a compromise or settlement that could adversely affect the Indemnified Party, to the Indemnified Party's consent, which consent shall not be unreasonably withheld. If the Indemnifying Party fails within a reasonable time after notice to defend any such Tax Notice or the resulting audit or proceeding as provided

herein, the Indemnifying Party shall be bound by the results obtained by the Indemnified Party in connection therewith. The Indemnifying Party shall pay to the Indemnified Party the amount of any Tax liability within fifteen (15) days after a Final Determination of such Tax liability.

(b) If after the Distribution Date, SWBI or AOUT receive a Tax Notice that could have an impact on the other Party, SWBI or AOUT, as applicable, shall deliver such Tax Notice to the other Party within ten (10) days of the receipt of such Tax Notice.

Carryforwards and Carrybacks

.

(a) SWBI shall notify AOUT after the Distribution Date of any consolidated carryover item which may be partially or totally attributed to and carried over by AOUT or a member of its Affiliated Group and will notify AOUT of subsequent adjustments which may affect such carryover item.

(b) To the extent permitted by applicable law, AOUT shall not carry back any federal income Tax item to any Pre-Distribution Period.

Section 2.09. Tax Attributes. Tax Attributes arising in a Pre-Distribution Period shall be allocated to the SWBI Group and the AOUT Group in accordance with the Code and Treasury Regulations. The Parties shall jointly determine the allocation of such Tax Attributes arising in Pre-Distribution Periods as soon as reasonably practicable following the Distribution Date, and hereby agree to compute all Taxes for Post-Distribution Periods consistently with that determination unless otherwise required by a Final Determination.

Section 2.10. Section 336(e) Election.

(a) Pursuant to Treasury Regulations Section 1.336-2(h) and (j), SWBI and AOUT agree that SWBI may make a timely protective election under Section 336(e) of the Code and the Treasury Regulations issued thereunder with respect to the Distribution for each member of the AOUT Group that is a domestic corporation for federal income Tax purposes.

(b) In the event that an election contemplated in Section 2.10(a) is made and becomes effective, then the Parties shall share in any Tax benefit derived as a result of such election in accordance with the Parties' relative responsibility for such Taxes under this Article II, and payments shall be made between the Parties, if necessary.

(c) The Parties shall cooperate in good faith in order to determine whether to make any elections contemplated in Section 2.10(a) and in the timely completion of such elections, if any.

## ARTICLE III
## TAX-FREE STATUS OF THE TRANSACTIONS

Representations and Warranties

.

(a) AOUT. AOUT hereby represents and warrants or covenants and agrees, as appropriate, that the facts presented and the representations made in the AOUT Tax Representation Letter are, or will be from the time presented or made through and including the Effective Time and thereafter, true, correct and complete in all respects.

(b) SWBI. SWBI hereby represents and warrants or covenants and agrees, as appropriate, that the facts presented and the representations made in the SWBI Tax Representation Letter

and any other materials (including the Revenue Procedure 96-30 checklist) delivered or deliverable by SWBI in connection with the rendering by the Tax Advisor of the Tax Opinion are, or will be from the time presented or made through and including the Effective Time and thereafter, true, correct and complete in all respects.

(c) No Contrary Knowledge. Each of SWBI and AOUT represents and warrants that it knows of no fact that may cause the Tax treatment of the Contribution or the Distribution to be other than the Tax-Free Status of the Transactions.

Covenants

.

(a) Preservation of Tax-Free Status. Neither SWBI nor AOUT shall take or fail to take any action within its control that would negate the Tax-Free Status of the Transactions.

(b) Tax Reporting. Each of SWBI and AOUT covenants and agrees that it will not take any position on any Tax Return that is inconsistent with the Tax-Free Status of the Transactions.

(c) Actions Consistent with Representations and Covenants. Neither SWBI nor AOUT shall take any action, or to fail to take any action, which action or failure would be inconsistent with or cause to be untrue any material information, covenant, or representation in this Agreement, the Separation Agreement, or the Tax Opinion Documents.

(d) Plan or Series of Related Transactions. For a period of two (2) years from the Distribution Date, none of AOUT, its affiliates, or any of their respective officers, directors or authorized agents will enter into any agreement, understanding or arrangement or any substantial negotiations with respect to any transaction or series of transactions, including any issuance or transfer of an option (within the meaning of Section 355(e) of the Code), that is for purposes of Section 355(e) of the Code and the Treasury Regulations thereunder (including, for purposes of this Section 3.02(d), any proposed income tax regulations to the extent no final or temporary income tax regulations have been issued that supersede such proposed regulations), part of a plan or series of related transactions with the Distribution pursuant to which one or more Persons acquire, directly or indirectly, stock possessing fifty percent (50%) or more of the total combined voting power or value of all classes of stock of AOUT.

(e) During the two-year period following the Distribution Date:

(i) AOUT shall (A) maintain its status as a company engaged in an active trade or business for purposes of Section 355(b)(2) of the Code, and (B) not engage in any transaction that would result in it ceasing to be a company engaged in an active trade or business for purposes of Section 355(b)(2) of the Code.

(ii) AOUT shall not, and shall not agree to, liquidate or merge, consolidate, or amalgamate with any other Person.

(iii) AOUT shall not sell or otherwise dispose of, or allow the sale or other disposition of, more than 30% of the consolidated gross assets of the AOUT Group or more than 30% of the gross assets of the Outdoor Products and Accessories Business, in each case measured based on fair market values as of the Distribution Date.

(iv) AOUT shall not purchase any of its outstanding stock, other than through stock purchases meeting the requirements of Section 4.05(1)(b) of IRS Revenue Procedure 96-30

(as in effect prior to the amendment of such Revenue Procedure by IRS Revenue Procedure 2003-48).

(v) AOUT shall not amend its certificate of incorporation (or other organizational documents), or take any other action, affecting the voting rights of the equity interests of AOUT.

(f) Notwithstanding the provisions of Section 3.02(d) and Section 3.02(e), AOUT and the other members of the AOUT Group may take any action that would reasonably be expected to be inconsistent with the covenants contained in Section 3.02(d) or Section 3.02(e) if either: (i) AOUT notifies SWBI of its proposal to take such action and AOUT and SWBI obtain a ruling from the IRS to the effect that such action will not affect the Tax-Free Status of the Transactions, provided that AOUT agrees in writing to bear any expenses associated with obtaining such a ruling and, provided further that AOUT shall not be relieved of any liability under Section 2.01 of this Agreement by reason of seeking or having obtained such a ruling; or (ii) AOUT notifies SWBI of its proposal to take such action and obtains, at its own expense, an unqualified opinion of counsel (A) from a Tax advisor recognized as an expert in federal income Tax matters and acceptable to SWBI in its sole discretion, (B) on which SWBI may rely, and (C) to the effect that such action "will" not affect the Tax-Free Status of the Transactions, provided that AOUT shall not be relieved of any liability under Section 2.01 of this Agreement by reason of having obtained such an opinion.

## ARTICLE IV
## COOPERATION

General Cooperation

. The Parties shall each cooperate fully with all reasonable requests in writing from the other Party, or from an agent, representative or advisor to such Party, in connection with the preparation and filing of Tax Returns, claims for Tax refunds, Tax proceedings, and calculations of amounts required to be paid pursuant to this Agreement, in each case, related or attributable to or arising in connection with Taxes of any of the Parties covered by this Agreement and the establishment of any reserve required in connection with any financial reporting (a "Tax Matter"). Such cooperation shall include the provision of any information reasonably necessary or helpful in connection with a Tax Matter and shall include, at each Party's own cost:

(a) the provision of any Tax Returns of the Parties, books, records (including information regarding ownership and Tax basis of property), documentation and other information relating to such Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Tax Authorities;

(b) the execution of any document (including any power of attorney) in connection with any Tax proceedings of any of the Parties, or the filing of a Tax Return or a Tax refund claim of the Parties;

(c) the use of the Party's reasonable best efforts to obtain any documentation in connection with a Tax Matter; and

(d) the use of the Party's reasonable best efforts to obtain any Tax Returns (including accompanying schedules, related work papers, and documents), documents, books, records or other information in connection with the filing of any Tax Returns of any of the Parties.

Each Party shall make its employees, advisors, and facilities available, without charge, on a reasonable and mutually convenient basis in connection with the foregoing matters.

Retention of Records

. SWBI and AOUT shall retain or cause to be retained all Tax Returns, schedules and workpapers, and all material records or other documents relating thereto in their possession, until sixty (60) days after the expiration of the applicable statute of limitations (including any waivers or extensions thereof) of the taxable periods to which such Tax Returns and other documents relate or until the expiration of any additional period that any Party reasonably requests, in writing, with respect to specific material records or documents. A Party intending to destroy any material records or documents required to be retained pursuant to this Section 4.02 shall provide the other Party with reasonable advance notice and the opportunity to copy or take possession of such records and documents. The Parties hereto will notify each other in writing of any waivers or extensions of the applicable statute of limitations that may affect the period for which the foregoing records or other documents must be retained.

## ARTICLE V
## MISCELLANEOUS

Tax Sharing Agreements

. All Tax sharing, indemnification and similar agreements, written or unwritten, as between SWBI, on the one hand, and AOUT, on the other (other than this Agreement and any other Transaction Document), shall be or shall have been terminated no later than the Effective Time and, after the Effective Time, neither SWBI nor AOUT shall have any further rights or obligations under any such Tax sharing, indemnification or similar agreement.

Interest on Late Payments

. With respect to any payment between the Parties pursuant to this Agreement not made by the due date set forth in this Agreement for such payment, the outstanding amount will accrue interest at a rate per annum equal to the rate in effect for underpayments under Section 6621 of the Code from such due date to and including the payment date.

Survival of Covenants

. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Effective Time and remain in full force and effect in accordance with their applicable terms; provided, however, that the representations and warranties and all indemnification for Taxes shall survive until sixty (60) days following the expiration of the applicable statute of limitations (taking into account all extensions thereof), if any, of the Tax that gave rise to the indemnification; provided, further, that, in the event that notice for indemnification has been given within the applicable survival period, such indemnification shall survive until such time as such claim is finally resolved.

Termination

. Notwithstanding any provision to the contrary, this Agreement may be terminated and the Distribution abandoned at any time prior to the Effective Time by and in the sole discretion of SWBI without the prior approval of any Person, including AOUT. In the event of such termination, this Agreement shall become void and no party, or any of its officers and directors, shall have any liability to any Person by reason of this Agreement. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by each of the Parties to this Agreement.

Severability

. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any law or as a matter of public policy, all other conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Entire Agreement

. Except as otherwise expressly provided in this Agreement, this Agreement constitutes the entire agreement of the Parties hereto with respect to the subject matter of this

Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties hereto with respect to the subject matter of this Agreement.

Effective Date

. This Agreement shall become effective only upon the occurrence of the Distribution.

Section 5.08. Dispute Resolution. In the event of any dispute relating to this Agreement, the Parties shall work together in good faith to resolve such dispute within thirty (30) days. In the event that such dispute is not resolved, upon written notice by a Party after such thirty (30)-day period, the matter shall be referred to a Tax counsel or other Tax advisor of recognized national standing (the "Tax Arbiter") that will be jointly chosen by SWBI and AOUT. The Tax Arbiter may, in its discretion, obtain the services of any third party necessary to assist it in resolving the dispute. The Tax Arbiter shall furnish written notice to the parties to the dispute of its resolution of the dispute as soon as practicable, but in any event no later than ninety (90) days after acceptance of the matter for resolution. Any such resolution by the Tax Arbiter shall be binding on the Parties, and the Parties shall take, or cause to be taken, any action necessary to implement such resolution. All fees and expenses of the Tax Arbiter shall be shared equally by the Parties.

Other

. Sections 1.2 (Interpretation), 6.1 (Notices), 6.2 (Amendments; No Waivers), 6.4 (Successors and Assigns) 6.5 (Governing Law), 6.6 (Counterparts; Effectiveness; Third-Party Beneficiaries), 6.9 (Jurisdiction), 6.10 (Waiver of Jury Trial), 6.14 (Captions), 6.15 (Interpretation), 6.16 (Specific Performance), and 6.17 (Performance) of the Separation Agreement are incorporated herein by reference, mutatis mutandis.

[Signature Page Follows]

**IN WITNESS WHEREOF** the Parties hereto have caused this Agreement to be duly by their respective authorized officers as of the date first above written.

**SMITH & WESSON BRANDS, INC.**

By:
Name: Mark P. Smith
Title: President and Chief Executive Officer

**AMERICAN OUTDOOR BRANDS, INC.**

By:
Name: Brian D. Murphy
Title: President and Chief Executive Officer

**Exhibit 10.3**

# EMPLOYEE MATTERS AGREEMENT

**by and between**

**SMITH & WESSON BRANDS, INC.**

**and**

**AMERICAN OUTDOOR BRANDS, INC.**

**Dated as of [●], 2020**

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**EMPLOYEE MATTERS AGREEMENT**

**THIS EMPLOYEE MATTERS AGREEMENT** (this "Agreement") is made and entered into as of [●], 2020, by and between Smith & Wesson Brands, Inc., a Nevada corporation ("SWBI"), and American Outdoor Brands, Inc., a Delaware corporation ("AOUT" and with SWBI each, individually, a "Party," and, collectively, the "Parties"). Capitalized terms used in this Agreement, but not defined, shall have the meanings ascribed to them in the Separation and Distribution Agreement, dated as of [●], 2020, by and between SWBI and AOUT (as amended from time to time, the "Separation and Distribution Agreement").

**RECITALS**

**WHEREAS**, pursuant to the Separation and Distribution Agreement, SWBI shall be separated into two separate, publicly traded companies, one for each of (i) the Firearm Business (as defined in the Separation and Distribution Agreement), which shall be owned and conducted, directly or indirectly, by SWBI, and (ii) the Outdoor Products and Accessories Business (as defined in the Separation and Distribution Agreement), which shall be owned and conducted, directly or indirectly, by AOUT; and

**WHEREAS**, each of SWBI and AOUT has determined that it is necessary and desirable to enter into this Agreement in order to allocate, assign, or transfer, as applicable, to the appropriate Party, assets, responsibilities, liabilities, and obligations with respect to employee compensation, benefits, labor, and certain other employment matters associated with personnel of the Outdoor Products and Accessories Business and the Firearm Business, pursuant to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing, the mutual agreements, provisions, and covenants contained in this Agreement, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, AOUT and SWBI hereby agree as follows:

**ARTICLE 1**
**DEFINITIONS**

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings indicated below:

"Adjusted SWBI Option" has the meaning set forth in Section 3.2(b).

"Adjusted SWBI PSU" has the meaning set forth in Section 3.4.

"Adjusted SWBI RSU" has the meaning set forth in Section 3.3(a).

"Affiliate" has the same meaning as set forth in the Separation and Distribution Agreement. For the avoidance of doubt, on and after the Distribution Time, no member of the SWBI Group shall be deemed to be an Affiliate of any member of the AOUT Group and no member of the AOUT Group shall be deemed to be an Affiliate of any member of the SWBI Group.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"AOUT" has the meaning set forth in the preamble to this Agreement.

"AOUT 401(k) Plan" has the meaning set forth in Section 2.8(a).

"AOUT 401(k) Plan Effective Date" has the meaning set forth in Section 2.8(a).

"AOUT Employee" means each Employee who performs services exclusively for and is allocated to the Outdoor Products and Accessories Business and is either (a) employed by a member of the AOUT Group as of the Distribution Time, or (b) who is transferred to a member of the AOUT Group pursuant to Section 2.1 or Section 2.2 after the Distribution Time.

"AOUT Equity Awards" means those awards granted under the AOUT Equity and Incentive Plan in accordance with the provisions in Article 3 hereof.

"AOUT Equity and Incentive Plan" means the American Outdoor Brands, Inc. 2020 Incentive Stock Plan, as amended from time to time.

"AOUT Former Employee" means (i) prior to the Distribution Time, any individual who, performed services exclusively for and was allocated to the Outdoor Products and Accessories Business but prior to the Distribution Time retired or otherwise separated from service with SWBI and its Subsidiaries and Affiliates, and (ii) on or after the Distribution Time, any AOUT Employee that ceases performing services for the AOUT Group for any reason (other than on account of approved leaves of absences).

"AOUT Group" means (a) prior to the Distribution Time, AOUT and each Person that will be a Subsidiary or Affiliate of AOUT immediately after the Distribution Time; and (b) on and after the Distribution Time, AOUT and each Person that is a Subsidiary or Affiliate of AOUT.

"AOUT Group Welfare Plans" has the meaning set forth in Section 2.9(a).

"AOUT Option" has the meaning set forth in Section 3.2(b).

"AOUT Participant" means an AOUT Employee, an AOUT Former Employee, and any eligible dependent or beneficiary thereof who participates or is eligible to participate in any AOUT Plan.

"AOUT Plan" means each Plan that is sponsored, maintained, or contributed to or required to be contributed to by any member of the AOUT Group that does not also cover any SWBI Employee, including, without limitation, the AOUT Equity and Incentive Plan, the AOUT 401(k) Plan and the AOUT Group Welfare Plans.

"AOUT Post-Distribution Share Value" means, with respect to a share of common stock of AOUT, $[●].

"AOUT PSU" has the meaning set forth in Section 3.4.

"AOUT Ratio" means the quotient obtained by dividing the AOUT Post-Distribution Share Value by the SWBI Pre-Distribution Share Value.

"AOUT RSU" has the meaning set forth in Section 3.3(a).

"Applicable Law" has the meaning set forth in the Separation and Distribution Agreement.

"COBRA" means the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Section 601 et seq. of ERISA and at Section 4980B of the Code.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Code Section 409A" means Section 409A of the Code and the regulations and guidance promulgated thereunder.

"Deferred RSU" means each outstanding SWBI RSU that is subject to an election by the holder to defer receipt of the shares of common stock of SWBI upon settlement of such SWBI RSU until separation from service with the SWBI Group, determined immediately prior to the Distribution Date.

"Designated Executive" has the meaning set forth in Section 3.3(a).

"Distribution" has the meaning set forth in the Separation and Distribution Agreement.

"Distribution Date" has the meaning set forth in the Separation and Distribution Agreement.

"Distribution Ratio" means [●] shares of AOUT common stock for every [●] shares of SWBI common stock.

"Distribution Time" has the meaning set forth in the Separation and Distribution Agreement.

"Employee" means any individual who is an employee of SWBI or any of its Subsidiaries and Affiliates (including, for the avoidance of doubt, AOUT and its Subsidiaries) immediately before the Distribution Time, including active employees and employees on vacation and approved leave of absence (including maternity, paternity, family, sick, short-term or long-term disability leave, qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, leave under the Family Medical Leave Act, and other approved leaves).

"Employee Record" has the meaning set forth in Section 4.4.

"Employment Claim" means any actual or threatened action, lawsuit, charge, complaint, audit, inquiry, investigation, grievance, arbitration, claim (including ERISA claims), or federal, state, or local judicial or administrative proceeding of whatever kind involving a demand by, on behalf of, or relating to an Employee, Former Employee, or current or former independent contractor, or by or relating to any federal, state, or local Governmental Authority alleging Liability against a Party or against a Party's pension, welfare, or other benefit plan, or such plan's administrator, trustee, or fiduciary.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor legislation.

"Firearm Business" has the meaning set forth in the Separation and Distribution Agreement.

"Former Employee" means any individual who was employed by SWBI or any of its Subsidiaries (including, for the avoidance of doubt, AOUT and its Subsidiaries) at any time prior to the Distribution Time but who is not an Employee on or after such Distribution Time.

"IRS" means the Internal Revenue Service.

"Liabilities" has the meaning set forth in the Separation and Distribution Agreement.

"Monheit RSU" has the meaning set forth in Section 3.3(c).

"New Employer RSU" has the meaning set forth in Section 3.3(b).

"Other Employee" has the meaning set forth in Section 3.3(b).

"Outdoor Products and Accessories Business" has the meaning set forth in the Separation and Distribution Agreement.

"Party" and "Parties" have the meanings set forth in the preamble to this Agreement.

"Plan" means, with respect to any entity, each plan, program, policy, arrangement, contract or agreement that is maintained primarily for the benefit of employees (and their dependents and beneficiaries) providing employee benefits, including, without limitation, employee benefit plans as defined in Section 3(3) of ERISA, executive compensation, bonuses, equity and/or equity based compensation, profit sharing, savings, retirement, severance pay, salary continuation, medical, dental, vision, life, disability, sick leave, vacation pay, and other fringe benefits, whether formal or informal or written or unwritten, which is sponsored, maintained, or contributed by such entity or to which such entity is a party or under which such entity has any obligation. Notwithstanding the foregoing, the term "Plan" as used in this Agreement does not include (i) the SWBI Equity and Incentive Plan; (ii) any SWBI Equity Award; (iii) the AOUT Equity and Incentive Plan; (iv) any AOUT Equity Award; (v) any employment agreements; and (vi) any contract, agreement, or understanding relating to settlement of actual or potential employment claims.

"PTO" has the meaning set forth in Section 2.11.

"Record Date" has the meaning set forth in the Separation and Distribution Agreement.

"Scott RSU" has the meaning set forth in Section 3.3(c).

"SWBI" has the meaning set forth in the preamble to this Agreement.

"SWBI 401(k) Plan" has the meaning set forth in Section 2.8(a).

"SWBI Board" means the Board of Directors of SWBI or a duly authorized committee thereof.

"SWBI Employee" means each Employee who performs services exclusively for and is allocated to the Firearm Business and who is either (a) employed by a member of the SWBI Group as of the Distribution Time or (b) who is transferred to a member of the SWBI Group after the Distribution Time pursuant to Section 2.2 after the Distribution Time.

"SWBI Equity and Incentive Plan" means the Smith & Wesson Brands, Inc. 2013 Incentive Stock Plan, as amended from time to time.

"SWBI Equity Awards" means the SWBI Restricted Stock, the SWBI RUSs and the SWBI Options.

"SWBI Former Employee" means (i) prior to the Distribution Time, any individual who, performed services exclusively for and was allocated to the Firearm Business but prior to the Distribution Time retired or otherwise separated from service with SWBI and its Subsidiaries and Affiliates, and (ii) on or after the Distribution Time, any SWBI Employee that ceases performing services for the SWBI Group for any reason (other than on account of approved leaves of absences).

"SWBI Group" means SWBI and each Person that is a direct or indirect Subsidiary or Affiliate of SWBI (other than any member of the AOUT Group).

"SWBI Group Welfare Plans" means the SWBI Plans providing medical, dental, vision, health care spending accounts, disability, life, and similar welfare benefits and is an "employee welfare benefit plan" as described in Section 3(1) of ERISA.

"SWBI Option" means each outstanding option to purchase shares of the common stock of SWBI, whether vested or unvested, granted under the SWBI Equity and Incentive Plan, determined immediately prior to the Distribution Time.

"SWBI Participant" means a SWBI Employee, a SWBI Former Employee, and any eligible dependent or beneficiary thereof who participates or is eligible to participate in a SWBI Plan.

"SWBI Plan" means each Plan that is sponsored, maintained, contributed to, or required to be contributed to by any member of the SWBI Group, including, without limitation, the SWBI Equity and Incentive Plan, the SWBI 401(k) Plan, and the SWBI Group Welfare Plans, but not including any AOUT Plan.

"SWBI Post-Distribution Share Value" means with respect to a share of the common stock of SWBI, $[●].

"SWBI Pre-Distribution Share Value" means the closing share price of the common stock of SWBI on Nasdaq on the last trading day immediately preceding the Distribution Time.

"SWBI PSUs" means each outstanding performance-based restricted stock unit award with respect to the shares of the common stock of SWBI, whether vested or unvested, granted under the SWBI Equity and Incentive Plan, determined immediately prior to the Distribution Time.

"SWBI Ratio" means the quotient obtained by dividing the SWBI Post-Distribution Share Value by the SWBI Pre-Distribution Share Value.

"SWBI RSU" means each outstanding restricted stock unit award with respect to the shares of the common stock of SWBI, whether vested or unvested, granted under the SWBI Equity and Incentive Plan, determined immediately prior to the Distribution Time.

"Separation and Distribution Agreement" has the meaning set forth in the preamble to this Agreement.

"Tax" or "Taxes" has the meaning set forth in the Tax Matters Agreement.

"Tax Matters Agreement" means the Tax Matters Agreement, dated as of the date hereof between SWBI and AOUT, as such agreement may be amended, amended and restated, supplemented, or modified from time to time. "WARN Act" has the meaning set forth in Section 4.5.

"Wadecki RSU" has the meaning set forth in Section 3.3(c).

"Workers Compensation Event" means the event, injury, illness, or condition giving rise to a workers' compensation claim.

Section 1.2 Certain Constructions. References to the singular in this Agreement shall refer to the plural and vice-versa, and references to the masculine shall refer to the feminine and vice-versa.

Section 1.3 Sections. References to a "Section" are, unless otherwise specified, to one of the Sections of this Agreement.

Section 1.4 Distribution Time This Agreement shall be effective as of the Distribution Time.

**ARTICLE 2**
**ALLOCATION OF EMPLOYEES AND LIABILITIES; EMPLOYEE BENEFITS**

Section 2.1 Transfer of Employment of Certain AOUT Employees. SWBI and AOUT will cause the employment of each AOUT Employee who is not employed by a AOUT Group member as of the date hereof to be transferred to an AOUT Group member prior to the Distribution Time.

Section 2.2 Re-Allocation of Employees. If the Parties mutually agree after the Distribution Time that an Employee or individual independent contractor was incorrectly allocated to the SWBI Group or the AOUT Group (or was incorrectly employed or engaged by a member of the SWBI Group or the AOUT Group as of the Distribution Time), the Parties shall use their reasonable best efforts to correct such misallocation as appropriate (including by transferring the employment or engagement opportunity of such AOUT Employee or SWBI Employee (as applicable) or individual independent contractor to the applicable member of the applicable group or by offering employment or an engagement opportunity to such AOUT Employee, SWBI Employee, or individual independent contractor), and, to the extent possible, such correction shall be effective as of the Distribution Time.

Section 2.3 Employee Liabilities Generally.

(a) From and after the Distribution Time, SWBI or a member of the SWBI Group hereby assumes or retains, and shall be responsible for paying, performing, fulfilling, and discharging in accordance with their respective terms, (i) all Liabilities or obligations expressly assigned to or assumed by a member of the SWBI Group under this Agreement; and (ii) except as otherwise expressly provided for herein or in the Separation and Distribution Agreement, all Liabilities with respect to the employment (including the termination thereof), compensation, and employee benefits of all (x) SWBI Employees, (y) SWBI Former Employees, and (z) all independent contractors, temporary employees, consultants, freelancers, agency employees, leased employees, or other non-payroll workers allocated to the Firearm Business, in each case, and their respective dependents and beneficiaries (and any alternate payees in respect thereof), whenever incurred. Such Liabilities are assumed or retained regardless of when such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Distribution Time, regardless of where or against whom such Liabilities are asserted or determined and include, without limitation, (1) wages, salaries, incentive compensation, commissions, and bonuses, (2) any and all Liabilities with respect to Employment Claims made by or with respect to SWBI Employees or SWBI Former Employees or in connection with any SWBI Plan, and (3) all service-related Liabilities to any individual who is or was an independent contractor, temporary employee, consultant, freelancer, agency employee, leased employee, or other non-payroll worker connected to the Firearm Business. All Liabilities assumed or retained by a member of the SWBI Group under this Section 2.3(a) shall be "SWBI Liabilities" for purposes of the Separation and Distribution Agreement.

(b) From and after the Distribution Time, AOUT or a member of the AOUT Group hereby assumes or retains, and shall be responsible for paying, performing, fulfilling, and discharging in accordance with their respective terms, (i) all Liabilities or obligations expressly assigned to or assumed by a member of the AOUT Group under this Agreement; and (ii) except as otherwise expressly provided for herein or in the Separation and Distribution Agreement, all Liabilities with respect to the employment (including the termination thereof), compensation, and employee benefits of all (x) AOUT Employees, (y) AOUT Former Employees, and (z) all independent contractors, temporary employees, consultants,

freelancers, agency employees, leased employees, or other non-payroll workers allocated to the Outdoor Products and Accessories Business, in each case, and their respective dependents and beneficiaries (and any alternate payees in respect thereof), whenever incurred. Such Liabilities are assumed or retained regardless of when such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Distribution Time, regardless of where or against whom such Liabilities are asserted or determined and include, without limitation, (1) wages, salaries, incentive compensation, commissions, and bonuses, (2) any and all Liabilities with respect to Employment Claims made by or with respect to AOUT Employees or AOUT Former Employees or in connection with any AOUT Plan, and (3) all service-related Liabilities to any individual who is or was an independent contractor, temporary employee, consultant, freelancer, agency employee, leased employee, or other non-payroll worker connected to the Outdoor Products and Accessories Business. All Liabilities assumed or retained by a member of the AOUT Group under this Section 2.3(b) shall be "AOUT Liabilities" for purposes of the Separation and Distribution Agreement.

Section 2.4 No Termination of Employment Intended as a Result of the Allocation of Employees. It is intended that no SWBI Employee and no AOUT Employee will experience a termination of employment for severance purposes or otherwise solely as a result of the transactions contemplated by the Separation and Distribution Agreement (including any transfer of employment effectuated in connection with those transactions). To the extent permitted by Applicable Law, no SWBI Employees and no AOUT Employees shall be entitled to any termination or severance payments or benefits as a result of such transactions or transfer, as applicable. SWBI shall, and shall cause other members of the SWBI Group (as applicable), and AOUT shall, and shall cause other members of the AOUT Group (as applicable), to cause any applicable Plan to be interpreted and administered consistent with such intent, to the greatest extent possible without breaching the applicable Plan.

Section 2.5 At-Will Employment. Nothing in this Agreement shall (a) create any obligation on the part of any member of the SWBI Group or the AOUT Group to continue the employment of any SWBI Employee or AOUT Employee following the date of this Agreement or the Distribution Time (except as required by Applicable Law) or (b) change the employment status of any SWBI Employee or AOUT Employee from "at-will," to the extent such SWBI Employee or AOUT Employee was an "at-will" employee under Applicable Law.

Section 2.6 Service Crediting.

(a) From and after the Distribution Time, AOUT shall, and shall cause other members of the AOUT Group (as applicable) to, recognize each AOUT Employee's service prior to the Distribution Time (including service with any member of the SWBI Group prior to the Distribution Time) for all purposes, including purposes of eligibility, vesting, and level of paid time off or severance benefits under any AOUT Plan, to the same extent and for the same purpose such service was recognized as of the Distribution Time under the corresponding SWBI Plan. Notwithstanding the foregoing, nothing herein shall require the AOUT Group or any equity compensation plan or arrangement maintained by the AOUT Group after the Distribution Time to credit service prior to the Distribution Time for purposes of any equity award or other equity-based benefit or equity-based compensation that may be established by the AOUT Group at any time at or after the Distribution Time.

(b) Notwithstanding anything to the contrary in this Agreement, or the Separation and Distribution Agreement, no Employee shall receive service credit or benefits to the extent that receipt of such service credit or benefits would result in duplication of benefits provided by another SWBI Plan or AOUT Plan.

Section 2.7 Continuity of Benefits and Coverage. It is the intention of SWBI and AOUT that there be uninterrupted employee benefit plan participation and coverage for SWBI Employees and AOUT Employees, notwithstanding the transactions contemplated by the Separation and Distribution Agreement, this Agreement, or any other Ancillary Agreement. Therefore, SWBI and AOUT shall use their reasonable best efforts to cause there to be no interruption of coverage with respect to the type of employee benefits or coverage being provided to such Employees immediately prior to the Distribution Time.

Section 2.8 Establishment and Spinoff of 401(k) Plan.

(a) Effective as of the Distribution Time (the "AOUT 401(k) Plan Effective Date"), (i) AOUT (or a designated member of the AOUT Group) shall have adopted a defined contribution plan that contains a cash or deferred arrangement within the meaning of Section 401(k) of the Code and is intended to be qualified under Section 401(a) of the Code (the "AOUT 401(k) Plan"), and (b) each member of the AOUT Group shall no longer be a participating employer in the SWBI 401(k) Plan (the "SWBI 401(k) Plan"). The AOUT 401(k) Plan is intended to have terms and features (including employer contribution provisions) substantially similar to the SWBI 401(k) Plan for the applicable AOUT Employees.

(b) Upon the 401(k) Plan Effective Date, all AOUT Employees who, immediately prior to such time, were participants in or otherwise eligible to participate in a SWBI 401(k) Plan shall be immediately eligible to participate in the corresponding AOUT 401(k) Plan with respect to compensation paid after the 401(k) Plan Effective Date.

(c) As soon as practicable after the 401(k) Plan Effective Date, SWBI shall cause the accounts of AOUT Employees under the SWBI 401(k) Plan, including promissory notes evidencing outstanding loans of AOUT Employees, and the value of assets attributable to such accounts of AOUT Employees to be transferred to the AOUT 401(k) Plan in a "transfer of assets or liabilities" in accordance with Section 414(l) of the Code and Section 208 of ERISA and the respective rules and regulations promulgated thereunder. The assets so transferred shall be in the form of cash or other property, as SWBI and AOUT shall mutually agree prior to such transfer. Prior to such transfer, AOUT shall provide SWBI with such documents and other information as SWBI shall reasonably request to assure itself that the AOUT 401(k) Plans and the related trusts established pursuant thereto (i) are qualified and tax-exempt under Sections 401(a) and 501(a) of the Code, respectively, and (ii) contain participant loan provisions and procedures necessary to effect the orderly transfer of participant loan balances associated with the transfer of assets. Prior to the transfer, SWBI and AOUT shall (or shall cause the applicable member(s) of their Group to) notify the IRS of the transfer by timely filing Forms 5310-A, to the extent such filings are required, and SWBI shall provide to AOUT copies of such personnel and other records of SWBI pertaining to the AOUT Employees and such records of any agent or representative of SWBI pertaining to the AOUT Employees, in each case, pertaining to the SWBI 401(k) Plans and as AOUT may reasonably request in order to administer and manage the accounts and assets transferred to the AOUT 401(k) Plans. Upon such transfer, AOUT and each member of the AOUT Group and the AOUT 401(k) Plans shall assume all assets, liabilities, and obligations with respect to all amounts transferred (including loans) from the SWBI 401(k) Plans to the AOUT 401(k) Plans in respect of the AOUT Employees, including any employer contributions required to have been made on behalf of the AOUT Employees for periods prior to the Distribution Time, and SWBI and each member of the SWBI Group and the SWBI 401(k) Plan shall be relieved of all such assets, liabilities, and obligations.

Section 2.9 Group Health and Welfare Plan Continuation Coverage.

(a) AOUT Group Welfare Plans. As of the Distribution Time, AOUT (or a designated member of the AOUT Group) shall take, or cause to be taken, all actions necessary and appropriate to establish substantially similar plans of the SWBI Group Welfare Plans in existence immediately prior to the Distribution Time (collectively, the "AOUT Group Welfare Plans") to provide benefits thereunder for all eligible AOUT Participants effective as of the Distribution Time. As of the Distribution Time, each member of the AOUT Group shall no longer be a participating employer in the SWBI Group Welfare Plans. With respect to any Liabilities relating to or arising in connection with claims incurred under an AOUT Group Welfare Plan by AOUT Participants from and after the effective date of such AOUT Group Welfare Plan, including claims that are self-insured and claims that are fully insured through third party insurance, AOUT and the applicable AOUT Group Welfare Plan shall be solely responsible for such Liabilities. For the avoidance of doubt, the SWBI Group shall remain liable for any Liabilities relating to or arising in connection with claims by an AOUT Employee or AOUT Former Employee (or any of their dependents or beneficiaries) that occurred prior to the Distribution Time and, thus, under a SWBI Group Welfare Plan.

(b) COBRA Continuation Coverage. From and after the Distribution Time, (A) the SWBI Group shall assume or retain and shall be solely responsible for, or cause the SWBI Group Welfare Plans, as applicable (and applicable insurance carriers) to be responsible for, the continuation coverage requirements imposed by COBRA as they relate to any SWBI Participant or Former Employee, and no member of the AOUT Group shall have any liability or obligation with respect thereto; and (B) the AOUT Group shall assume or retain and shall be solely responsible for, or cause the AOUT Group Welfare Plans, as applicable (and applicable insurance carriers) to be responsible for, COBRA continuation coverage requirements as they relate to any AOUT Participant, and no member of the SWBI Group shall have any liability or obligation with respect thereto.

Section 2.10 Disability Plans. Each SWBI Participant and AOUT Participant who became disabled, as defined under a SWBI Welfare Plan that provides short-or long-term disability benefits prior to the Distribution Time, shall be eligible or continue to be eligible for such benefits under the applicable SWBI Welfare Plan in accordance with the terms and conditions of such SWBI Welfare Plan; provided that AOUT shall be responsible for reimbursing SWBI for any self-insured short-term disability benefits with respect to such disabled AOUT Employee for the period after the Distribution Time until such time as those short-term disability benefits terminate in accordance with the terms of such SWBI Welfare Plan. In the event any such disabled AOUT Employee becomes eligible to transition directly from receiving short-term disability benefits to receiving long-term disability benefits either before or as of the Distribution Time under the applicable SWBI Welfare Plan, SWBI and the applicable SWBI Welfare Plan shall provide the long-term disability benefits to which such disabled AOUT Employee is entitled (taking into account, if applicable, the extent to which such employee has elected such coverage and has made the required contributions therefor). As of the Distribution Time, AOUT or a member of the AOUT Group shall take, or cause to be taken, all action necessary and appropriate to establish or designate and administer short- and long-term disability plans to provide benefits thereunder for all eligible AOUT Employees (and their eligible dependents and beneficiaries).

Section 2.11 Vacation and Paid Time Off. Effective as of the Distribution Time, the AOUT Group shall assume all Liabilities with respect to vacation, holiday, sick leave, paid time off, personal days, and other paid time off (collectively, "PTO") with respect to AOUT Employees and AOUT Former Employees accrued on or prior to the Distribution Time and AOUT shall credit AOUT Employees and AOUT Former Employees with such accrual; provided that if under Applicable Law, any such accrued PTO is required to be paid out as of the Distribution Time to any AOUT Employee or AOUT Former Employee, such payment will be made by AOUT in lieu of the crediting of the accrual to such AOUT Employee or AOUT Former Employee. For the avoidance of doubt, the SWBI Group shall retain all Liabilities with respect to accrued PTO attributable to SWBI Employees and SWBI Former Employees.

Section 2.12 Insurance Contracts and Third-Party Vendor Agreements. To the extent any Plan is funded (in whole or in part) through the purchase of an insurance contract, SWBI and AOUT shall cooperate, and each shall use its commercially reasonable efforts to effectuate the provisions of this Agreement in relation to such contract and to obtain any necessary consents and maintain any pricing discounts or other preferential terms for both SWBI (or the applicable member of the SWBI Group) and AOUT (or the applicable member of the AOUT Group) for a reasonable term. To the extent any Plan is administered by a third-party vendor, SWBI and AOUT shall cooperate, and each shall use its commercially reasonable efforts to replicate any contract with such third-party vendor for SWBI (or the applicable member of the SWBI Group) or AOUT (or the applicable member of the AOUT Group), as applicable, and to maintain any pricing discounts or other preferential terms for both SWBI (or the applicable member of the SWBI Group) and AOUT (or the applicable member of the AOUT Group) for a reasonable term. Neither SWBI nor AOUT shall be liable for failure to obtain consents, new insurance or administrative contracts, pricing discounts, or other preferential terms for the other Party or the applicable member of its Group. Each Party shall be responsible for any new or additional premiums, charges, or administrative fees that such Party may incur with respect to its insurance coverage or contracts pursuant to this Agreement.

Section 2.13 Reimbursements. The Parties acknowledge that the SWBI Group, on the one hand, and the AOUT Group, on the other hand, may incur costs and expenses, including, but not limited to, contributions to Plans and the payment of insurance premiums or vendor fees or expenses arising from or related to any of the Plans which are, as set forth in this Agreement, the responsibility of the other Party. Accordingly, the SWBI Group and the AOUT Group shall reimburse each other, as soon as practicable, but in any event within thirty (30) days of receipt from the other Party of appropriate verification, for all such costs, fees, and expenses.

Section 2.14 No Duplication of Benefits; Service and Other Credit. SWBI and AOUT shall adopt, or cause to be adopted, all reasonable and necessary amendments and procedures to prevent AOUT Participants from receiving duplicative benefits from the SWBI Plans and the AOUT Plans. With respect to AOUT Employees, each AOUT Plan shall provide that for purposes of determining eligibility to participate, vesting, and entitlement to benefits (but not for accrual of pension benefits under any defined benefit pension plan), service prior to the Distribution Time with a SWBI Group member shall be treated as service with the applicable AOUT Group member. Such service also shall apply for purposes of satisfying any waiting periods, evidence of insurability requirements, or the application of any preexisting condition limitations under any AOUT Plan. Each AOUT Plan shall, to the extent practicable, waive pre-existing condition limitations with respect to AOUT Employees. AOUT shall honor any deductible, co-payment, and out-of-pocket maximums incurred by the AOUT Employees and their eligible dependents under the SWBI Plans in which they participated immediately prior to the Distribution Time during the portion of the calendar year prior to the Distribution Time in satisfying any deductibles, co-payments, or out-of-pocket maximums under the AOUT Plans in which they are eligible to participate after the Distribution Time in the same plan year in which such deductibles, co-payments, or out-of-pocket maximums were incurred. With respect to the AOUT Group Welfare Plan that is a flexible spending account plan, SWBI shall cause the accounts of AOUT Participants who are participating in the flexible spending accounts under the SWBI Group Welfare Plans to be transferred to the flexible spending account plan under the AOUT Group Welfare Plans. SWBI and AOUT will work together in good faith to facilitate any necessary transition.

Section 2.15 Workers' Compensation. The SWBI Group shall be solely responsible for all workers' compensation claims of (i) AOUT Employees and AOUT Former Employees with respect to Workers' Compensation Events occurring before the Distribution Time, and (ii) SWBI Employees and SWBI Former Employees regardless of when the Workers' Compensation Events occur. The AOUT Group shall be solely responsible for workers' compensation claims of AOUT Employees and AOUT Former Employees with respect to Workers' Compensation Events occurring on or after the Distribution Time, except for claims that are defined by individual state workers' compensation boards as "cumulative trauma" claims.

Section 2.16 Annual Bonuses. The SWBI Group shall be solely responsible for all annual bonuses earned by SWBI Employees and SWBI Former Employees (i.e., accrued but unpaid bonuses for SWBI Former Employees) with respect to periods ending on or after May 1, 2020. The AOUT Group shall be solely responsible for all annual bonuses earned by AOUT Employees and AOUT Former Employees (i.e., accrued but unpaid bonuses for AOUT Former Employees) with respect to periods ending on or after May 1, 2020.

## ARTICLE 3
## INCENTIVE COMPENSATION PLANS AND ARRANGEMENTS

Section 3.1 General Principles.

(a) SWBI and AOUT shall take any and all reasonable actions as will be necessary and appropriate to further the provisions of this Article 3, including, to the extent practicable, providing written notice or similar communication to each Employee or director who holds one or more SWBI Equity Awards granted under the SWBI Equity and Incentive Plan informing such Employee or director, as applicable, of (i) the actions contemplated by this Article 3 with respect to such SWBI Equity Awards and (ii) whether (and during what time period) any "blackout" period will be imposed upon holders of SWBI Equity Awards granted under the SWBI Equity and Incentive Plan during which time such SWBI Equity Awards may not be exercised or settled, as the case may be.

(b) Prior to the Distribution Time, AOUT shall establish the AOUT Equity and Incentive Plan, so that upon the Distribution, AOUT shall have in effect an equity compensation plan containing substantially the same terms as the SWBI Equity and Incentive Plan under which any SWBI Equity Award was granted. From and after the Distribution Time, each AOUT Equity Award that was converted from an SWBI Equity Award shall be subject to the terms of the AOUT Equity and Incentive Plan and the award agreement governing such AOUT Equity Award to which the applicable holder is a party. From and after the Distribution Time, AOUT shall retain, pay, perform, fulfill, and discharge all Liabilities arising out of or relating to the AOUT Equity Awards.

(c) Following the Distribution Time, a holder who has outstanding equity-based awards under the SWBI Equity and Incentive Plan and/or replacement equity-based awards under the AOUT Equity and Incentive Plan shall be considered to have been employed by the applicable plan sponsor before and after the Effective Time for purposes of vesting. For the avoidance of doubt, for purposes of the SWBI Equity Awards following the Distribution Time, an AOUT Employee's or directors' continued service with a member of the AOUT Group shall be deemed continued service with a member of the SWBI Group, and for purposes of the AOUT Equity Awards following the Distribution Time, an SWBI Employee's or director's continued service with a member of the SWBI Group shall be deemed continued service with a member of the AOUT Group.

(d) No SWBI Equity Award described in this Article 3, whether outstanding or to be issued, adjusted, substituted, or cancelled by reason of or in connection with the Distribution, will be adjusted, settled, cancelled, or exercisable, until in the judgment of the administrator of the applicable plan or program such action is consistent with all Applicable Laws. With respect to each outstanding SWBI Option, the period during which such SWBI Option is exercisable and the ultimate expiration date of the SWBI Option will not be extended.

(e) From and after the Distribution Time, all SWBI Equity Awards adjusted pursuant to this Article 3 shall be subject to the terms and conditions set forth in the applicable SWBI Equity and Incentive Plan or AOUT Equity and Incentive Plan and corresponding award agreements. Without limiting the generality of the foregoing, from and after the Distribution Time, all references to the applicable company in such SWBI Equity and Incentive Plan or AOUT Equity and Incentive Plan, as applicable, and other administrative provisions requiring interpretation will refer to the appropriate company to reflect the Distribution.

(f) Each of SWBI and AOUT shall establish an appropriate administration system in order to handle exercises and delivery of shares in an orderly manner and provide reasonable levels of service for equity award holders.

(g) The adjustment or conversion of SWBI Equity Awards shall be effectuated in a manner that is intended to avoid the imposition of any accelerated, additional, penalty, or other Taxes on the holders thereof pursuant to Section 409A of the Code.

Section 3.2 SWBI Options.

(a) General Principles. The adjustments provided for in this Section 3.2 with respect to the SWBI Options and AOUT Options (as defined in Section 3.2(b)) are intended to be effectuated in a manner compliant with Section 424(a) of the Code.

(b) Treatment of SWBI Options. Each SWBI Option shall be converted, as of the Distribution Time, into (i) an option to purchase shares of the common stock of SWBI, issued pursuant to the SWBI Equity and Incentive Plan (each such option, an "Adjusted SWBI Option"); and (ii) an option to purchase shares of the common stock of AOUT (each such option, an "AOUT Option") issued pursuant to the terms of the AOUT Equity and Incentive Plan.

(i) Adjusted SWBI Options. Subject to Section 3.1, each Adjusted SWBI Option will be subject to the same terms and conditions from and after the Distribution Time as the terms and conditions applicable to the corresponding SWBI Option immediately prior to the Distribution Time; provided, however, that (y) the per-share exercise price of each such Adjusted SWBI Option will be equal to (1) the per-share exercise price of the corresponding SWBI Option immediately prior to the Distribution Time multiplied by (2) the SWBI Ratio, rounded up to the second decimal place and (z) from and after the Distribution Time, each such Adjusted SWBI Option will remain exercisable until the date ninety (90) days immediately following the termination of employment or service of the holder of such Adjusted SWBI Option by either SWBI or AOUT, unless earlier terminated pursuant to the terms of any such Adjusted SWBI Option, including, without limitation, due to any termination of employment for cause (or other similar term in any applicable SWBI Equity and Incentive Plan).

(ii) AOUT Options. Subject to Section 3.1, each AOUT Option will be subject to the same terms and conditions from and after the Distribution Time as the terms and conditions applicable to the corresponding SWBI Option immediately prior to the Distribution Time; provided, however, that from and after the Distribution Time; provided, however, that (y) the per-share exercise price of each such AOUT Option will be equal to (1) the per-share exercise price of the corresponding SWBI Option immediately prior to the Distribution Time multiplied by (2) the AOUT Ratio, rounded up to the second decimal place and (z) from and after the Distribution Time, each such AOUT Option will remain exercisable until the date ninety (90) days immediately following the termination of employment or service of the holder of such AOUT Option by either SWBI or AOUT, unless earlier terminated pursuant to the terms of any such AOUT Option, including, without limitation, due to any termination of employment for cause (or other similar term in any applicable AOUT Equity and Incentive Plan).

Section 3.3 SWBI RSUs.

(a) Treatment of SWBI RSUs Held by Directors and Designated Executives. Except as set forth in Sections 3.3(b) and (c) of this Agreement, each SWBI RSU that is held by either a member of the SWBI Board or an Employee (or Former Employee) who holds, or will hold as of the Distribution Time, the title of Chief Executive Officer, Chief Financial Officer, Vice President of Investor Relations, or General Counsel of either SWBI or AOUT (each such individual, an "Designated Executive") shall be

converted, as of the Distribution Time, into (i) a restricted stock unit award with respect to shares of the common stock of SWBI, issued pursuant to the SWBI Equity and Incentive Plan (each such restricted stock unit award, an "Adjusted SWBI RSU"); and (ii) a restricted stock unit award with respect to shares of the common stock of AOUT (each such restricted stock unit award, an "AOUT RSU") issued pursuant to the terms of the AOUT Equity and Incentive Plan, the number of shares subject to each such award to be determined in the same manner as for stockholders of SWBI based on the Distribution Ratio. Each Adjusted SWBI RSU and each AOUT RSU shall be subject to the same vesting requirements and dates and other terms and conditions as the SWBI RSUs to which they relate.

(b) Treatment of SWBI RSUs Held by Other Employees. Except as set forth in Sections 3.3(a) and (c) of this Agreement, each SWBI RSUs that is held by an individual who is not an Designated Executive (each, an "Other Employee") shall be converted, as of the Distribution Time, into a new restricted stock unit award with respect to shares of the common stock of either SWBI or AOUT, whichever shall be the employer of record of such Other Employee immediately after the Distribution Date (the "New Employer RSU"). The New Employer RSU shall be issued pursuant to the terms of the SWBI Equity and Incentive Plan or the AOUT Equity and Incentive Plan, as applicable, and the number of shares subject to each such New Employer RSU shall be determined based in such a manner such that the intrinsic value of the SWBI RSU immediately prior to the Distribution Time is the same as the intrinsic value of the New Employer RSUs, immediately after the Distribution Time. Each New Employer RSU shall be subject to the same vesting requirements and dates and other terms and conditions as the SWBI RSUs to which they relate.

(c) Treatment of Deferred RSUs. Each Deferred RSU shall be treated as follows: (i) with respect to the Deferred RSUs held by I. Marie Wadecki (the "Wadecki RSU"), such Wadecki RSU shall be settled prior to that certain Record Date immediately preceding the Distribution as Ms. Wadecki shall no longer be serving on the SWBI Board as of such Distribution Time and, therefore, the shares of common stock of SWBI subject to such Wadecki RSU shall be treated as any of share of common stock of SWBI in the Distribution; (ii) with respect to the Deferred RSUs held by Robert L. Scott (the "Scott RSU"), such Scott RSU shall be treated as if Mr. Scott was a Designated Executive and, therefore, shall be converted in accordance with the provisions set forth in Section 3.3(a) above; and (iii) with respect to the Deferred RSUs held by Barry M. Monehit (the "Monehit RSU"), such Monehit RSU shall be treated as if Mr. Monehit was a Designated Executive and, therefore, shall be converted in accordance with the provisions set forth in Section 3.3(a) above.

Section 3.4 SWBI PSUs. Each SWBI PSU shall be converted, as of the Distribution Time, into (i) a performance-based restricted stock unit award with respect to shares of the common stock of SWBI, issued pursuant to the SWBI Equity and Incentive Plan (each such performance-based restricted stock unit award, an "Adjusted SWBI PSU"); and (ii) a performance-based restricted stock unit award with respect to shares of the common stock of AOUT (each such performance-based restricted stock unit award, an "AOUT PSU") issued pursuant to the terms of the AOUT Equity and Incentive Plan, in each case, the number of target shares for each award to be determined in the same manner as for stockholders of SWBI based on the Distribution Ratio**.** Each Adjusted SWBI PSU and each AOUT PSU shall be subject to the substantially similar terms and conditions as the SWBI PSUs to which they relate, except that the performance criteria applicable to such awards shall be determined in accordance with the following: (x) with respect to the Adjusted SWBI PSU, (1) the market cap of SWBI as compared to the Russell 2000 index ("RUT") for the first ninety (90) days after the date of grant, as compared to (2) the combined market cap of SWBI and AOUT as compared to the RUT for ninety (90) days immediately preceding the last day of the applicable performance period, and (y) with respect to the AOUT PSU, (1) the market cap of AOUT as compared to the RUT for the first ninety (90) days after the date of grant, as compared to (2) the combined market cap of SWBI and AOUT as compared to the RUT for ninety (90) days immediately preceding the last day of the applicable performance period.

Section 3.5 Tax Withholding, Reporting, and Deductions.

(a) The appropriate member of the SWBI Group shall be responsible for all payroll taxes, withholding, and reporting with respect to SWBI Equity Awards held by SWBI directors, SWBI Employees and SWBI Former Employees. The appropriate member of the AOUT Group shall be responsible for all payroll taxes, withholding, and reporting with respect to AOUT Equity Awards held by AOUT directors, AOUT Employees and AOUT Former Employees. SWBI and AOUT hereby designate the other party as an agent for withholding pursuant to IRS Revenue Procedure 70-6 and to accept such designation to effectuate the intent of this Section 3.5(a).

(b) With respect to the SWBI Equity Awards held by SWBI Employees or SWBI Former Employees, the appropriate member of the SWBI Group shall claim any federal, state, and/or local tax deductions after the Distribution Time, and no member of the AOUT Group shall claim any such deductions. With respect to the SWBI Equity Awards held by AOUT Employees or AOUT Former Employees, the appropriate member of the AOUT Group shall claim any federal, state, and/or local tax deductions after the Distribution Time, and no member of the SWBI Group shall claim any such deductions. If either SWBI or AOUT determines in its reasonable judgment that there is a substantial likelihood that a tax deduction that was assigned to the SWBI Group or the AOUT Group pursuant to this Section 3.5(b) will instead be available only to the other Party (whether as a result of a determination by the IRS or another tax authority, a change in the Code or the regulations or guidance thereunder, or otherwise), it shall notify the other Party and both Parties will negotiate in good faith to resolve the issue in accordance with the following principle: the Party entitled to the deduction shall pay to the other Party an amount that places the other Party in a financial position equivalent to the financial position the Party would have been in had the Party received the deduction as intended under this Section 3.5(b). Such amount shall be paid within 90 days after filing the last tax return necessary to make the determination described in the preceding sentence.

(c) Upon the exercise of an SWBI Option or AOUT Option, the exercise price of such stock option shall be remitted in cash by the option administrator to the issuer of the option (the appropriate member of the SWBI Group or the AOUT Group, as applicable) and the applicable withholding taxes shall be remitted in cash by the option administrator to the entity (the appropriate member of the SWBI Group or the AOUT Group, as applicable) responsible for payroll taxes, withholding, and reporting with respect to the option pursuant to this Section 3.5. Upon vesting or payment, as applicable, of SWBI or AOUT RSUs or PSUs, the applicable withholding shall be remitted in cash by the administrator to the entity (the appropriate member of the SWBI Group or the AOUT Group, as applicable) responsible for payroll taxes, withholding, and reporting with respect to such awards pursuant to this Section 3.5. To the extent necessary to provide the withholding amount in cash to the entity responsible for payroll taxes, withholding, and reporting, the issuer of the applicable award shall provide the withholding amount in cash. Notwithstanding the foregoing, the method of remittance of the exercise price of any stock option or any applicable withholding taxes may vary for legal or administrative reasons.

(d) If SWBI or AOUT determines in its reasonable judgment that any action required under this Article 3 will not achieve the intended tax, accounting, and legal results, including, without limitation, the intended results under Code Section 409A or FASB ASC Topic 718 – Stock Compensation, then at the request of SWBI or AOUT, as applicable, SWBI and AOUT shall mutually cooperate in taking such actions as are necessary or appropriate to achieve such results, or most nearly achieve such results if the originally intended results are not fully attainable.

(e) SWBI and AOUT each acknowledges and agrees to use commercially reasonable efforts to cooperate with each other and with third-party providers to effect withholding and remittance of Taxes, as well as required tax reporting, in a timely, efficient, and appropriate manner to further the purposes of this Article 3 and to administer all equity awards that are outstanding immediately following the Distribution Time (including all such equity awards that are adjusted in accordance with this Article 3) to the extent consistent with this Agreement and Applicable Law, for as long as is reasonably necessary to further the purposes of this Article 3.

**ARTICLE 4**
**LABOR AND EMPLOYMENT MATTERS**

Section 4.1 Payroll Reporting and Tax Withholding.

(a) Form W-2 Reporting. To the extent an Employee's employing entity changes as a result of the transactions contemplated by the Separation and Distribution Agreement, SWBI and AOUT shall use the "standard procedure" for preparing and filing IRS Forms W-2 (Wage and Tax Statements), as described in Revenue Procedure 2004-53, for the calendar year in which such change occurs. Under this procedure, each employing entity shall provide (subject to any applicable provisions of the Transition Services Agreement) all required Forms W-2 to report the wages paid and taxes withheld by it during the year in which the Distribution Time occurs. With respect to any issuances of SWBI Common Stock or AOUT Common Stock described above, the Employee's employing entity shall reflect such issuance and taxes withheld in connection with such issuance on the Form W-2 provided to such Employee by such employing entity during the year in which such issuance occurs. With respect to SWBI Employees and AOUT Employees outside of the United States, the Parties shall cooperate in good faith to obtain the same or similar results, to the extent possible, under applicable tax laws.

(b) Garnishments, Tax Levies, Child Support Orders, and Wage Assignments. With respect to any Employees with garnishments, tax levies, child support orders, or wage assignments in effect immediately prior to the Distribution Time, a member of the AOUT Group (with respect to AOUT Employees) or a member of the SWBI Group (with respect to SWBI Employees) shall, to the extent permitted by Applicable Law, honor such payroll deduction authorizations and shall continue to make payroll deductions and payments to the authorized payee, as specified by the court or governmental order which was filed prior to the Distribution Time.

(c) Authorizations for Payroll Deductions. Unless otherwise prohibited by this Agreement, any other Ancillary Agreement, a Plan document, or Applicable Law, with respect to Employees with authorizations for payroll deductions and direct deposits in effect immediately prior to the Distribution Time, a member of the AOUT Group (with respect to AOUT Employees) or a member of the SWBI Group (with respect to SWBI Employees) shall honor such payroll deduction authorizations and shall not require that such Employee submit a new authorization to the extent that the type of deduction does not differ from that made prior to the Distribution Time. Such deduction types include, without limitation, contributions to any Plan and direct deposit of payroll, employee relocation loans, and other types of authorized company receivables usually collectible through payroll deductions.

Section 4.2 Employment Policies and Practices. Subject to the provisions of the Transition Services Agreement, ERISA, and other Applicable Law, and unless otherwise specified in this Agreement, each member of the AOUT Group and the SWBI Group may, after the Distribution Time, adopt, continue, modify, or terminate such employment policies, compensation practices, retirement plans, welfare benefit plans, and other employee benefit plans of any kind or description, as each may determine, in its sole discretion, are necessary and appropriate, with respect to AOUT Employees and SWBI Employees, respectively.

Section 4.3 Leave of Absence Policies. Following the Distribution Time, the applicable members of the AOUT Group shall continue to apply the leave policies applicable to inactive AOUT Employees who are on an approved leave of absence as of the Distribution Time in accordance with the terms of such policies applicable to the AOUT Employees as of the Distribution Time. For purposes of such policies, to the extent allowed under Applicable Law, leaves of absence taken by AOUT Employees prior to the Distribution Time shall be deemed to have been taken as employees of the AOUT Group.

Section 4.4 Employee Records. The SWBI Group shall provide to the AOUT Group (a) any and all employment records and information (including, but not limited to, any personnel files, Form I-9, Form W-2, Form 1099, or other IRS forms) with respect to the AOUT Employees that are in the possession of any member of the SWBI Group that are reasonably required by the AOUT Group to enable the AOUT Group to properly employ the AOUT Employees and to carry out its obligations under this Agreement and Applicable Law ("Employee Record"); and (b) copies of any and all employment-related agreements, including, but not limited to, confidentiality agreements, restrictive covenants, arbitration agreements and employment-related acknowledgements to which any SWBI Employee is a party and under which the AOUT Group has any rights or obligations following the Distribution Time.

Section 4.5 WARN Act. The Parties shall cooperate in good faith so that no terminations of employment in connection with the transactions contemplated or undertaken by this Agreement or the Separation and Distribution Agreement have triggered or shall trigger any rights or obligations under the federal Worker Adjustment and Retraining Notification Act, or any other federal, state, or local Applicable Law addressing employment separations (collectively, the "WARN Act").

Section 4.6 Access to Employee Records. Following the Distribution Time and to the extent permitted by Applicable Law, AOUT shall permit SWBI access to Employee Records of AOUT Employees, to the extent reasonably necessary for SWBI's legitimate business purposes or to comply with Applicable Law, and SWBI shall permit AOUT access to Employee Records of SWBI Employees, to the extent reasonably necessary for AOUT's legitimate business purposes or to comply with Applicable Law.

Section 4.7 Protection of Personal Information. The Parties shall comply with all applicable confidentiality obligations and privacy laws that govern the personal information shared or otherwise made accessible following the Distribution Time. Each Party further agrees to use commercially reasonable efforts to protect any personal information of the other Party that it acquires or accesses following the Distribution Time.

## ARTICLE 5
## MISCELLANEOUS

Section 5.1 Relationship of Parties. Nothing in this Agreement shall be deemed or construed by the Parties or any third party as creating the relationship of principal and agent, partnership, or joint venture between the Parties, it being understood and agreed that no provision contained herein, and no act of the Parties, shall be deemed to create any relationship between the Parties other than the relationship set forth herein.

Section 5.2 Access to Information; Cooperation. The SWBI Group, the AOUT Group, and their authorized agents shall be given reasonable and timely access to and may take copies of all information relating to the subjects of this Agreement (to the extent not prohibited by Applicable Law) in the custody of the other Party, including any agent, contractor, subcontractor, or any other Person under the contract of such Party. The Parties shall provide one another with such information within the scope of this Agreement as is reasonably necessary to administer each Party's Plans or take the actions required of such Party under this Agreement. The Parties shall cooperate with each other to minimize the disruption caused by any such access and providing of information.

Section 5.3 Complete Agreement. This Agreement and any related provisions of the Transition Services Agreement and the Separation and Distribution Agreement shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, and writings with respect to such subject matter.

Section 5.4 Counterparts. This Agreement may be executed in more than one counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Party.

Section 5.5 Survival. Except as otherwise contemplated by this Agreement or any Ancillary Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Distribution Time and remain in full force and effect in accordance with its applicable terms.

Section 5.6 Notices. All notices, requests, claims, demands, and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, or by registered or certified mail (postage prepaid, return receipt requested) to the respective Party at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 5.6):

To SWBI:

Smith & Wesson Brands, Inc.
2100 Roosevelt Avenue
Springfield, Massachusetts 01104
Email: [●]
Attn: General Counsel

with a copy to:

Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, Arizona 85016
Email: kantr@gtlaw.com
beckk@gtlaw.com
Attn: Robert S. Kant
Katherine A. Beck

To AOUT:

American Outdoor Brands, Inc.
1800 North Route Z
Columbia, Missouri 65202
Email: [●]
Attn: [●]

with a copy to:

Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, Arizona 85016
Email: kantr@gtlaw.com
beckk@gtlaw.com
Attn: Robert S. Kant
Katherine A. Beck

Section 5.7 Waivers. The failure of any Party to require strict performance by the other Party of any provision in this Agreement shall not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof.

Section 5.8 Amendment. This Agreement may not be modified or amended except by an agreement in writing signed by each of the Parties.

Section 5.9 Assignment. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; provided, that a Party may assign this Agreement in connection with a merger transaction in which such Party is not the surviving entity or the sale by such Party of all or substantially all of its assets; provided, further, that the surviving entity of such merger or the transferee of such assets shall agree in writing, reasonably satisfactory to the other Party, to be bound by the terms of this Agreement as if named as a Party hereto.

Section 5.10 Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of, and be enforceable by (and against) the Parties and their respective successors and permitted transferees and assigns.

Section 5.11 No Circumvention. The Parties agree not to directly or indirectly take any actions, act in concert with any Person who takes an action, or cause or allow any member of any such Party's Group to take any actions (including the failure to take a reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement.

Section 5.12 Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties and should not be deemed to confer upon third parties (including current or former employees of the Parties) any remedy, claim, liability, reimbursement, right of action, or other right in excess of those existing without reference to this Agreement. Without limiting the generality of the foregoing, nothing contained in this Agreement (i) shall be construed to establish, amend, or modify any Plan or other benefit or compensation plan, program, agreement, or arrangement, or (ii) create any rights or obligations in any Person not Party to this Agreement (including any SWBI Employee or AOUT Employee), including with respect to (x) any right to employment or continued employment or to a particular term or condition of employment and (y) the ability of the SWBI Group and the AOUT Group to amend, modify, or terminate any Plan or other benefit or compensation plan, program, agreement, or arrangement at any time established, sponsored, or maintained by any of them.

Section 5.13 Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 5.14 Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of Delaware. Any and all claims, controversies, and causes of action arising out of or relating to this Agreement, whether sounding in contract, tort, statute, or otherwise, shall be governed by the laws of the State of Delaware, including its statutes of limitations, without giving effect to any conflict-of-laws or other rule that would result in the application of the laws of a different jurisdiction.

Section 5.15 Non-Solicitation. During the **[12][24]** month period following the Distribution Time (the "Restricted Period"), SWBI shall not solicit or induce or attempt to solicit or induce any AOUT Employee or independent contractor of AOUT to terminate his or her relationship with AOUT. This restriction shall not prevent SWBI from placing public advertising or conducting any other form of general public solicitation that is not targeted towards AOUT Employees or independent contractors of AOUT, or from hiring any AOUT Employee or independent contractor of AOUT who responds to such a public solicitation. During the Restricted Period, AOUT shall not solicit or induce or attempt to solicit or induce any SWBI Employee or independent contractor of SWBI to terminate his or her relationship with SWBI. This restriction shall not prevent AOUT from placing public advertising or conducting any other form of general public solicitation that is not targeted towards SWBI Employees or independent contractors of SWBI or from hiring any SWBI Employee or independent contractor of SWBI who responds to such a public solicitation.

Section 5.16 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal, or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal, or unenforceable provisions.

Section 5.17 Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

Section 5.18 No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation, or recovery with respect to any matter arising out of the same facts and circumstances.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

**SMITH & WESSON BRANDS, INC.**

By: _____
Name: Mark P. Smith
Title: President and Chief Executive Officer

**AMERICAN OUTDOOR BRANDS, INC.**

By: _____
Name: Brian D. Murphy
Title: President and Chief Executive Officer

**Exhibit 10.4**

# TRADEMARK LICENSE AGREEMENT

This TRADEMARK LICENSE AGREEMENT (the "Agreement") is entered into and made effective on this ___ day of _____, 2020, the (**"Effective Date"**) by and between **Smith & Wesson Inc.**, a Delaware corporation having a place of business at 2100 Roosevelt Avenue, Springfield, Massachusetts 01104 (**"S&W" or "Licensor"**) and **AOB Products Company**, a Delaware corporation having a place of business at 1800 North Route Z, Columbia, Missouri 65202 (**"Licensee"**). Each of S&W and Licensee may be referred to herein as a "party" and collectively they may be referred to herein as the "parties."

**Background:**

A. S&W owns certain trademarks for use on and in connection with firearms, apparel, accessories and other products;

B. Licensee is engaged in the business of manufacturing, selling and sourcing accessories, apparel and other products, and desires to engage in the development, design, manufacture, sourcing, marketing, advertising, promoting, merchandising, shipment, distribution and sale of certain products as identified in Schedule A bearing one or more of S&W's trademarks;

C. Subject to and conditional upon Licensee's compliance with the terms and conditions of this Agreement, S&W agrees to grant to Licensee a license to use certain of S&Ws trademarks solely as set forth herein.

NOW THEREFORE, in consideration of the above premises and the mutual covenants and undertakings of the parties hereunder, S&W and Licensee agree as follows:

**1. Definitions; Interpretation.**

1.1 Defined Terms. As used in this Agreement, the following terms will have the following meanings:

"**Affiliate**" means any entity that now or hereafter directly, or indirectly, through one or more intermediaries, Controls (defined below), or is Controlled by, or is under common Control with, a party.

**"Applicable Law"** means all applicable statutes, laws, regulations, ordinances, executive orders, rules, judgments, orders, decrees, directives, guidelines (to the extent mandatory), policies (to the extent mandatory) and other similar directives, whether now or hereafter in effect, of any federal, state, or local or foreign government, any political subdivision, and any governmental, quasi-governmental, judicial, public, or statutory instrumentality, administrative agency, authority, body, or other entity having jurisdiction over S&W, Licensee or the Licensed Products.

**"Channels of Distribution"** means only those channels of distribution identified in Schedule A.

**"Confidential Information"** means any and all information proprietary to one of the parties hereto, whether or not reduced to writing or other tangible medium of expression, and whether or not patented, patentable, capable of trade secret protection or protected as an unpublished or published work under the copyright laws. Confidential Information includes the terms of this Agreement (but not the existence of this Agreement), information relating to Intellectual Property and to business plans, financial matters, products,

services, manufacturers, manufacturing processes and methods, costs, sources of supply, strategic marketing plans, customer lists, sales, profits, pricing methods, personnel and business relationships. Confidential Information shall not include any information that: (i) was already known to the receiving party prior to its relationship with the disclosing party, as established by the receiving party's written records; (ii) becomes generally available to the public other than as a result of the receiving party's breach of this Agreement; (iii) is furnished to the receiving party by a third party who is lawfully in possession of, and who lawfully conveys, such information; (iv) is subsequently developed by the receiving party independently of the information received from the disclosing party, as established by the receiving party's written records; or (v) is ordered to be disclosed by a court or regulatory body of competent jurisdiction. Should either party be served with a request to disclose Confidential Information in a judicial or regulatory body proceeding, it will not do so before notifying the other party in writing within ten (10) days as to provide such party the opportunity to object to the disclosure to the court or regulatory body. Nothing in this paragraph is intended to cause either party to disobey a court or other lawful order or requirement.

**"Control"** means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person (defined below), whether through the ownership of voting securities, by contract or otherwise, in each case as interpreted under Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

**"Intellectual Property"** means all rights, title and interests pertaining to or arising from patents, copyrights, trade secrets, trademarks, trade dress, rights of publicity, and all similar rights throughout the world and however denominated; all domain names; all rights and interests arising from information relating to research and development, product design, materials, manufacturing techniques, supply and distribution arrangements, marketing and advertising plans and materials, pricing and other financial information; and all rights and interests arising from inventions, discoveries, improvements, methods and processes, know how, algorithms, compositions, works of authorship, concepts, designs, styles, graphics, images, ideas, prototypes, writings, notes and patent applications, and all such rights and interests without regard to whether or not patentable or capable of trade secret or copyright protection.

**"Licensed Products"** means only those products in the product categories as defined in Schedule A.

**"Licensed Trademarks"** mean only those trademarks, used either separately or in conjunction with each other, in the form set forth in Schedule A, and all goodwill associated with such marks existing as of the Effective Date, and all goodwill arising thereafter whether such goodwill arises from the activities of S&W or Licensee.

**"Net Sales"** means the aggregate amount booked as sales, billed, invoiced or received (whichever comes first) by Licensee for sales or other transfers of Licensed Products in arm's length transactions in the Territory, less (i) promotional markdowns, (ii) reasonable quantity discounts actually granted to the extent customarily granted to Licensee's customers based on volume, (iii) customer returns actually credited, (iv) to the extent separately stated on purchase orders, invoices or other documents of sale, any duties, taxes and/or other governmental fees or charges levied on the production, sale, transportation, delivery or use of the Licensed Products and paid by or on behalf of Licensee, and (v) reasonable charges for delivery or transportation provided by third parties, if separately stated on purchase orders, invoices or other documents of sale. No deductions in Net Sales may be made for: (vi) cash or other discounts (except as stated above); (vii) commissions; (viii) uncollectable accounts; (ix) taxes, fees, assessments, impositions, payments or expenses of any kind that may be incurred or paid by Licensee in connection with the royalty payments due to S&W hereunder or in connection with the transfer of funds or royalties or with the conversion of any currency into United States dollars; or (x) any costs incurred in the research, design, development, manufacture, sourcing, offering for sale, sale,

advertising, promotion, shipment, distribution or exploitation of the Licensed Products. In the event that any Licensed Products are sold other than in an arm's length transaction, then Net Sales shall be deemed to be the Net Sales which would have been applied under this Agreement had such sale been to an independent arm's length purchaser. For purposes of determining royalties owed under this Agreement, Net Sales (A) shall not include the sale or distribution of Licensed Products to Licensor or to an Affiliate of Licensor (excluding the Licensee); and (B) shall not include the sale and distribution of products acquired by Licensee from third-parties which are the subject of (i.e., licensed products under) a royalty-bearing license between a third party and Licensor.

**"Person"** means any natural person, sole proprietorship, partnership, corporation, limited-liability company, firm or other entity.

**"S&W Intellectual Property"** means (i) the S&W Trademarks; (ii) any marketing, advertising or promotional materials and any packaging referencing or containing any Licensed Product developed or created by S&W, including but not limited to domain names; (iii) all Intellectual Property owned by S&W prior to the Effective Date and all Intellectual Property independently created by S&W; (iv) all Intellectual Property of or relating to the Smith & Wesson, M&P, Performance Center, Thompson/Center and Gemtech brands and their associated products, as well as any other brand now or in the future owned by S&W; (v) all Intellectual Property created during the Term of this Agreement that is identified with S&W's core firearm business (including firearms, firearm parts, magazines and suppressors) with or without a S&W Trademark, including any design, graphic, image or style approved by S&W for use, or used, in connection with any Licensed Product hereunder, whether developed or created by S&W or Licensee or both, that reflects any feature of any S&W product (including firearms, firearm parts, magazines and suppressors), such as a grip, grip texture or palm swell on an accessory or outdoor product; and (vi) any improvements to or derivatives of any of the foregoing, by S&W or Licensee or both.

**"S&W Trademarks"** means the Licensed Trademarks and all other Trademarks owned and/or used by S&W and all variations, derivations, stylizations, and versions thereof, as well as any image or depiction of a S&W firearm or other product, and all goodwill associated with any of the foregoing, whether or not registered in the Territory.

**"Territory"** means worldwide.

**"Trademark"** means any trademark, trade name, service mark, logo, word, name, symbol, design (including trade dress) or any combination thereof used or intended to be used to identify or distinguish a Person's goods or services.

**2. License; Restrictions.**

2.1 Trademark License. Subject to, and conditional upon Licensee's compliance with, the terms and conditions of this Agreement, including the rights retained by S&W pursuant to Section 2.2 below, and except as otherwise set forth in this Agreement, S&W hereby grants to Licensee a limited, non-transferable, exclusive right and license to use the Licensed Trademarks in the Territory and during the Term solely in connection with the manufacture, distribution, marketing, advertising, promotion, merchandising, shipping, and sale of the Licensed Products within the Channels of Distribution (the "Trademark License") as further set forth in Schedule A, provided that Licensee's right and license to use S&W Trademarks relating to the business of the Gemtech brand shall be non-exclusive, and S&W reserves the right to use any Licensed Trademarks in connection with Licensed Products in order for S&W and its affiliates to market and sell any products purchased from AOB Products

Company under the Supply Agreement dated as of _____, 2020, between AOB Products Company and Smith & Wesson Sales Company, Inc. ("Supply Agreement") and otherwise to exercise S&W's rights under such Supply Agreement. Licensee shall not use the Licensed Trademarks except as expressly stated in this Agreement. All rights not granted to Licensee in this Agreement are reserved by and to S&W.

2.2 First Offer for New Licenses. From time to time, S&W may wish to license the Licensed Trademarks to third parties for the purpose of selling products that are not identified as Licensed Products in Schedule A. In such cases, except as hereinafter provided, S&W shall first notify Licensee of the license opportunity. If within fourteen (14) days after such notification, Licensee notifies S&W that Licensee is interested in such a license opportunity, then for thirty (30) days thereafter, the parties shall negotiate in good faith a mutually acceptable license agreement. If Licensee fails to timely notify S&W of Licensee's interest in such a license opportunity, or the parties fail to reach agreement on a mutually acceptable license agreement for such license within the time frames designated herein, S&W shall be free to enter into a license agreement with any third party for such a license. This Section applies only to third party licenses, and nothing in this Agreement shall prevent S&W, directly or through an Affiliate, from manufacturing or selling any products not identified as a Licensed Product in Schedule A under any Licensed Trademark. Notwithstanding the foregoing, this Section shall not apply to, and Licensee shall have no rights under this Section with respect to, any trademark license in effect on the date of this agreement with any third party licensee, or to any renewal, extension or modification of any such license agreement.

**3. Use of Licensed Trademarks and Patents.**

3.1 Prohibited Uses. During the Term and at all times thereafter, Licensee shall not use any of the Licensed Trademarks for any purpose other than as trademarks for the Licensed Products.

3.2 Use of Intellectual Property (Other Than S&W Intellectual Property) in Connection with the Licensed Products. Licensee shall be solely responsible for ensuring that any Intellectual Property (other than S&W Intellectual Property) proposed for use in connection with a Licensed Product does not infringe the Intellectual Property of any Person.

3.3 Marking.

Licensee shall comply with S&W's trademark usage guidelines, including all modifications and updates thereto, as are communicated in writing by S&W to Licensee by Licensor from time to time, and shall place and display the Licensed Trademarks on and in connection with the Licensed Products only in such form and manner as comply with such trademark usage guidelines. Without limiting the foregoing, S&W specifically requires Licensee to cause the Licensed Trademarks to appear on, and in connection with, all Licensed Products in the form set forth in Schedule A. Licensee shall also cause to appear on the Licensed Products and on (i) their containers, packaging, labels, tags, and the like, (ii) all Promotional Materials (defined below) and (iii) all stationery, business cards, invoices and other transaction documents and business materials which display any of the Licensed Trademarks, such other legends, markings and notices as may be required by law or regulation in the Territory or as S&W may reasonably request.

**4. Registration and Licensing**.

Licensee shall cooperate with S&W in any effort by S&W to register or otherwise establish or perfect its ownership of any S&W Trademark or S&W Intellectual Property applications that S&W may desire to file, and

shall execute all documents and perform such acts as S&W may from time to time reasonably request in connection therewith.

**5. Infringements.**

Licensee shall inform S&W as soon as practicable but not more than 14 days after learning of any goods or activities that infringe (or may infringe) the Licensed Trademarks, or learns of any other infringement or misappropriation of the Licensed Trademarks now or hereafter owned by S&W. Licensee shall provide complete information, cooperation and assistance to S&W concerning each such infringement (including reasonable cooperation and assistance in any further investigation or legal action, such as joining as a party to any lawsuit brought by S&W). Upon learning of such infringement, S&W will have the right, but not the obligation, at its sole discretion and expense, to take such action as S&W considers necessary or appropriate to enforce S&W's rights, including legal action to suppress or eliminate such infringement or to settle any such dispute or action. S&W may also seek and recover all costs, expenses, and damages resulting from such infringement, including sums that might otherwise be recoverable by or due to Licensee by operation of law or otherwise, and Licensee shall have no right to share in any amounts recovered by S&W. Licensee shall have no authority to enforce the rights of S&W by itself, nor shall Licensee have any right to demand or control action by S&W to enforce such rights.

**6. License Royalties.**

6.1 Royalties. Licensee shall pay to S&W on a fiscal quarterly basis a 5% ongoing aggregate royalty based on Net Sales by Licensee or any Affiliate of Licensee of the Licensed Products within the Territory for Licensed Trademarks, provided that Licensee shall pay S&W a minimum quarterly royalty of $150,000.

6.2 Royalty Reports. Not later than thirty (30) days after the end of each fiscal quarter, Licensee shall deliver to S&W a report in a format to be approved in advance by S&W containing at least the following information:

(a) a detailed written accounting of Licensed Products sold or otherwise disposed of during the immediately preceding quarter in the Territory, the Net Sales for such quarter and the amount of royalties due for such quarter (the "Accounting Statement"), including a breakout of each type of Licensed Product sold by product segment, applicable country and customer type (e.g., Internet, Brick & Mortar, Catalog, etc.);

(b) a summary of the Licensed Products sold and royalties paid during the then-current Product Year;

(c) a certified statement by Licensee that the report is complete and accurate.

Notwithstanding the foregoing sentences, S&W reserves the right to require Licensee to provide additional financial reporting information as requested by S&W in its reasonable discretion.

6.3 Payment. Together with each quarterly royalty report, Licensee shall remit full and satisfactory payment of royalties due to S&W for the immediately preceding fiscal quarter not later than thirty (30) days after the end of such quarter. Such payments shall be made by wire transfer, corporate check (subject to collection), or other method approved by S&W, at the election of S&W. If there is a dispute as to an amount due, Licensee shall not delay payment on undisputed amounts pending resolution of the disputed amount. When overdue, such

payments shall bear interest at an annual rate of ten percent (10%) (or such lower rate as may then be the highest rate legally available) from the time such payment is due until payment is received by S&W.

6.4 Taxes. Licensee shall withhold from any royalty payments pursuant to this Agreement any sums required to be withheld on behalf of S&W under the applicable tax laws of the Territory. Licensee shall pay such sums to the appropriate tax authorities and shall furnish S&W with the official tax receipt or other appropriate evidence of payment issued by such authorities.

6.5 Payments Upon Termination. If this Agreement is terminated for any reason before all payments hereunder have been made, Licensee shall within thirty (30) days thereafter submit a report and pay to S&W any remaining unpaid royalties accrued during the period prior to such termination.

**7. Records and Audit Rights.**

Licensee shall keep complete, true and accurate records of all operations relating to its performance hereunder, payments, marketing related expenditures and Licensed Product quality standards and make such records available for inspection by Licensor upon Licensor's reasonable request.

**8. Proprietary Rights.**

The S&W Intellectual Property, and Licensed Trademarks (including all registrations and applications therefor and all goodwill associated therewith), are and will remain the property of S&W, solely and exclusively, and may be used by Licensee solely for the Licensed Products subject to all of the terms and conditions of this Agreement. Licensee acknowledges and agrees that it has not acquired, and shall not acquire (whether by operation of law, by this Agreement or otherwise), any right, title, interest or ownership in or to the S&W Intellectual Property or Licensed Trademarks or any part thereof (all of the foregoing collectively, "Proprietary Rights"). Licensee shall not register any S&W name or other S&W Trademarks, or any confusingly similar variation, as an internet domain name. Licensee may request that S&W register a domain name that uses the S&W name or other S&W Trademarks for use by Licensee during the term of, and in accordance with, this Agreement. Notwithstanding the foregoing, during the Term of this Agreement and any Sell-Off Period (defined further below), solely as set forth in Section 12.6, Licensee may use the S&W name or other S&W Trademarks at the end of a domain name solely for the purpose of identifying the location of the Licensed Products on a website. Licensee specifically acknowledges and agrees that S&W is the owner of all Proprietary Rights, including but not limited to copyright rights, in S&W Intellectual Property. Should any Proprietary Rights become vested in Licensee, Licensee hereby assigns any such Proprietary Rights to S&W at no cost. Licensee shall provide and execute all documents necessary, in S&W's sole discretion, to effectuate and record each such assignment. Licensee shall not, during the Term or at any time thereafter: (i) do anything that, in S&W's sole discretion, could in any way damage, injure or impair the validity, subsistence, or reputation of the Licensed Trademarks; (ii) use any mark, trade name, trade dress, logo, design or style that is confusingly similar to the Licensed Trademarks; or (iii) attack, dispute or challenge the ownership, validity or enforceability of the Licensed Trademarks, the validity of this Agreement, nor shall Licensee assist others in so doing. All use of the Licensed Trademarks and all goodwill and benefit arising from such use shall inure to the benefit of S&W, solely and exclusively. Without limiting any of the foregoing provisions regarding S&W's rights as to S&W Intellectual Property, during the Term of this Agreement, Licensee shall not sell, as a product not branded with an S&W Trademark, any products that are substantially similar to any Licensed Products.

**9. Term; Termination.**

9.1 Initial Term and Renewal Terms. This Agreement will commence on the Effective Date and, will continue in full force and effect for five (5) years from the Effective Date (the "Initial Term"), unless earlier terminated in accordance with this Section 9.

9.1.1. This Agreement shall automatically renew for a subsequent five-year term (the "First Renewal Term"), provided that if Licensee did not satisfy the performance metrics set forth on Schedule B hereto (the "Performance Metrics") for the Initial Term, S&W may provide written notice of nonrenewal for failure to meet the Performance Metrics within 30 days following the end of the Initial Term and, following such notice, this Agreement shall not renew for a First Renewal Term but shall instead continue for a period of twelve (12) months from the last day of the Initial Term. After the First Renewal Term, the parties may agree in writing to one or more five-year renewal terms, provided, however, that unless the parties have so agreed to any such additional renewal terms, this Agreement shall continue on a month-to-month basis, and may be terminated by either party at any time by giving twelve (12) months' written notice to the other party.

9.1.2. In addition to the conditions on renewal set forth in Section 9.1.1, if either party wishes to modify the Royalty Rate, commencing on or after ten (10) years from the Effective Date, then not later than six (6) months prior to the expiration of the First Renewal Term, or of any subsequent five-year renewal term to which the parties may agree pursuant to Section 9.1.1, the parties shall engage in good faith discussions regarding such new Royalty Rate, and if the parties are unable to agree on a new Royalty Rate, the parties will engage an independent third party ("ITP") to set the new Royalty Rate based off the industry average rate.

Upon determination of such new Royalty Rate by the ITP, such Royalty Rate shall be the Royalty Rate under Section 6.1 of the Agreement, starting with the five-year renewal term as to which the modified rate was requested and continuing thereafter, provided, if either party does not agree with the rate determined by the ITP, such party may elect to not extend the Agreement and this Agreement shall not renew for such five-year renewal term, but shall instead continue for a period of twelve (12) months from the last day of the preceding renewal term at the same Royalty Rate of such preceding renewal term.

The cost of the ITP shall be paid by the Party that does not wish to extend the Agreement, or split equally between the parties if the Agreement is extended. For avoidance of doubt, the parties agree that the royalty rate adjustment is not a one-time event, and may be renegotiated at the end of each renewal after the First Renewal Term.

9.1.3 Notwithstanding the foregoing, S&W may terminate this Agreement and purchase the assets of the business line selling the Products (the "Business") at any time beginning three years from the Effective Date by paying Licensee a purchase price and termination fee equal to two (2) times the net revenues of Licensee from its sales of Licensed Products for the 12-month period preceding such termination date with an adjustment for net working capital of the Business as of the date of the closing as compared to the target working capital of the Business calculated using an average over the 12 month period preceding the date Licensor exercises its right to terminate and purchase the Business.

9.2 Termination for Cause. S&W or Licensee may terminate this Agreement for cause if the other party breaches any of its obligations under this Agreement and fails to cure such breach within thirty (30) days after receiving notice thereof from the non-breaching party, provided such 30-day period shall be extended, upon request by the breaching party that is approved in writing by the other party, such approval not to be

unreasonably withheld, if such cure cannot reasonably be completed in 30 days as long as the breaching party is diligently pursuing such cure.

9.3 Termination Due to Insolvency. Unless expressly prohibited by Applicable Law, S&W may terminate this Agreement immediately for cause by providing notice to Licensee if Licensee: (a) commences or becomes the subject of any case or proceeding under the bankruptcy, insolvency or equivalent laws of any country in the Territory; (b) has appointed for it or for any substantial part of its property a court appointed receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official; (c) makes an assignment for the benefit of its creditors; (d) defaults on any obligation which is secured, in whole or in part, by a security interest in the Licensed Products; (e) fails generally to pay its debts as they become due; or (f) takes corporate action in furtherance of any of the foregoing (collectively, herein referred to as "Events of Insolvency"). Licensee shall immediately give S&W written notice of any Event of Insolvency.

9.4 No Rights After Term. Licensee understands and acknowledges that, with the exception of its right to sell Remaining Inventory during the Sell-Off Period under Section 9.6, no rights under this Agreement whatsoever shall extend to Licensee beyond the expiration or termination of this Agreement. Licensee shall not be entitled to any compensatory payment in connection with the expiration or termination of this Agreement for any reason.

9.5 Return of Property. Each party shall return to the other, promptly upon the expiration or termination of this Agreement, or at any other time when requested, any and all property of the other party (including, but not limited to, all Confidential Information and copies thereof); provided, however, that S&W may retain free of charge any items bearing the Licensed Trademarks, any samples supplied to it under this Agreement and any products supplied to it by Licensee.

9.6 Inventory Upon Termination or Expiration.

(a) Promptly following expiration or termination of this Agreement, Licensee shall notify S&W in writing detailing any inventory of Licensed Products remaining upon such expiration or termination (collectively, the "Remaining Inventory"). Licensee may sell-off ("Sell-Off") to third parties all or any portion of the Remaining Inventory. The period for such sell-off (the "Sell-Off Period") shall be the six (6) month period following the expiration or termination of this Agreement. Licensee's proposed sell-off arrangements will be subject to S&W's prior written approval, and shall be subject to Licensee's payment of royalties at the percentage rate and on the schedule set forth in Sections 6.1 and 6.2, and compliance with all other restrictions herein on the use of the Licensed Trademarks.

(b) Upon expiration of the Sell-Off Period, such part of any Remaining Inventory that is not otherwise sold, up to a maximum of six months' supply based on the rolling 12 months' sales through the termination date, shall be purchased by S&W at Licensee's reasonable cost thereof, and any Remaining Inventory that is not sold must be provided to S&W free of charge or at S&W's sole option destroyed. Licensee shall make no claim against S&W in connection therewith.

9.7 Surviving Terms. The following terms shall survive termination or expiration of this Agreement: 1, 3.1, 4, 7, 8, 9.5, 9.6, 11, 12, 13, 14, 15 and any other terms, which are expressly, or by their nature are impliedly, intended to survive. Notwithstanding the foregoing, the provisions of Section 7 (Records and Audit Rights) shall terminate one (1) year following the end of the Sell-Off Period.

**10. Marketing.**

Licensee shall use its best efforts to promote and expand the supply of Licensed Products throughout the Territory. Licensee shall comply with S&W's policies and procedures, as amended from time to time, and communicated in writing to Licensee with respect to intellectual property, marketing and promotional materials, and approvals. Licensee shall comply with S&W's policies and procedures for marketing materials, or obtain S&W's prior written approval, which shall not be unreasonably withheld, for any advertising, promotional, merchandising and other marketing materials for which Licensee is responsible pertaining to the Licensed Products, including all containers, packaging, labels, tags, advertisements, brochures and the like. Licensee shall, upon S&W's request from time to time, provide copies of any such marketing materials to S&W. Licensee shall obtain, in writing, all necessary and applicable approvals in S&W's chain of command as identified to Licensee from time to time.

**11. Quality Control; Distribution; Consumer Inquiries.**

11.1 Approval of Licensed Products. On at least an annual basis, or more frequently as necessary for the introduction of new Licensed Products during the year, Licensee shall obtain S&W's prior written approval, which shall not be unreasonably withheld, of all Licensed Products or any changes to Licensed Products. As requested by Licensor, Licensee will deliver to S&W at no cost for approval by S&W samples of each Licensed Product, and any material change thereto, prior to Licensee's production manufacturing, initial presentation, sale or other use of such Licensed Products, and shall otherwise comply with S&W product approval policies and procedures, as amended from time to time, and communicated in writing to Licensee. Licensee shall obtain, in writing, all necessary and applicable approvals in S&W's chain of command as identified to Licensee from time to time.

11.2 Product Standards. Licensee shall assure at all times that the Licensed Products: (a) are of a high quality standard consistent with the quality of S&W products and otherwise conform to specifications, performance standards and quality standards of Licensee's other premium positioned products; (b) conform to the samples submitted for approval described above, with modifications only as approved in writing by S&W; (c) are sourced, manufactured, labeled, distributed, marketed, advertised, promoted and sold in accordance with all Applicable Laws and any S&W codes of conduct or policies as the same may be modified, supplemented or superseded by S&W from time to time ("S&W Policies"); and (d) meet or exceed all government standards, Applicable Laws, manufacturing codes and the like. Licensee shall have and maintain a commercially reasonable quality assurance plan acceptable to S&W to assure that the Licensed Products conform to the foregoing requirements, which plan shall be made available for inspection by S&W upon its request.

11.3 Approval of Third Party Manufacturers/Suppliers. In no event will Licensee permit or engage any person or entity to manufacture or supply a Licensed Product or components thereof without first following all company policies and procedures relating to due diligence and approval of third-party manufacturers/suppliers. In any event, Licensee shall be fully responsible and liable for the acts and omissions of any manufacturer, whether or not approved by S&W.

11.4 Manufacturing; Supply Chain. S&W shall have the right to inspect and oversee components of Licensee's manufacturing and supply chain to the extent necessary to protect the Licensed Trademarks, provided that in lieu of identifying any third party supplier, Licensee shall provide S&W with information regarding how such supplier was selected and is measured, and such other information requested by S&W regarding the quality standards employed by such supplier, which information shall be reasonably satisfactory to S&W.

11.5. Distribution. Licensee shall not sell or distribute, and shall not permit any Affiliate of Licensee to sell or distribute, Licensed Products to any retailer or wholesaler outside the Channels of Distribution.

11.6. Consumer Inquiries. Licensee will at its sole cost and expense handle all product warranty and guarantee/satisfaction issues, response and compliance requirements, as well as all consumer inquiries or complaints relating in any way to any Licensed Product (collectively "Consumer Inquiries"). Licensee shall keep records of all Consumer Inquiries and shall put in place a quality assurance plan acceptable to S&W for detecting and tracking and resolving quality problems reported to it by consumers. If Licensee learns of any consumer injury or alleged injury relating to a Licensed Product, Licensee shall promptly notify the Legal Department at S&W. Licensee shall print on all packaging or packaging inserts for any Licensed Product contact information identifying the Licensee as the manufacturer or distributor (as the case may be) of the Licensed Product, including at least Licensee's company name, address and email address for consumer inquiries or complaints.

**12. Representations, Warranties and Additional Covenants.**

12.1 S&W Representations and Warranties. S&W represents and warrants to Licensee that: (a) it is authorized to enter into this Agreement; (b) it has the right to grant the rights and licenses granted hereunder; and (c) it has not made, and will not make, any commitments to others inconsistent with, or in derogation of, such rights, provided S&W makes no representations or warranties with respect to any Licensed Trademarks for
use with any product outside of any jurisdiction in which and with respect to which such Licensed Trademark is registered.

12.2 Licensee General Representations and Warranties. Licensee represents and warrants to S&W that: (a) it is authorized to enter into this Agreement; (b) it has not made, and will not make, any commitments inconsistent with, or in derogation of, the rights granted in this Agreement; (c) by entering into and performing under this Agreement it is not, and shall not be, in conflict with any prior obligations to third parties; (d) the Licensed Products and all associated materials are, and shall be, free from any claims of infringement of any third party's proprietary or other intellectual property rights (including trade secret, patent, copyright and trademark rights); (e) the Licensed Products and all associated materials are, and shall be, free from defects in design, material and workmanship and are, and shall be, safe and suitable for their intended and foreseeable uses; (f) the Licensed Products and all associated materials are, and shall be, free from any claim of product liability; (g) the Licensed Products and all associated materials shall meet the requirements of all Applicable Laws in the Territory; and (h) Licensee will comply with all S&W Policies for which Licensee has been provided with written notification.

12.3 Licensee Compliance with Conflict Minerals Laws. Licensee shall ensure that it is able to provide to S&W upon request, information in sufficient detail (with certifications if requested), to enable S&W to timely comply with all of its diligence, disclosure and audit requirements under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and Rule 13p-1 and Form SD under the Securities Exchange Act of 1934, and any similar, applicable statutes and regulations, including due inquiry of Licensee's suppliers (and certifications by such suppliers) identifying conflict minerals (as defined in Section 1502(e)(4) of the Dodd-Frank Act) contained in each Licensed Product and the country of origin of such conflict minerals (or, following due inquiry, why such country of origin cannot be determined).

12.4. Licensee Compliance with Anti-Corruption/Anti-Bribery and Import/Export Control Laws. Licensee shall: (a) comply with all applicable laws and regulations prohibiting corrupt practices and/or bribery, including, but not limited to, the United States Foreign Corrupt Practices Act ("FCPA") and the United Kingdom Anti-Bribery Act; (b) comply with all applicable export and import laws and regulations; and (c) not directly or indirectly

export, re-export, distribute or transfer any technology, Confidential Information or materials of any value to any nation, individual or entity that is prohibited or restricted by law or regulation, including, but not limited to, the U.S. Department of State International Traffic in Arms Regulations, the U.S. Department of Commerce Export Administration Regulations, the U.S. Treasury Office of Foreign Assets Control, and the U.S. Department of State's State Sponsors of Terrorism designation. Licensee shall provide S&W with such information and certifications as are from time to time reasonably requested by S&W regarding Licensee's compliance with all applicable company policies concerning anti-corruption/anti-bribery and/or import/export laws and regulations.

12.5 Compliance. Licensee shall comply with all Applicable Laws applicable to its sale and use of Licensed Products, and all industry practices, guidelines or other standards requested by S&W, including any standards relating to privacy and security of personal information and payment card information.

12.6 Website. During the term of this Agreement, (a) Licensor shall ensure that the website https://www.smith-wesson.com/ and any successor website that serves as Licensor's primary website during such time contains a link to Licensee's website and (b) Licensee shall have the non-exclusive right to use the website domains https://www.store.smith-wesson.com and https://www.accessories.tcarms.com , which Licensee acknowledges are owned by Licensor, in connection with Licensee's sale of Licensed Products.

**13. Indemnification by Licensee; Insurance.**

13.1 Licensee Indemnity. Licensee shall indemnify and hold S&W and its parent company, and their respective directors, officers, employees and agents (altogether the "S&W Parties") harmless from and against any and all claims arising out of or relating to: (a) any inaccuracy or breach of Licensee's representations, warranties, covenants or other obligations hereunder (including those set forth in Sections 12.2, 12.3, 12.4, and 12.5); (b) the design, development, manufacture, sourcing, marketing, advertising, promotion, merchandising, shipment, importing, exporting, distribution, sale or use of any Licensed Products or Promotional Materials (including any (i) product liability claims, (ii) claims of personal injury, death or property damage, (iii) claims made under any guaranties made or warranties given (in each case, whether express or implied) with respect to such Licensed Products, (iv) any claims of infringement or misappropriation of Intellectual Property of a third party except any claim arising out of the use of the Licensed Trademark or S&W's Intellectual Property, or (v) any similar or other claim based on strict liability, negligence or warranty (whether express or implied)); or (c) any use of the Licensed Trademarks by Licensee in a manner not authorized by this License Agreement, provided however Licensee shall not have any indemnification obligations hereunder to the extent arising out of S&W's breach of this agreement, gross negligence or intentional misconduct. Any settlement of any claim as a result of Licensee's indemnification obligations hereunder shall first require the consent of S&W, and must release S&W from all liability for any and all claims arising out of or relating to the matter that were or could have been asserted by the claimant/plaintiff.

13.2 S&W Indemnity. S&W shall indemnify and hold Licensee and its parent company, and their respective directors, officers, employees and agents harmless from and against any and all claims arising out of (a) any inaccuracy or breach of S&W's representations, warranties, covenants or other obligations hereunder, and (b) third party claims of infringement or misappropriation of a Licensed Trademark arising from use of a Licensed Trademark in a jurisdiction and with a Licensed Product in which and as to which such Licensed Trademark is registered, provided however S&W shall not have any indemnification obligations hereunder to the extent arising out of Licensee's breach of this agreement, gross negligence or intentional misconduct.

13.3 Third Party Claims. If either party seeks indemnification or damages (the "Indemnified Party") under this Agreement from the other party (the "Indemnifying Party") for any claim asserted, against such Indemnified

Party by a third party (a "Third Party Claim"), the Indemnified Party shall, promptly upon gaining knowledge of such Third Party Claim, deliver to the Indemnifying Party notice (a "Claim Notice") of such Third Party Claim with sufficient detail as to why the Indemnifying Party is responsible for such Third Party Claim; provided, that a failure by the Indemnified Party to give such Claim Notice in the manner required pursuant to this Section 13.3 shall not limit or otherwise affect the obligations of the Indemnifying Party under this Agreement, except to the extent that such Indemnifying Party is actually prejudiced with respect to the rights available to the Indemnifying Party with respect to such Third Party Claims, and then only to the extent of any such actual prejudice. The Indemnifying Party shall have the right, at its sole option and expense, to appoint counsel of its choice, which must be reasonably satisfactory to the Indemnified Party, and to defend against, negotiate, settle or otherwise deal with such Third Party Claim in lieu of the Indemnified Party defending or settling such claim, provided the Indemnifying Party shall not have the right to defend such Third Party Claim if such Third-Party Claim seeks relief other than the payment of monetary damages or seeks the imposition of a consent order, injunction or decree that would materially restrict the future activity or conduct of the Indemnified Party, or is a criminal Legal proceeding or alleges, or seeks a finding or admission of a violation of Law or violation of the rights of any person by the Indemnified Party.

13.4 Insurance.

(a) At all times during the Term of this Agreement and for a period of three years thereafter, Licensee shall procure and maintain, at its sole cost and expense, commercial general liability insurance with limits not less than Two Million Dollars ($2,000,000) per occurrence and Five Million Dollars ($5,000,000) in the aggregate, including bodily injury and property damage and products and completed operations and advertising liability, which policy will include contractual liability coverage insuring the activities of Licensee under this Agreement.

(b) All insurance policies required pursuant to Section 13.2 must:

(i) be issued by insurance companies reasonably acceptable to Licensor;

(ii) provide that such insurance carriers give Licensor at least 30 days' prior written notice of cancellation or non-renewal of policy coverage; provided that, prior to such cancellation, Licensee has new insurance policies in place that meet the requirements of Section 13.2;

(iii) waive any right of subrogation of the insurers against Licensor or any of its Affiliates;

(iv) provide that such insurance be primary insurance and any similar insurance in the name of and/or for the benefit of Licensor is excess and non-contributory; and

(v) name Licensor and its Affiliates, including, in each case, all successors and permitted assigns, as additional insureds.

(c) Licensee shall provide Licensor with copies of the certificates of insurance and policy endorsements required by this Section 13.4 upon the written request of Licensor, and shall not do anything to invalidate such insurance.

**14. Confidential Information.**

14.1 Confidentiality and Non-Disclosure. The parties acknowledge that during the course of their performance under this Agreement, each party may learn Confidential Information of the other party. Each party agrees to take reasonable steps to protect such Confidential Information and further agrees that it shall not: (a) use such Confidential Information except as required in the normal and proper course of performing under this Agreement; (b) disclose such Confidential Information to a third party; or (c) allow a third party access to such Confidential Information (except as may otherwise be required by law) without, in each case, obtaining the prior written approval of the other party, provided, however, that such restrictions shall not apply to Confidential Information which a party has requested be subject to a confidentiality order but nonetheless is required to be revealed to an adjudicating body in the course of litigation. All Confidential Information is, and shall remain, the property of the party which supplied it. Each party shall take reasonable steps to mark its Confidential Information which is in written form with appropriate legends, provided, however, that the failure so to mark such Confidential Information shall not relieve the other party of its obligations hereunder.

14.2 Prohibited Use of S&W's Confidential Information. Under no circumstances shall Licensee: (a) use S&W Confidential Information in connection with products outside of the scope of Licensee's business of manufacturing, selling and sourcing firearm accessories, or that are not Licensed Products; or (b) disclose S&W Confidential Information to, or allow access to S&W Confidential Information by, anyone not directly associated with the design, development or manufacture of Licensed Products.

**15. Miscellaneous.**

15.1 Recalls. Licensee shall immediately notify S&W in the event of any product defect or recall considerations or deliberations concerning a Licensed Product. If, at any time, S&W determines that any Licensed Product sold by Licensee is defective, unsafe or otherwise harmful or potentially harmful to consumers or S&W, S&W shall have the right (but shall not be obligated) to require Licensee to recall such Licensed Product, provided, however, that such recall (or failure so to recall) shall not relieve Licensee of any obligations hereunder. The type and method of recall shall be subject to S&W's approval. Licensee shall bear any and all costs related to any recall of Licensed Products, whether such recall is voluntary or required by S&W or any governmental authority. Licensee shall have and maintain an adequate and comprehensive lot traceability program to ensure recall effectiveness.

15.2 Relationship of the Parties. Neither Licensee nor S&W shall be construed to be the agent of the other in any respect. The parties have entered into this Agreement as independent contractors only, and nothing herein shall be construed to place the parties in the relationship of partners, joint venturers, agents or legal representatives. Neither Licensee nor S&W will have the authority to obligate or bind the other in any manner as to any third party. Nothing contained herein shall be construed to restrict Licensee's ability to set its prices with respect to unaffiliated third parties.

15.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to its subject matter and, as of its Effective Date, supersedes all prior agreements, understandings, commitments, negotiations and discussions with respect thereto, whether oral or written.

15.4 No Amendment. This Agreement may not be amended or modified in any respect, except upon mutual written agreement of the parties.

15.5 Waiver. The failure of any party to insist upon strict adherence to any provision of this Agreement on any occasion shall not be considered a waiver of such party's right to insist upon strict adherence to such

provision thereafter or to any other provision of this Agreement in any instance. Any waiver shall be in writing signed by the party against whom such waiver is sought to be enforced.

15.6 Sublicensing and Assignment. This Agreement and the rights and licenses granted to Licensee are personal to Licensee. Licensee shall not sublicense any of the Licensed Trademarks or assign or transfer any of its rights or delegate any of its obligations under this Agreement without the prior written consent of S&W. S&W shall not unreasonably withhold its consent to a proposed sublicense or assignment by Licensee to an Affiliate of Licensee, except S&W may, in its sole discretion, withhold any consent to any such proposed sublicense or assignment following a change of Control of Licensee or of any Affiliate of Licensee. Any attempted sublicense, assignment, transfer or delegation in violation of this Section 15.6 or by virtue of the operation of law shall be null and void and of no effect. This Agreement shall be binding upon, and shall inure to the benefit of, the parties' respective successors and permitted assigns. For purposes of this Section 15.6, a "transfer" shall include the following actions by Licensee (whether effected in a single transaction or in a series of related transactions, and whether effected directly or indirectly): (a) the sale or other disposition of all or substantially all of Licensee's business or assets (except for "ordinary course" inventory sales); (b) the transfer of effective voting or other business Control of Licensee; or (c) any other change of Control of Licensee.

15.7 Severability; Reformation. The provisions of this Agreement shall be severable. If a court of competent jurisdiction shall declare any provision of this Agreement invalid, illegally or unenforceable, the other provisions hereof shall remain in full force and effect, and such court shall be empowered to modify, if possible, such invalid, illegal or unenforceable provision to the extent necessary to make it valid and enforceable to the maximum extent possible.

15.8 Equitable Relief. Licensee acknowledges and agrees that: (a) its failure to perform its obligations under this Agreement and its breach of any provision hereof, in any instance, shall result in immediate and irreparable damage to S&W; (b) no adequate remedy at law exists for such damage; and (c) in the event of such failure or breach, S&W shall be entitled to equitable relief by way of temporary, preliminary and permanent injunctions, and such other and further relief as any court of competent jurisdiction may deem just and proper, in addition to, and without prejudice to, any other relief whether in law or in equity to which S&W may be entitled.

15.9 Governing Law; Jurisdiction and Venue. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts applicable to agreements made and to be performed entirely therein. Licensee hereby consents to the exclusive jurisdiction of the courts of the Commonwealth of Massachusetts and of the United States District Court for the District of Massachusetts for resolution of all claims, differences and disputes which the parties may have regarding, or which arise under, this Agreement. Any judgment or other decision of any such court shall be enforceable, without further proceedings, against the named party anywhere in the world where such party is located, does business or has assets.

15.10 Waiver of Right to Jury Trial. EACH OF THE PARTIES HEREBY WAIVES ITS RIGHTS TO A TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF, THIS AGREEMENT OR THE VALIDITY, INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN.

15.11 Notices. Materials required to be delivered to any party hereunder shall be delivered to the address given below for such party. Unless otherwise expressly stated in this Agreement, any notice, accounting statement, consent, approval or other communication under this Agreement shall be in writing and shall be considered given: (a) upon personal delivery, (b) two (2) business days after being deposited with an

"overnight" courier or "express mail" service, or (c) seven (7) business days after being mailed by registered or certified first class mail, return receipt requested, in each case addressed to the notified party at its address set forth below (or at such other address as such party may specify by notice to the others delivered in accordance with this Section 15):

If to S&W:
Smith & Wesson Inc.
2100 Roosevelt Ave.
Springfield, MA 01104
Attn: Legal Department

If to Licensee:
AOB Products Company
1800 North Route Z
Columbia, MO 65202
Attn: President

15.12 Offer and Acceptance. This Agreement will not be effective unless and until it is fully executed by authorized officers of each of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the Effective Date.

**SMITH & WESSON INC.** **AOB PRODUCTS COMPANY**

By: By:

Name: Name:

Title: Title:

**Exhibit 10.6**

# SUPPLY AGREEMENT

This Supply Agreement (the "Agreement") is dated as of [ ], 2020 (the "Effective Date") by and between Smith & Wesson Inc., a Delaware corporation having its principal address at 2100 Roosevelt Avenue, Springfield, MA 01104 (hereinafter referred to as "S&W"), and Crimson Trace Corporation, a corporation organized under the laws of the State of Oregon having its principal address at 1800 North Route Z Columbia, MO 65202 (hereinafter referred to as "Supplier").

**WITNESSETH:**

WHEREAS, S&W wishes to purchase from Supplier and Supplier wishes to sell to S&W certain Products (as defined below) in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the premises, mutual promises, and the representations, warranties and covenants herein contained, the sufficiency of which is hereby mutually acknowledged, the parties agree as follows:

## 1. DEFINITION OF TERMS

As used in this Agreement, the following terms shall have the following meanings, respectively:

1.1. "Confidential Information" shall mean all drawings, designs, sketches, blueprints, technical specifications, engineering calculations, models, formulas, data, reports, interpretations, forecasts, and records of a party, and all other confidential information concerning such party's business, whether in written, oral, or any other form or medium, and whether or not labeled as confidential by such party, but excluding the same which (a) is or becomes generally available to and known by the public other than as a result of the other party's breach of Section 9.1, or (b) becomes available to the other party on a non-confidential basis from a third-party source, provided that such third party is not and was not prohibited from disclosing such Confidential Information.

1.2. "Delivery Date(s)" shall mean the date or dates requested for delivery of Products as set forth in any Order.

1.3. "Order" shall mean a written purchase order by S&W that may be transmitted electronically to Supplier or otherwise sent to Supplier in any manner mutually agreed to by the parties.

1.4. "Price" shall mean the prices for the Products set forth on Schedule B hereto.

1.5. "Product(s)" shall mean the laser sighting devices as more particularly described in Schedule A hereto and conforming to the specifications ("Specifications") set forth in Schedule A.

1.6. "Supplier MOQ" means a minimum purchase requirement imposed on Supplier when procuring any Product to complete any Order.

## 2. TERM

2.1. Term. This Agreement shall become effective as of the Effective Date and shall continue for a period of 24 months, unless earlier terminated in accordance with its terms (the "Term"). Not later than six (6) months prior to the expiration of this Agreement, the parties shall engage in good faith discussions regarding any renewal or extension of this Agreement. The "Term" of this Agreement shall include the Initial Term and any renewal or extension terms.

**3. MANUFACTURE; SALE; LICENSE**

3.1. Sale. Supplier agrees to sell and S&W agrees to purchase Products from Supplier in accordance with the terms and conditions set forth in this Agreement.

3.2. Orders. Unless otherwise agreed to by S&W in writing, no Products shall be supplied hereunder without the issuance by S&W to Supplier of an Order for such Products. Supplier's acceptance of an Order shall be confirmed upon the earlier of a written confirmation or delivery of the Products set forth in such Order. Except as set forth in this Agreement, Supplier may not reject an Order. In addition, except as set forth in this Agreement, Supplier may only cancel an Order already accepted if S&W is in breach of this Agreement. The terms and conditions of this Agreement shall be deemed incorporated into and made a part of each Order, and shall supersede and control over any inconsistent or contradictory provisions of any quote, acknowledgment of Order, invoice or any other document of Supplier or S&W (including any Order issued by S&W).

3.3. Forecasts. Upon execution of this Agreement, S&W shall provide to Supplier a forecast including a good faith estimate of S&W's requirements for Products (a "Forecast") for the 6-month period beginning on the Effective Date. No later than the sixty (60) days prior to the first day of each subsequent 6-month period during the Term, S&W shall deliver to Supplier a Forecast for the period beginning with the first day of such subsequent 6-month period. Forecast are for informational purposes only and do not create any binding obligations on behalf of either party; provided, however, that Supplier shall not be required to sell to S&W, and may in its sole discretion reject (without penalty or liability) any Order for, any quantity of Products that is not set forth in any Forecast for the period covered by such Forecast.

3.4. Minimum Orders; Exclusivity. In the event Supplier is subject to a Supplier MOQ when sourcing Product to complete any Order submitted by S&W hereunder and the quantity of Product originally set forth in the Order is less than the Supplier MOQ, the Parties agree to either reissue the Order to equal the Supplier MOQ, allow S&W to cancel its Order, or otherwise revise the Order to avoid the Supplier MOQ either by modifying the Product design or by changing to a different Product. During the Term of this Agreement, S&W shall purchase Products exclusively from Supplier. During the Term, S&W will not, directly or indirectly, interfere with Supplier's relationships with its suppliers or otherwise contract with any such suppliers for the purchase, manufacturing, or license of any Products.

3.5. Right of First Proposal. Supplier shall have, and S&W hereby grants to Supplier, a right of first proposal to supply (i) any aiming assistance devices to be used on S&W products and (ii) any products that are similar to the Products but are materially different in a manner that justifies a change in pricing as reasonably determined by the Parties (examples of such material differences are significant size differences, co-branding, material construction or quality differences; whereas non-material differences would be minor cosmetic changes such as colors, patterns, cosmetic finishing (and all of such products with non-material differences shall continue to be "Products" hereunder)) ((i) and (ii), collectively, "Proposed Products") to S&W and its affiliates (the "Right of First Proposal"); provided, however, such Right of First Proposal shall not apply to any product that is being manufactured for S&W by a third party as of the Effective Date. S&W shall provide written notice specifically referencing this Section 3.5 to Supplier of any Proposed Products S&W proposes to purchase prior to purchasing, or entering into any contract to purchase, such Proposed Products. Supplier shall have thirty (30) days from the receipt of such notice to provide a pricing proposal (which shall include terms regarding delivery, lead times and product performance) to S&W to supply such Proposed Products to S&W under this Agreement. If S&W accepts such pricing proposal, such Proposed Products shall become "Products" hereunder, and S&W and Supplier shall update the Schedules to this Agreement to incorporate the information applicable to such Proposed Products.

3.6. Access to S&W's Facilities. If in providing Products or related services under this Agreement, Supplier shall require access to S&W's facilities: (i) any such access by Supplier and its personnel shall be subject to the U.S. International Traffic in Arms Regulations and S&W's security policies

from time to time in effect, which limit those individuals who may access S&W's facilities; and (ii) Supplier shall satisfy any requirements of S&W to provide insurance, which may be in addition to the insurance otherwise required under this Agreement, on account of Supplier's activities on S&W's site.

3.7. Manufacturing Facility. In manufacturing any Products, Supplier shall maintain an organization and facilities, including, without limitation, suitable equipment and tools, in accordance with standards generally accepted in the industry, and employ adequately trained and competent personnel in all functions. Supplier will keep complete and accurate records in all material respects with respect to Products it manufactures pursuant to this Agreement. Supplier shall, upon S&W's request from time to time by providing at least 7 days prior notice, allow S&W or its representatives access to Supplier's facilities to inspect the manufacture and assembly of the Products during reasonable hours, and provide S&W with such records in the possession of Supplier, as S&W may reasonably request, relating to the manufacture of Products and the source of any raw materials and components used in the Products; provided, however, in no event shall such inspection interfere with the business of Supplier.

3.8. License to Products and Patents in Products. During the term of this Agreement, Supplier hereby grants S&W a royalty-free, nontransferable, nonsublicenseable, worldwide, non-exclusive license to offer to sell and sell firearms that incorporate the Products. The grant of such license shall be effective upon the signing of this Agreement.

3.9. License to Supplier Trade and Service Marks and Trade Dress. During the term of this Agreement, Supplier hereby grants S&W a royalty-free, nontransferable, nonsublicenseable, worldwide, non-exclusive license to use Supplier trademarks, service marks, and trade dress ("Supplier Marks") in connection with the Products. This license is subject to the following restrictions: S&W will use the Supplier Marks only in ways that reflect favorably on Supplier and its products, and shall not use the Supplier Marks in any way that is immoral, illegal, or scandalous or in any way that could impair the reputation of Supplier or the Supplier Marks, and S&W will not obscure, deface or remove the Supplier Marks on the Products. In any promotional or advertising material in any media, S&W will identify the Supplier Marks as belonging to Supplier, using words to the effect that "Crimson Trace trademarks are property of Crimson Trace Corporation, Portland, Oregon, and are used by permission."

## 4. ORDERING; DELIVERY

4.1. Deliveries. Unless otherwise specified in an Order (and agreed to by Supplier) or as set forth below, all deliveries shall be F.O.B. Supplier's plant in Columbia, Missouri. Title to Products shall pass to S&W at such point and S&W shall assume all risk of loss of any Products after such point, including while any Products are in the possession, custody or control of a carrier. All deliveries from outside of the United States shall be F.O.B. Destination. Title to such Products shall pass to S&W at such destination point and S&W shall assume all risk of loss of any such Products after such destination point. Supplier shall (i) pack the Products in such a manner as to insure against damage from weather or transportation costs, and (ii) label such Products and provide instructions and other information, including, without limitation, Material Safety Data Sheets, as required by any applicable law or regulations or for proper use of the Products.

4.2. Shipping. Except as set forth herein, Supplier shall pay the costs of shipping such Products to S&W in accordance with its Orders (but, for the avoidance of doubt, S&W shall pay for the cost of any insurance on such Products after transfer of risk of loss and title of such Products as set forth in Section 4.1). In its shipment of Products, Supplier shall comply with S&W's shipping guidelines in effect as of the Effective Date. If, in order to comply with S&W's required Delivery Date, Supplier must ship by a more expensive way than specified in this Agreement or in an Order, any resulting increased transportation costs

shall be paid for by Supplier unless the necessity for such rerouting or expedited handling has been caused by S&W.

4.3. Lead Times. Lead times for delivery of the Products are set forth in Schedule C to this Agreement (the "Lead Times"). Supplier shall deliver Products ordered by S&W by the applicable Delivery Date set forth in S&W's Order, so long as the Delivery Date is consistent with the Lead Times. If applicable Lead Times are not set forth in Schedule C, the Delivery Date shall be such date as reasonably agreed to by the parties.

4.4. Production Capacity. Supplier shall maintain sufficient production capacity as to be able to supply Products in accordance with any reasonable S&W forecasts and the Lead Times. Supplier shall notify S&W as soon as is reasonably possible of any inability by Supplier to produce and deliver Products in such quantities as are necessary to meet S&W's anticipated volume requirements.

4.5. Remedies for Late Delivery. Supplier shall use commercially reasonable efforts to deliver all Products on or before the Delivery Date as set forth in Section 4.3 above. If Supplier fails to deliver Products within 14 days of the Delivery Date and if such delay is not due to any action or inaction of S&W or otherwise excused in accordance with this Agreement, S&W shall receive a 10% discount on such Order or S&W may, at its sole discretion, cancel its Order for such Products by giving Supplier written notice of such cancelation prior to shipment of the Products for such Order and procure similar products from another source. Subject to S&W's rights under this Section 4.5, no delay in the shipment or delivery of any Products relieves S&W of its obligations under this Agreement, including accepting delivery of any remaining installment or other Orders of Products.

4.6. Changes. S&W may, at any time, make changes in quantities, packaging, time and place of delivery, and method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for performance or delivery, an equitable adjustment shall be made, provided that Supplier notifies S&W, within seven days after S&W notifies Supplier of any such change, of any proposed increase in price or delay in delivery resulting from such change, and if the parties are then unable to agree on an adjustment, S&W may cancel all or any part of its Order subject to Section 4.7 below.

4.7. Cancellation. S&W may cancel all or any part of any unshipped portion of its Order without obligation hereunder except to make payment for the Products actually shipped prior to such cancellation and, with respect to any cancelled Non-Stock Items, to pay Supplier for direct costs incurred by Supplier in connection with such cancelled Non-Stock Products, including without limitation production and facility costs and Supplier's costs for cancelling any orders with its suppliers. In no event shall S&W be liable under this Section 4.7 with respect to a cancellation for more than the price of the applicable Products. Title to any unfinished work-in-process paid for by S&W shall vest in S&W. For purposes hereof, "Non-Stock Items" are Products manufactured exclusively for S&W (or its affiliates).

## 5. TERMS AND CONDITIONS OF PURCHASE

5.1. Prices. Prices for the Products shall be those prices set forth in Schedule B attached hereto. The Product prices include all charges for Supplier's boxing, packaging, packing, crating, storage and handling, to the F.O.B. point, freight costs to ship pursuant to the Order and duties (but excluding any insurance on the Products during shipment of the Products after transfer of risk and title as set forth in Section 4.1). In addition, Supplier shall be liable for any applicable sales, use or similar taxes, excises, and similar charges, which shall be separately invoiced to S&W. The pricing formulas set forth in Schedule B shall remain firm for the Term.

5.2. Payment. S&W shall pay the price of Products ordered by S&W after receipt by S&W of such Products and of an invoice from Supplier for such Products. Supplier's invoice shall specify the Order number, Order date, a general description of the Products supplied, the date of supply, and the sum due. Unless otherwise stated, S&W's payment shall be due 30 days after S&W's receipt of Supplier's invoice in accordance with this Agreement. S&W shall be entitled to any cash discount period available to Supplier's customers. Supplier shall be solely responsible for filing all appropriate tax forms and paying all applicable sales, use and similar taxes, duties, export preparation charges and export documentation charges resulting from the sale of the Products under this Agreement. Any payment by S&W under this Agreement shall not relieve Supplier from any obligations hereunder with respect to defective Products.

5.3. Late Payments. S&W shall pay interest on all late payments (whether during the Term or after the expiration or earlier termination of the Term), calculated daily and compounded monthly, at the lesser of 10% per year or the highest rate permissible under applicable law. S&W shall also reimburse Supplier for all costs incurred by Supplier in collecting any late payments, including reasonable attorneys' fees and court costs. In addition to all other remedies available under this Agreement or at law, if S&W fails to pay any amounts when due under this Agreement, other than amounts disputed by S&W in good faith, Supplier may (a) suspend the delivery of any Products, and (b) reject S&W's Orders or cancel accepted Orders.

5.4. Rejection. Payment for Products delivered hereunder shall not constitute S&W's acceptance thereof. S&W shall have the right within 14 days of receipt (the "Inspection Period") to inspect any Products and to reject the same to the extent (i) the amount of Product is more than the amount requested in the Order (but such rejection right shall only be with respect to the excess amount), (ii) the Product is materially damaged or (iii) for obvious and apparent deviations from the Specifications for such Product, which are obvious without opening the packaging for each Product ("Nonconforming Products"). S&W will be deemed to have accepted Products unless it provides Supplier with written notice of any Nonconforming Products within the Inspection Period, stating with specificity all defects and nonconformities, and furnishing such other written evidence or other documentation as may be reasonably required by Supplier. If S&W timely notifies Supplier of any Nonconforming Products and Supplier agrees that such Products are Nonconforming Products, Supplier shall either, at S&W's election: (a) replace such Nonconforming Products with conforming Products; or (b) refund to S&W such amount paid by S&W to Supplier for such Nonconforming Products returned by S&W to Supplier and cancel the Order for such returned Nonconforming Products. If S&W elects to replace Nonconforming Products, Supplier shall ship, at Supplier's expense and risk of loss, the replacement Products.

## 6. WARRANTY; SUPPORT

6.1. Supplier's Warranty. For a 12 month period from the expiration of the Inspection Period for such Products, Supplier warrants that the Products furnished under this Agreement shall (i) conform in every respect to any specifications provided by Supplier to S&W; (ii) be new and free from material defects in material or workmanship; (iii) be adequately contained, packaged, marked, and labeled; (iv) conform to any and all applicable technical and safety provisions and comply in all respects with any and all applicable federal, state and local laws, regulations, directives and standards including, without limitation, those concerning safety, labor, health and the environment; and (v) be appropriate for the purpose for which the Product is intended to be used. Inspection, testing, acceptance or use of the Products shall not affect Supplier's obligation under this warranty, and such warranty shall survive inspection, testing, acceptance and use. The foregoing shall not limit, however, Supplier's standard warranty for a Product provided to the end-user (consumer purchaser) of such Product as set forth on the packaging of such Product ("End-User Warranty"), and S&W may sell the Products to end-users subject to Supplier's End-User Warranty.

6.2. Warranty Limitations. The warranty set forth in Section 6.1 does not apply to any Product that: (i) has been subjected to abuse, misuse, neglect, negligence, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions or use contrary to any instructions issued by Supplier; (ii) has been reconstructed, repaired or altered by persons other than Supplier or its authorized representatives; or (iii) has been used with any third-party products, hardware or product that has not been previously approved in writing by Supplier, provided that any Product may be used with any other product offered by S&W or any affiliate of S&W ("S&W Products") to the extent S&W provided prior written notice to Supplier that such Product would be used with such specific S&W Product. In addition, in no event shall Supplier be liable or responsible for any warranty provided to end-users of the Product greater than Supplier's End-User Warranty.

6.3. DISCLAIMER. EXCEPT FOR THE END-USER WARRANTY, EXCEPT TO THE EXTENT LIMITATIONS ON PRODUCT WARRANTIES TO CONSUMERS ARE NOT PERMITTED BY APPLICABLE LAW, AND EXCEPT FOR THE PRODUCT WARRANTY SET FORTH IN SECTION 6.1 AND THE OTHER EXPRESS REPRESENTATIONS AND WARRANTIES OF SUPPLIER SET FORTH IN THIS AGREEMENT, (A) NEITHER SUPPLIER NOR ANY PERSON ON SUPPLIER'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, EITHER ORAL OR WRITTEN, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR TITLE, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND (B) S&W ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY REPRESENTATION OR WARRANTY MADE BY SUPPLIER, OR ANY OTHER PERSON ON SUPPLIER'S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT.

## 7. PRODUCT CAMPAIGNS; INDEMNIFICATION

7.1. Product Recalls. If any Products have been manufactured by or for Supplier in a manner that is inconsistent with Product Specifications or if any Products otherwise do not comply with Supplier's warranty, and S&W requests Supplier to recall such Products for safety reasons, then Supplier shall determine, under its recall standards, whether a recall of any Products should be made. If Supplier determines that for any reason a recall of such Products should be made, then Supplier shall recall such Products at its own expense. In such case, S&W shall take all reasonable actions requested by Supplier to assist in such a recall. S&W shall not modify or retrofit any Product as part of any recall or retrofit campaign by S&W without Supplier's prior written consent, which shall not be unreasonably withheld.

7.2. Indemnification Generally. Without limiting any other remedies available to the parties, each party shall indemnify, defend and hold the other party and its respective officers, directors, employees, agents, customers, subsidiaries, parents and affiliates (each a "Protected Party") harmless from and against any and all claims (including, without limitation, third party claims for personal injury or real or personal property damage), actions, suits, damages, losses, deficiencies, liabilities, obligations, commitments, costs or expenses of any kind or nature (including reasonable legal and other expenses) incurred by such Protected Party (altogether "Losses") resulting from: (i) any breach of the representations, warranties, covenants, agreements and obligations of such party hereunder (including, with respect to Supplier, a breach of its End-User Warranty); or (ii) any negligent or willful acts or omissions of such party, its directors, officers, employees, agent, contractors, subsidiaries, parents, affiliates or those acting for any of them, except to the extent any damages or liabilities are directly caused by the willful misconduct of the Protected Party. Without limiting any other remedies available to the parties, Supplier shall indemnify, defend and hold S&W and its officers, directors, employees, agents, customers, subsidiaries, parents and affiliates (each a "S&W Protected Party") harmless from and against (iii) any and all Losses resulting from any failure of any Product to comply with applicable law, or (iv) S&W's direct costs under any Product recall under Section 7.1. This Section will survive the termination or expiration of this Agreement.

7.3. IP Indemnification. Supplier shall indemnify, defend and hold harmless S&W and its Protected Parties from and against all claims by a third party alleging that any of the Products infringe any Intellectual Property Right of a third party, except to the extent the same relates to or results from (i) use of S&W's trademarks, or (ii) Supplier's compliance with any Specifications or design supplied by S&W. If the Products, or any part of the Products, becomes, or in Supplier's reasonable opinion is likely to become, subject to a Third Party Claim that qualifies for intellectual property indemnification coverage under this Section 7.3, Supplier shall notify S&W in writing to cease using all or a part of the Products, in which case S&W shall immediately cease all such use of such Products and Supplier shall use its best efforts to provide Products or similar substitute Products that are non-infringing to S&W.

7.4. Defense of Third Party Indemnifiable Claims. If a Protected Party seeks indemnification or damages (the "Indemnified Party") under this Agreement from the other party (the "Indemnifying Party") for any claim asserted, against such Indemnified Party by a third party (a "Third Party Claim"), the Indemnified Party shall, promptly upon gaining knowledge of such Third Party Claim, deliver to the Indemnifying Party notice of such Third Party Claim with sufficient detail as to why the Indemnifying Party is responsible for such Third Party Claim; provided, that a failure by the Indemnified Party to give such notice in the manner required pursuant to this Section 7.4 shall not limit or otherwise affect the obligations of the Indemnifying Party under this Agreement, except to the extent that Indemnifying Party is actually prejudiced with respect to the rights available to the Indemnifying Party with respect to such Third Party Claim, and then only to the extent of any such actual prejudice. The Indemnifying Party shall have the right, at its sole option and expense, to appoint counsel of its choice, which must be reasonably satisfactory to the Indemnified Party, and to defend against, negotiate, settle or otherwise deal with such Third Party Claim in lieu of the Indemnified Party defending or settling such claim; provided, the Indemnifying Party shall not have the right to defend such Third Party Claim if such Third Party Claim seeks relief other than the payment of monetary damages.

7.5. Exclusion from Indemnification. Notwithstanding anything in this Agreement to the contrary, in no event shall Supplier be liable for, or be required to indemnify S&W or its Protected Parties for, Losses arising from (i) the use of the Products in any manner not otherwise authorized under this Agreement or that does not materially conform with any usage instructions provided by Supplier, (ii) S&W's marketing, advertising, promotion or sale of any product containing the Products, except to the extent such marketing or promotion is consistent with materials provided by Supplier; (iii) Supplier's compliance with any Specifications or design supplied by S&W; or (iii) any modifications or changes made to the Products by or on behalf of any person other than Supplier.

## 8. INSURANCE

8.1. Insurance. Supplier shall, at its expense, obtain and maintain in full force and effect insurance policies with minimum limits of coverage as follows:

(i) Commercial General Liability Insurance including Contractual Liability, Products and Completed Operations Liability, Broad Form Property Damage Liability including coverage for contractual liability. Limits of liability will not be less than $1,000,000 USD each occurrence and $2,000,000 USD aggregate. Commercial General Liability insurance will be written on an occurrence basis.

(ii) Excess (Umbrella) Liability underlying the insurances described in subsections (i) and (ii), in an amount of not less than $1,000,000 USD per occurrence. Excess (Umbrella) Insurance will be written on an occurrence basis.

8.2. Additional Insured. The Supplier will cause “Smith & Wesson Inc. “ to be named as an additional insured on the Commercial General Liability, and Excess (Umbrella) Liability policies. The Supplier will deliver annually a certificate of insurance evidencing the coverage’s required by this Agreement. The certificates of insurance will clearly state: “This is primary insurance without recourse to similar insurance maintained by the additional insured or its subsidiaries and affiliates, if any.”

8.3. Notice of Cancellation. The Supplier will be required to provide not less than thirty (30) days’ prior notice of cancellation, intention not to renew, or material change in coverage; provided, however, that no reduction, cancellation or material changes in any policy will relieve the Supplier of Supplier’s obligation to maintain coverages in accordance with this Agreement.

8.4. Subrogation. The Supplier, on behalf of the Supplier and Supplier’s insurers, hereby waives subrogation against S&W and its Affiliates under the insurance coverages maintained by the Supplier pursuant to this Agreement for losses or claims arising out of the insured party’s acts or omissions. Evidence of such waiver reasonably satisfactory in form and substance to S&W will be exhibited on the Certificates of Insurance required by this Agreement.

8.5. Limits. The limits of liability set forth above may be afforded by any combination of primary and excess liability insurance as long as the insurance coverage provided by the excess liability insurance is as broad as that provided by the primary insurance.

**9. CONFIDENTIALITY**

9.1. Non-Use and Non-Disclosure. Neither party shall use the other party’s Confidential Information except for the purpose of performing its obligations under this Agreement (“Purpose”). Each party shall protect the Confidential Information of the other party from disclosure and unauthorized use in the same manner that it protects its own proprietary and confidential information of like nature, but in no event shall such standard of care be less than reasonable care. Supplier may disclose the Confidential Information of the other party only to those of its employees, subcontractors, contractors, directors, advisors, auditors, attorneys and consultants who require such information for the Purpose and who are subject to confidentiality obligations at least as protective as those set forth herein. Each party shall immediately notify the other party in the event of any unauthorized use or disclosure of the other party’s Confidential Information. In the event that a party’s Confidential Information is required to be disclosed by the other party pursuant to law, regulation or valid court order, the other party shall be permitted to make such disclosure; provided, however, that (i) it shall promptly notify the party of the fact in writing to permit the party the reasonable opportunity to appear in any judicial proceeding involved or otherwise to act to preserve its rights; and (ii) such disclosure is no greater than what was required to be compliant with such law, regulation or order.

9.2. Survival of Non-Use and Non-Disclosure Obligations. All non-use and non-disclosure obligations concerning Confidential Information shall survive for a period of five (5) years (except for trade secrets, which shall continue in full force and effect indefinitely) from the date of expiration or termination of this Agreement.

9.3. Injunctive Relief. Both parties acknowledge that disclosure or unauthorized use of the other’s Confidential Information will cause irreparable harm to the party, inadequately compensable in damages, and that the party may obtain injunctive relief to prevent any disclosure or unauthorized use of its Confidential Information. If a party is successful in any action to enforce the other’s obligations under this Section, that party shall be entitled to recover reasonable attorneys’ fees and court costs.

9.4. Return of Property. Upon the termination or expiration of this Agreement, each party agrees to end all further use of and to delete or destroy all copies of (and upon request, provide a written certification of such deletion or destruction), any and all such other party's Confidential Information, in whatever form, which are in possession of or under the control of such party.

**10. OTHER COVENANTS.**

10.1. Compliance with Laws by Supplier. Supplier, and any Products or related services supplied by Supplier, shall comply with all applicable Federal, state and local laws, rules, regulations, orders, conventions, ordinances or standards, including, without limitation, those that relate to the manufacture, labeling, transportation, importation, exportation, use, operation, licensing, approval or certification of the Products or related services, and including, without limitation, the U.S. Foreign Corrupt Practices Act, the U.S. International Traffic in Arms Regulations and the U.S. Export Administration Regulations. Supplier shall comply with Executive Order No. 11246, as amended, The Rehabilitation Act of 1973, The Vietnam Era Veterans Readjustment Assistance Act of 1974, and any related rules and regulations, and any other law, order or regulation required to be included herein, as a result of S&W's use of Products or related services ordered in or for S&W's performance of contracts with any governmental authority. This shall include, without limitation, an obligation by Supplier to take affirmative action to employ and advance in employment qualified individuals with disabilities, and qualified special disabled veterans, veterans of the Vietnam era and any other veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been procured. Supplier further represents that neither it nor any of its subcontractors will utilize slave, prisoner or any other form of forced or involuntary labor in the supply of the Products or any services under this Agreement. Supplier shall furnish S&W, upon request from time to time, in such form as S&W may designate, certificates of Supplier's compliance with any such laws, orders and regulations. At S&W's request, Supplier shall certify in writing its compliance with the foregoing.

10.2. Compliance with Laws by S&W. S&W shall comply with all applicable Federal, state and local laws, rules, regulations, orders, conventions, and ordinances, including, without limitation, those that relate to the purchase, resale, exportation, use, operation, licensing, approval of such Products, as applicable, and including, without limitation, the U.S. Foreign Corrupt Practices Act, the U.S. International Traffic in Arms Regulations and the U.S. Export Administration Regulations.

**11. TERMINATION**

11.1. Termination for Bankruptcy or Insolvency. Unless expressly prohibited by applicable law, either party may terminate this Agreement immediately for cause by providing notice to the other party if the other party: (a) commences or becomes the subject of any case or proceeding under the bankruptcy, insolvency or equivalent laws of the United States; (b) has appointed for it or for any substantial part of its property a court appointed receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official; (c) makes an assignment for the benefit of its creditors; (d) admits in writing its inability to generally to pay its debts as they become due; or (e) takes corporate action in furtherance of any of the foregoing (collectively, herein referred to as "Events of Insolvency"). Each party shall immediately give the other party written notice of any Event of Insolvency with respect to such party.

11.2. Termination for Breach. Either party may terminate this Agreement 30 days after giving notice of the other party's material breach or default of this Agreement, including any four late deliveries by Supplier in a six-month period that would permit S&W to cancel its order pursuant to Section 4.5, provided that such breach shall continue and not be cured within 30 days after such notice (or, if not able to be cured within 30 days, within a commercially reasonable time period for such cure).

11.3. No Liability. Except as provided in Section 11.4, neither party shall be liable for any damage of any kind (whether direct or indirect) incurred by the other party by reason of the expiration or earlier termination of this Agreement. Termination of this Agreement will not constitute a waiver of either Party's rights, remedies or defenses under this Agreement, at law, in equity or otherwise.

11.4. Effects of Expiration or Termination. Upon the expiration or earlier termination of this Agreement, all indebtedness of S&W to Supplier under this Agreement, of any kind, shall become immediately due and payable to Supplier, without further notice to S&W. Expiration or termination of this Agreement will not affect any rights or obligations of the parties that (i) come into effect upon or after termination or expiration of this Agreement; or (ii) otherwise survive the expiration or earlier termination of this Agreement pursuant to Section 12.10 and were incurred by the parties prior to such expiration or earlier termination. Except as otherwise agreed to by Supplier, any notice of termination under this Agreement automatically operates as a cancellation of any deliveries of Products to S&W that are scheduled to be made subsequent to the effective date of termination, whether or not any orders for such Products had been accepted by Supplier.

## 12. MISCELLANEOUS

12.1. Notices. All notices in connection with this Agreement shall be in writing, and deemed given when personally delivered, or one business day after being dispatched by nationally recognized overnight courier, or five business days after being mailed, postage prepaid, by certified or registered mail, return receipt requested, addressed to the other party hereto at the following address:

**TO S&W:**
**Smith & Wesson Brands, Inc.**
2100 Roosevelt Ave.
Springfield, MA 01104
Attn: General Counsel

**TO SUPPLIER:**
**Crimson Trace Corporation**
1800 North Route Z
Columbia, MO 65202
Attn: General Counsel

Either party may change its address for notices by notice to the other party.

12.2. Right to Audit.

a. Supplier Audit Right. S&W hereby grants Supplier access to all pertinent records, correspondence, writings, and receipts related to this Agreement, but excluding any of the same subject to the attorney-client privilege or constituting attorney work-product, for the purpose of ensuring S&W's compliance with the terms of the Agreement.

b. S&W Audit Right. Supplier hereby grants S&W access to all pertinent records, correspondence, writings, and receipts related to this Agreement, but excluding any of the same subject to the attorney-client privilege or constituting attorney work-product, for the purpose of ensuring Supplier's compliance with the terms of the Agreement.

c. Maintenance of Records. The parties to this Agreement shall maintain such records and documents for a period of six (6) years after the termination or expiration of this Agreement. Each party shall cooperate fully with the other party on all reasonable requests to audit such records.

12.3. Choice of Law, Venue. This Agreement, and all matters arising out of or relating this to this Agreement, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflict of laws provisions thereof. The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement. The parties hereby consent to the exclusive jurisdiction of the courts of the State of Missouri and of the United States District Court for the Eastern District of Missouri for resolution of all claims, differences and disputes which the parties may have regarding, or which arise under, this Agreement, so long as such courts have jurisdiction. Any judgment or other decision of any such court shall be enforceable, without further proceedings, against the named party anywhere in the world where such party is located, does business or has assets.

12.4. Limitation of Liability.

a. NO LIABILITY FOR CONSEQUENTIAL OR INDIRECT DAMAGES. IN NO EVENT SHALL EITHER PARTY OR THEIR REPRESENTATIVES BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR ENHANCED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT THE OTHER PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

b. MAXIMUM LIABILITY FOR DAMAGES. IN NO EVENT SHALL SUPPLIER'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE TOTAL OF THE AMOUNTS PAID TO SUPPLIER PURSUANT TO THIS AGREEMENT IN THE YEAR PRECEDING THE EVENT GIVING RISE TO THE CLAIM.

Notwithstanding anything in this Agreement to the contrary, (a) the limits in this Section 12.4 and the limit on the term of Supplier's warranty under Section 6.1 of this Agreement shall not apply to any Losses resulting from third party claims arising from Supplier's breach of its representations, warranties, or covenants in this Agreement, including Sections 6.1 (Supplier's Warranty), 7.1 (Product Recalls), 7.2 (Indemnification Generally), 7.3 (IP Indemnification), and 10.1 (Compliance with Laws by Supplier), in each case so long as S&W complies with Section 7.4; (b) the limits in this Section 12.4 shall not apply to any Losses arising from a party's fraud; (c) the limit in Section 12.4(b) and the limit on the term of Supplier's warranty under Section 6.1 of this Agreement shall not apply to S&W's damages arising out of a Product recall under Section 7.1; and (d) the limits in this Section 12.4 shall not apply to any Losses arising from S&W's breach of Section 3.4 (Exclusivity).

12.5. Assignment. Except as otherwise set forth in this Section 12.5, neither party shall assign or subcontract any portion of this Agreement without the prior written consent of the other party, which shall not be unreasonably withheld. Any assignment without such consent shall be void.

Notwithstanding the foregoing, either party may assign this Agreement to any of its affiliates. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties. Any change of control of Supplier shall be deemed an assignment of this Agreement, for which S&W's consent shall be required.

12.6. No Set-off Right. S&W shall not, and acknowledges that it will have no right, under this Agreement, any Order, any other agreement, document or law to, withhold, offset, recoup or debit any amounts owed (or to become due and owing) to Supplier or its affiliates, whether under this Agreement or otherwise, against any other amount owed (or to become due and owing) to it by Supplier or its affiliates, whether relating to Supplier's breach or non-performance of this Agreement, any Order, any other agreement between S&W or its affiliates and Supplier or its affiliates, or otherwise

12.7. Force Majeure. Neither party hereto shall be liable to the other party hereto for nonperformance or delay in performance of any of its obligations under this Agreement due to the causes beyond its reasonable control including, without limitation, fires, floods, labor troubles or other industrial disturbances, governmental acts or regulations, pandemics, riots, insurrections, lightning, storm, war, and act of the public enemy (herein referred to as "Force Majeure"); provided, however, in no event shall the inability to make payments be an event of "Force Majeure". Upon the occurrence of any such event of Force Majeure, the affected party shall promptly notify the other party of such event and the details surrounding the same and shall keep the other party informed of any further developments of such event. After such event ceases or is removed, the affected party shall perform all its obligations still pending with reasonable promptness, unless this Agreement has been terminated in accordance with its terms. If an event of Force Majeure prevents performance by a party for more than 21 consecutive days ("Prolonged Force Majeure"), either party may, with notice to the other, cancel any Order affected by such Prolonged Force Majeure (an "Affected Order") without any further liability thereunder. In addition, to the extent such Affected Order has been cancelled in accordance with this Section 12.7, S&W may purchase the Product under such Affected Order (up to the amount set forth in such Order) from a third-party. In no event shall S&W purchase more than customarily purchased hereunder during an event of Force Majeure to circumvent the exclusivity provisions of this Agreement.

12.8. Use of Name. S&W shall have a non-exclusive license to use any Supplier-owned trademarks used on or in packaging for Products in connection with S&W's sales and marketing of the Products. Except as expressly permitted by this Agreement, without the prior written consent of the other party, neither party shall use the other party's name or any of its trademarks or logos, including in any advertising or marketing materials.

12.9. Prohibition Against Insider Trading. Supplier hereby acknowledges that United States securities laws, as well as other applicable securities laws and regulations, prohibit any person who has material, non-public information about a company from purchasing or selling the securities of such company or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities. Supplier shall inform each of its employees and subcontractors providing any services in connection with this Agreement of this restriction.

12.10. Survival. Subject to the limitations and other provisions of this Agreement: (a) the representations and warranties of the Parties contained herein will survive the expiration or earlier termination of this Agreement; and (b) Sections 7, 9, 11.3, 11.4, 12.1, 12.2., 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.11, 12.12, and 12.13 of this Agreement, as well as any other provision that, in order to give proper effect to its intent, should survive such expiration or termination, will survive the expiration or earlier termination of this Agreement for the period specified therein, or if nothing is specified for the applicable statute of limitations. All other provisions of this Agreement will not survive the expiration or earlier termination of this Agreement. Notwithstanding any right under any applicable statute of limitations to bring a claim, no action based upon or arising in any way out of this Agreement may be brought by either party after the expiration of the applicable survival or other period set forth in this Section and the parties waive the right to file any such action after the expiration of the applicable survival or other period; provided, however, that the foregoing waiver and limitation do not apply to the collection of any amounts due to Supplier under this Agreement.

12.11. Severability; Waiver. If any portion of this Agreement shall be invalid or unenforceable or shall violate any applicable law, then such provisions shall be enforced to the maximum extent permitted by law, and such invalidity or unenforceability shall neither invalidate their effect elsewhere nor affect the validity or enforceability of the other provisions of this Agreement. Any failure or delay of either party in exercising any right hereunder (including without limitation, to the right to require performance of any provision of this Agreement) shall not be deemed to be a waiver or relinquishment of such right. Any express waiver or relinquishment of a term or condition of this Agreement shall not be binding or effective unless made in writing signed by the party waiving or relinquishing its rights.

12.12. Entire Agreement. This Agreement, together with any schedules and attachments hereto, constitutes the entire and only agreement between the parties regarding its subject. No modification, change or amendment of this Agreement shall be binding upon the parties except by mutual express consent in writing executed by a duly authorized officer or representative of each of the parties.

12.13. Captions. Captions and headings used in this Agreement are for convenience only, and shall not be of any force and effect in construing this Agreement.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as of the day and year first hereinabove written.

**SUPPLIER:**

**Crimson Trace Corporation**

By: _____
Name: _____
Title: _____

**S&W:**

**Smith & Wesson Inc.**

By: _____
Name: _____
Title: _____

**Exhibit 10.7**

# SUPPLY AGREEMENT

This Supply Agreement (the "Agreement") is dated as of [_____], 2020 (the "Effective Date"), by and between **Smith & Wesson Inc.**, a Delaware corporation having its principal address at 2100 Roosevelt Avenue, Springfield, MA 01104 ("S&W"), and **AOB Products Company**, a corporation organized under the laws of Missouri having its principal address at 1800 North Route Z Columbia, MO 65202 (hereinafter referred to as "Supplier").

**WITNESSETH:**

WHEREAS, S&W wishes to purchase from Supplier and Supplier wishes to sell to S&W certain Products (as defined below) in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the premises, mutual promises, and the representations, warranties and covenants herein contained, the sufficiency of which is hereby mutually acknowledged, the parties agree as follows:

## 1. DEFINITION OF TERMS

As used in this Agreement, the following terms shall have the following meanings, respectively:

1.1. "Confidential Information" shall mean all drawings, designs, sketches, blueprints, technical specifications, engineering calculations, models, formulas, data, reports, interpretations, forecasts, and records of a party, and all other confidential information concerning such party's business, whether in written, oral, or any other form or medium, and whether or not labeled as confidential by such party, but excluding the same which (a) is or becomes generally available to and known by the public other than as a result of the other party's breach of Section 9.1, or (b) becomes available to the other party on a non-confidential basis from a third-party source, provided that such third party is not and was not prohibited from disclosing such Confidential Information.

1.2. "Delivery Date(s)" shall mean the date or dates requested for delivery of Products as set forth in any Order.

1.3. "Order" shall mean a written purchase order by S&W that may be transmitted electronically to Supplier or otherwise sent to Supplier in any manner mutually agreed to by the parties.

1.4. "Price" shall mean the prices for the Products set forth on **Schedule C** hereto.

1.5. "Product(s)" shall mean the product or products described in **Schedule A** hereto and conforming to the specifications ("Specifications") set forth in **Schedule A**.

1.6. "S&W Licensed Products" means Products licensed by S&W to Supplier as of the Effective Date.

## 2. TERM

2.1. Term. This Agreement shall become effective as of the Effective Date and shall continue for a period of 24 months, unless earlier terminated in accordance with its terms (the "Term"). Not later than six (6) months prior to the expiration of this Agreement, the parties shall engage in good faith

discussions regarding any renewal or extension of this Agreement. The "**Term**" of this Agreement shall include the Initial Term and any renewal or extension terms.

**3. SALE OF PRODUCTS**

3.1. Sale. Supplier agrees to sell and S&W agrees to purchase Products from Supplier in accordance with the terms and conditions set forth in this Agreement.

3.2. Orders. Unless otherwise agreed to by S&W in writing, no Products shall be supplied hereunder without the issuance by S&W to Supplier of an Order for such Products. Supplier's acceptance of an Order shall be confirmed upon the earlier of a written confirmation or delivery of the Products set forth in such Order. Except as set forth in this Agreement, Supplier may not reject an Order. In addition, except as set forth in this Agreement, Supplier may only cancel an Order already accepted if S&W is in breach of this Agreement. The terms and conditions of this Agreement shall be deemed incorporated into and made a part of each Order, and shall supersede and control over any inconsistent or contradictory provisions of any quote, acknowledgment of Order, invoice or any other document of Supplier or S&W (including any Order issued by S&W).

3.3. Forecasts. Upon execution of this Agreement, S&W shall provide to Supplier a forecast including a good faith estimate of S&W's requirements for Products (a "Forecast") for the 6-month period beginning on the Effective Date. No later than the sixty (60) days prior to the first day of each subsequent 6-month period during the Term, S&W shall deliver to Supplier a Forecast for the period beginning with the first day of such subsequent 6-month period. Forecast are for informational purposes only and do not create any binding obligations on behalf of either party; provided, however, that Supplier shall not be required to sell to S&W, and may in its sole discretion reject (without penalty or liability) any Order for, any quantity of Products that is not set forth in any Forecast for the period covered by such Forecast.

3.4. Exclusivity. During the Term of this Agreement, S&W shall purchase Products exclusively from Supplier. Except as expressly set forth in Sections 4.5 and 12.7, during the Term, S&W will not, directly or indirectly, (i) interfere with Supplier's relationships with its suppliers or (ii) otherwise contract with any suppliers for the purchase, manufacturing, or license of any Products.

3.5. Right of First Proposal. Supplier shall have, and S&W hereby grants to Supplier, a right of first proposal to supply any products that are similar to the Products but are materially different in a manner that justifies a change in pricing as reasonably determined by the Parties (examples of such material differences are significant size differences, co-branding, material construction or quality differences; whereas non-material differences would be minor cosmetic changes such as colors, patterns, cosmetic finishing (and all of such products with non-material differences shall continue to be "Products" hereunder)) (collectively, "Proposed Products") to S&W and its affiliates (the "Right of First Proposal"); *provided, however*, such Right of First Proposal shall not apply to any product that is being manufactured for S&W by a third party as of the Effective Date. S&W shall provide written notice specifically referencing this Section 3.5 to Supplier of any Proposed Products S&W proposes to purchase prior to purchasing, or entering into any contract to purchase, such Proposed Products. Supplier shall have thirty (30) days from the receipt of such notice to provide a pricing proposal (which shall include terms regarding delivery, lead times and product performance) to S&W to supply such Proposed Products to S&W under this Agreement. If S&W accepts such pricing proposal, such Proposed Products shall become "Products" hereunder, and S&W and Supplier shall update the Schedules to this Agreement to incorporate the information applicable to such Proposed Products.

3.6. Access to S&W's Facilities. If in providing Products or related services under this Agreement, Supplier shall require access to S&W's facilities: (i) any such access by Supplier and its

personnel shall be subject to the U.S. International Traffic in Arms Regulations and S&W's security policies from time to time in effect, which limit those individuals who may access S&W's facilities; and (ii) Supplier shall satisfy any requirements of S&W to provide insurance, which may be in addition to the insurance otherwise required under this Agreement, on account of Supplier's activities on S&W's site.

3.7. Manufacturing Facility. In manufacturing any Products, Supplier shall maintain an organization and facilities, including, without limitation, suitable equipment and tools, in accordance with standards generally accepted in the industry, and employ adequately trained and competent personnel in all functions. Supplier will keep complete and accurate records in all material respects with respect to Products it manufactures pursuant to this Agreement. Supplier shall, upon S&W's request from time to time by providing at least 7 days prior notice, allow S&W or its representatives access to Supplier's facilities to inspect the manufacture and assembly of the Products during reasonable hours, and provide S&W with such records in the possession of Supplier, as S&W may reasonably request, relating to the manufacture of Products and the source of any raw materials and components used in the Products; *provided, however*, in no event shall such inspection interfere with the business of Supplier.

3.8. License to Products and Patents in Products. During the term of this Agreement, Supplier hereby grants S&W a royalty-free, nontransferable, nonsublicenseable, worldwide, non-exclusive license to offer to sell and sell firearms that incorporate the Products. The grant of such license shall be effective upon the signing of this Agreement.

3.9. License to Supplier Trade and Service Marks and Trade Dress. During the term of this Agreement, Supplier hereby grants S&W a royalty-free, nontransferable, nonsublicenseable, worldwide, non-exclusive license to use Supplier trademarks, service marks, and trade dress ("Supplier Marks") in connection with the Products. This license is subject to the following restrictions: S&W will use the Supplier Marks only in ways that reflect favorably on Supplier and its products, and shall not use the Supplier Marks in any way that is immoral, illegal, or scandalous or in any way that could impair the reputation of Supplier or the Supplier Marks, and S&W will not obscure, deface or remove the Supplier Marks on the Products. In any promotional or advertising material in any media, S&W will identify the Supplier Marks as belonging to Supplier, using words to the effect that "AOB Products Company trademarks are property of AOB Products Company, Columbia, Missouri, and are used by permission."

## 4. ORDERING; DELIVERY

4.1. Deliveries. Unless otherwise specified in an Order (and agreed to by Supplier) or as set forth below, all deliveries shall be F.O.B. Supplier's plant in Columbia, Missouri. Title to Products shall pass to S&W at such point and S&W shall assume all risk of loss of any Products after such point, including while any Products are in the possession, custody or control of a carrier. All deliveries from outside of the United States shall be F.O.B. Destination. Title to such Products shall pass to S&W at such destination point and S&W shall assume all risk of loss of any such Products after such destination point. Supplier shall (i) pack the Products in such a manner as to insure against damage from weather or transportation costs, and (ii) label such Products and provide instructions and other information, including, without limitation, Material Safety Data Sheets, as required by any applicable law or regulations or for proper use of the Products.

4.2. Shipping. Except as set forth herein, Supplier shall pay the costs of shipping such Products to S&W in accordance with its Orders (but, for the avoidance of doubt, S&W shall pay for the cost of any insurance on such Products after transfer of risk of loss and title of such Products as set forth in Section 4.1). In its shipment of Products, Supplier shall comply with S&W's shipping guidelines in effect as of the Effective Date. If, in order to comply with S&W's required Delivery Date, Supplier must ship by a more expensive way than specified in this Agreement or in an Order, any resulting increased transportation costs

shall be paid for by Supplier unless the necessity for such rerouting or expedited handling has been caused by S&W.

4.3. Lead Times. Lead times for delivery of the Products are set forth in **Schedule B** to this Agreement (the "Lead Times"). Supplier shall deliver Products ordered by S&W by the applicable Delivery Date set forth in S&W's Order, so long as the Delivery Date is consistent with the Lead Times. If applicable Lead Times are not set forth in **Schedule B**, the Delivery Date shall be such date as reasonably agreed to by the parties.

4.4. Production Capacity. Supplier shall maintain sufficient production capacity as to be able to supply Products in accordance with any reasonable S&W forecasts and the Lead Times. Supplier shall notify S&W as soon as is reasonably possible of any inability by Supplier to produce and deliver Products in such quantities as are necessary to meet S&W's anticipated volume requirements.

4.5. Remedies for Late Delivery. Supplier shall use commercially reasonable efforts to deliver all Products on or before the Delivery Date as set forth in Section 4.3 above. If Supplier fails to deliver Products within 14 days of the Delivery Date and if such delay is not due to any action or inaction of S&W or otherwise excused in accordance with this Agreement, S&W shall receive a 10% discount on such Order or S&W may, at its sole discretion, cancel its Order for such Products by giving Supplier written notice of such cancelation prior to shipment of the Products for such Order and procure similar products (up to the amount of the Products set forth in such Order) from another source. Subject to S&W's rights under this Section 4.5, no delay in the shipment or delivery of any Products relieves S&W of its obligations under this Agreement, including accepting delivery of any remaining installment or other Orders of Products.

4.6. Changes. S&W may, at any time, make changes in quantities, packaging, time and place of delivery, and method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for performance or delivery, an equitable adjustment shall be made, provided that Supplier notifies S&W, within seven days after S&W notifies Supplier of any such change, of any proposed increase in price or delay in delivery resulting from such change, and if the parties are then unable to agree on an adjustment, S&W may cancel all or any part of its Order subject to Section 4.7 below.

4.7 Cancellation. S&W may cancel all or any part of any unshipped portion of its Order without obligation hereunder except to make payment for the Products actually shipped prior to such cancellation and, with respect to any cancelled Non-Stock Items, to pay Supplier for direct costs incurred by Supplier in connection with such cancelled Non-Stock Products, including without limitation production and facility costs and Supplier's costs for cancelling any orders with its suppliers. In no event shall S&W be liable under this Section 4.7 with respect to a cancellation for more than the price of the applicable Products. Title to any unfinished work-in-process paid for by S&W shall vest in S&W. For purposes hereof, "Non-Stock Items" are Products manufactured exclusively for S&W (or its affiliates).

## 5. TERMS AND CONDITIONS OF PURCHASE

5.1. Prices. Prices for the Products shall be those prices set forth in **Schedule C** attached hereto. The Product prices include all charges for Supplier's boxing, packaging, packing, crating, storage and handling, to the F.O.B. point, freight costs to ship pursuant to the Order and duties (but excluding any insurance on the Products during shipment of the Products after transfer of risk and title as set forth in Section 4.1). In addition, Supplier shall be liable for any applicable sales, use or similar taxes, excises, and similar charges, which shall be separately invoiced to S&W. The pricing formulas set forth in **Schedule C** shall remain firm for the Term. With respect to the S&W Licensed Products only, Supplier shall not, during the Term, offer or sell to any similarly situated third-party buyers any products that are similar to the

Products supplied to S&W under this Agreement at prices that are lower than the prices set forth in **Schedule C** without offering such lower prices to S&W.

5.2. Payment. S&W shall pay the price of Products ordered by S&W after receipt by S&W of such Products and of an invoice from Supplier for such Products. Supplier's invoice shall specify the Order number, Order date, a general description of the Products supplied, the date of supply, and the sum due. Unless otherwise stated, S&W's payment shall be due 30 days after S&W's receipt of Supplier's invoice in accordance with this Agreement. S&W shall be entitled to any cash discount period available to Supplier's customers. Supplier shall be solely responsible for filing all appropriate tax forms and paying all applicable sales, use and similar taxes, duties, export preparation charges and export documentation charges resulting from the sale of the Products under this Agreement. Any payment by S&W under this Agreement shall not relieve Supplier from any obligations hereunder with respect to defective Products.

5.3. Late Payments. S&W shall pay interest on all late payments (whether during the Term or after the expiration or earlier termination of the Term), calculated daily and compounded monthly, at the lesser of 10% per year or the highest rate permissible under applicable law. S&W shall also reimburse Supplier for all costs incurred by Supplier in collecting any late payments, including reasonable attorneys' fees and court costs. In addition to all other remedies available under this Agreement or at law, if S&W fails to pay any amounts when due under this Agreement, other than amounts disputed by S&W in good faith, Supplier may (a) suspend the delivery of any Products, and (b) reject S&W's Orders or cancel accepted Orders.

5.4. Rejection. Payment for Products delivered hereunder shall not constitute S&W's acceptance thereof. S&W shall have the right within 14 days of receipt (the "Inspection Period") to inspect any Products and to reject the same to the extent (i) the amount of Product is more than the amount requested in the Order (but such rejection right shall only be with respect to the excess amount), (ii) the Product is materially damaged or (iii) for obvious and apparent deviations from the Specifications for such Product, which are obvious without opening the packaging for each Product ("Nonconforming Products"). S&W will be deemed to have accepted Products unless it provides Supplier with written notice of any Nonconforming Products within the Inspection Period, stating with specificity all defects and nonconformities, and furnishing such other written evidence or other documentation as may be reasonably required by Supplier. If S&W timely notifies Supplier of any Nonconforming Products and Supplier agrees that such Products are Nonconforming Products, Supplier shall either, at S&W's election: (a) replace such Nonconforming Products with conforming Products; or (b) refund to S&W such amount paid by S&W to Supplier for such Nonconforming Products returned by S&W to Supplier and cancel the Order for such returned Nonconforming Products. If S&W elects to replace Nonconforming Products, Supplier shall ship, at Supplier's expense and risk of loss, the replacement Products.

## 6. WARRANTY; SUPPORT

6.1. Supplier's Warranty. For a 12 month period from the expiration of the Inspection Period for such Products, Supplier warrants that the Products furnished under this Agreement shall (i) conform in every respect to any specifications provided by Supplier to S&W; (ii) be new and free from material defects in material or workmanship; (iii) be adequately contained, packaged, marked, and labeled; (iv) conform to any and all applicable technical and safety provisions and comply in all respects with any and all applicable federal, state and local laws, regulations, directives and standards including, without limitation, those concerning safety, labor, health and the environment; and (v) be appropriate for the purpose for which the Product is intended to be used. Inspection, testing, acceptance or use of the Products shall not affect Supplier's obligation under this warranty, and such warranty shall survive inspection, testing, acceptance and use. The foregoing shall not limit, however, Supplier's standard warranty for a Product provided to the

end-user (consumer purchaser) of such Product as set forth on the packaging of such Product ("End-User Warranty"), and S&W may sell the Products to end-users subject to Supplier's End-User Warranty.

6.2. Warranty Limitations. The warranty set forth in Section 6.1 does not apply to any Product that: (i) has been subjected to abuse, misuse, neglect, negligence, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions or use contrary to any instructions issued by Supplier; (ii) has been reconstructed, repaired or altered by persons other than Supplier or its authorized representatives; or (iii) has been used with any third-party products, hardware or product that has not been previously approved in writing by Supplier. In addition, in no event shall Supplier be liable or responsible for any warranty provided to end-users of the Product greater than Supplier's End-User Warranty.

6.3 DISCLAIMER. EXCEPT FOR THE END-USER WARRANTY, EXCEPT TO THE EXTENT LIMITATIONS ON PRODUCT WARRANTIES TO CONSUMERS ARE NOT PERMITTED BY APPLICABLE LAW, AND EXCEPT FOR THE PRODUCT WARRANTY SET FORTH IN SECTION 6.1 AND THE OTHER EXPRESS REPRESENTATIONS AND WARRANTIES OF SUPPLIER SET FORTH IN THIS AGREEMENT, (A) NEITHER SUPPLIER NOR ANY PERSON ON SUPPLIER'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, EITHER ORAL OR WRITTEN, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR TITLE, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND (B) S&W ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY REPRESENTATION OR WARRANTY MADE BY SUPPLIER, OR ANY OTHER PERSON ON SUPPLIER'S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT.

## 7. PRODUCT CAMPAIGNS; INDEMNIFICATION

7.1. Product Recalls. If any Products have been manufactured by or for Supplier in a manner that is inconsistent with Product Specifications or if any Products otherwise do not comply with Supplier's warranty, and S&W requests Supplier to recall such Products for safety reasons, then Supplier shall determine, under its recall standards, whether a recall of any Products should be made. If Supplier determines that for any reason a recall of such Products should be made, then Supplier shall recall such Products at its own expense. In such case, S&W shall take all reasonable actions requested by Supplier to assist in such a recall. S&W shall not modify or retrofit any Product as part of any recall or retrofit campaign by S&W without Supplier's prior written consent, which shall not be unreasonably withheld.

7.2. Indemnification Generally. Without limiting any other remedies available to the parties, each party shall indemnify, defend and hold the other party and its respective officers, directors, employees, agents, customers, subsidiaries, parents and affiliates (each a "Protected Party") harmless from and against any and all claims (including, without limitation, third party claims for personal injury or real or personal property damage), actions, suits, damages, losses, deficiencies, liabilities, obligations, commitments, costs or expenses of any kind or nature (including reasonable legal and other expenses) incurred by such Protected Party (altogether "Losses") resulting from: (i) any breach of the representations, warranties, covenants, agreements and obligations of such party hereunder (including, with respect to Supplier, a breach of its End-User Warranty); or (ii) any negligent or willful acts or omissions of such party, its directors, officers, employees, agent, contractors, subsidiaries, parents, affiliates or those acting for any of them, except to the extent any damages or liabilities are directly caused by the willful misconduct of the Protected Party. Without limiting any other remedies available to the parties, Supplier shall indemnify, defend and hold S&W and its officers, directors, employees, agents, customers, subsidiaries, parents and affiliates (each a "S&W Protected Party") harmless from and against (iii) any and all Losses resulting from any failure of

any Product to comply with applicable law, or (iv) S&W's direct costs under any Product recall under Section 7.1. This Section will survive the termination or expiration of this Agreement.

7.3. IP Indemnification. Supplier shall indemnify, defend and hold harmless S&W and its Protected Parties from and against all claims by a third party alleging that any of the Products infringe any Intellectual Property Right of a third party, except to the extent the same relates to or results from (i) use of S&W's trademarks, or (ii) Supplier's compliance with any Specifications or design supplied by S&W. If the Products, or any part of the Products, becomes, or in Supplier's reasonable opinion is likely to become, subject to a Third Party Claim that qualifies for intellectual property indemnification coverage under this Section 7.3, Supplier shall notify S&W in writing to cease using all or a part of the Products, in which case S&W shall immediately cease all such use of such Products and Supplier shall use its best efforts to provide Products or similar substitute Products that are non-infringing to S&W.

7.4. Defense of Third Party Indemnifiable Claims. If a Protected Party seeks indemnification or damages (the "Indemnified Party") under this Agreement from the other party (the "Indemnifying Party") for any claim asserted, against such Indemnified Party by a third party (a "Third Party Claim"), the Indemnified Party shall, promptly upon gaining knowledge of such Third Party Claim, deliver to the Indemnifying Party notice of such Third Party Claim with sufficient detail as to why the Indemnifying Party is responsible for such Third Party Claim; provided, that a failure by the Indemnified Party to give such notice in the manner required pursuant to this Section 7.4 shall not limit or otherwise affect the obligations of the Indemnifying Party under this Agreement, except to the extent that Indemnifying Party is actually prejudiced with respect to the rights available to the Indemnifying Party with respect to such Third Party Claim, and then only to the extent of any such actual prejudice. The Indemnifying Party shall have the right, at its sole option and expense, to appoint counsel of its choice, which must be reasonably satisfactory to the Indemnified Party, and to defend against, negotiate, settle or otherwise deal with such Third Party Claim in lieu of the Indemnified Party defending or settling such claim; *provided*, the Indemnifying Party shall not have the right to defend such Third Party Claim if such Third Party Claim seeks relief other than the payment of monetary damages.

7.5. Exclusion from Indemnification. Notwithstanding anything in this Agreement to the contrary, in no event shall Supplier be liable for, or be required to indemnify S&W or its Protected Parties for, Losses arising from (i) the use of the Products in any manner not otherwise authorized under this Agreement or that does not materially conform with any usage instructions provided by Supplier, (ii) S&W's marketing, advertising, promotion or sale of any product containing the Products, except to the extent such marketing or promotion is consistent with materials provided by Supplier; (iii) Supplier's compliance with any Specifications or design supplied by S&W; or (iii) any modifications or changes made to the Products by or on behalf of any person other than Supplier.

## 8. INSURANCE

8.1 Insurance. Supplier shall, at its expense, obtain and maintain in full force and effect insurance policies with minimum limits of coverage as follows:

(i) Commercial General Liability Insurance including Contractual Liability, Products and Completed Operations Liability, Broad Form Property Damage Liability including coverage for contractual liability. Limits of liability will not be less than $1,000,000 USD each occurrence and $2,000,000 USD aggregate. Commercial General Liability insurance will be written on an occurrence basis.

(ii) Excess (Umbrella) Liability underlying the insurances described in subsections (i) and (ii), in an amount of not less than $1,000,000 USD per occurrence. Excess (Umbrella) Insurance will be written on an occurrence basis.

8.2 Additional Insured. The Supplier will cause "Smith & Wesson, Inc." to be named as an additional insured on the Commercial General Liability, and Excess (Umbrella) Liability policies. The Supplier will deliver annually a certificate of insurance evidencing the coverage's required by this Agreement. The certificates of insurance will clearly state: "This is primary insurance without recourse to similar insurance maintained by the additional insured or its subsidiaries and affiliates, if any."

8.3 Notice of Cancellation. The Supplier will be required to provide not less than thirty (30) days' prior notice of cancellation, intention not to renew, or material change in coverage; provided, however, that no reduction, cancellation or material changes in any policy will relieve the Supplier of Supplier's obligation to maintain coverages in accordance with this Agreement.

8.4 Subrogation. The Supplier, on behalf of the Supplier and Supplier's insurers, hereby waives subrogation against S&W and its Affiliates under the insurance coverages maintained by the Supplier pursuant to this Agreement for losses or claims arising out of the insured party's acts or omissions. Evidence of such waiver reasonably satisfactory in form and substance to S&W will be exhibited on the Certificates of Insurance required by this Agreement.

8.5 Limits. The limits of liability set forth above may be afforded by any combination of primary and excess liability insurance as long as the insurance coverage provided by the excess liability insurance is as broad as that provided by the primary insurance.

## 9. CONFIDENTIALITY

9.1. Non-Use and Non-Disclosure. Neither party shall use the other party's Confidential Information except for the purpose of performing its obligations under this Agreement ("Purpose"). Each party shall protect the Confidential Information of the other party from disclosure and unauthorized use in the same manner that it protects its own proprietary and confidential information of like nature, but in no event shall such standard of care be less than reasonable care. Supplier may disclose the Confidential Information of the other party only to those of its employees, subcontractors, contractors, directors, advisors, auditors, attorneys and consultants who require such information for the Purpose and who are subject to confidentiality obligations at least as protective as those set forth herein. Each party shall immediately notify the other party in the event of any unauthorized use or disclosure of the other party's Confidential Information. In the event that a party's Confidential Information is required to be disclosed by the other party pursuant to law, regulation or valid court order, the other party shall be permitted to make such disclosure; provided, however, that (i) it shall promptly notify the party of the fact in writing to permit the party the reasonable opportunity to appear in any judicial proceeding involved or otherwise to act to preserve its rights; and (ii) such disclosure is no greater than what was required to be compliant with such law, regulation or order.

9.2. Survival of Non-Use and Non-Disclosure Obligations. All non-use and non-disclosure obligations concerning Confidential Information shall survive for a period of five (5) years (except for trade secrets, which shall continue in full force and effect indefinitely) from the date of expiration or termination of this Agreement.

9.3. Injunctive Relief. Both parties acknowledge that disclosure or unauthorized use of the other's Confidential Information will cause irreparable harm to the party, inadequately compensable in damages, and that the party may obtain injunctive relief to prevent any disclosure or unauthorized use of

its Confidential Information. If a party is successful in any action to enforce the other's obligations under this Section, that party shall be entitled to recover reasonable attorneys' fees and court costs.

9.4. Return of Property. Upon the termination or expiration of this Agreement, each party agrees to end all further use of and to delete or destroy all copies of (and upon request, provide a written certification of such deletion or destruction), any and all such other party's Confidential Information, in whatever form, which are in possession of or under the control of such party.

**10. OTHER COVENANTS.**

10.1. Compliance with Laws by Supplier. Supplier, and any Products or related services supplied by Supplier, shall comply with all applicable Federal, state and local laws, rules, regulations, orders, conventions, ordinances or standards, including, without limitation, those that relate to the manufacture, labeling, transportation, importation, exportation, use, operation, licensing, approval or certification of the Products or related services, and including, without limitation, the U.S. Foreign Corrupt Practices Act, the U.S. International Traffic in Arms Regulations and the U.S. Export Administration Regulations. Supplier shall comply with Executive Order No. 11246, as amended, The Rehabilitation Act of 1973, The Vietnam Era Veterans Readjustment Assistance Act of 1974, and any related rules and regulations, and any other law, order or regulation required to be included herein, as a result of S&W's use of Products or related services ordered in or for S&W's performance of contracts with any governmental authority. This shall include, without limitation, an obligation by Supplier to take affirmative action to employ and advance in employment qualified individuals with disabilities, and qualified special disabled veterans, veterans of the Vietnam era and any other veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been procured. Supplier further represents that neither it nor any of its subcontractors will utilize slave, prisoner or any other form of forced or involuntary labor in the supply of the Products or any services under this Agreement. Supplier shall furnish S&W upon request from time to time, in such form as S&W may designate, certificates of Supplier's compliance with any such laws, orders and regulations. At S&W's request, Supplier shall certify in writing its compliance with the foregoing.

10.2. Compliance with Laws by S&W. S&W shall comply with all applicable Federal, state and local laws, rules, regulations, orders, conventions, and ordinances, including, without limitation, those that relate to the purchase, resale, exportation, use, operation, licensing, approval of such Products, as applicable, and including, without limitation, the U.S. Foreign Corrupt Practices Act, the U.S. International Traffic in Arms Regulations and the U.S. Export Administration Regulations.

**11. TERMINATION**

11.1. Termination for Bankruptcy or Insolvency. Unless expressly prohibited by applicable law, either party may terminate this Agreement immediately for cause by providing notice to the other party if the other party: (a) commences or becomes the subject of any case or proceeding under the bankruptcy, insolvency or equivalent laws of the United States; (b) has appointed for it or for any substantial part of its property a court appointed receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official; (c) makes an assignment for the benefit of its creditors; (d) admits in writing its inability to generally to pay its debts as they become due; or (e) takes corporate action in furtherance of any of the foregoing (collectively, herein referred to as "Events of Insolvency"). Each party shall immediately give the other party written notice of any Event of Insolvency with respect to such party.

11.2. Termination for Breach. Either party may terminate this Agreement 30 days after giving notice of the other party's material breach or default of this Agreement, including any four late deliveries by Supplier in a six-month period that would permit S&W to cancel its order pursuant to Section 4.5,

provided that such breach shall continue and not be cured within 30 days after such notice (or, if not able to be cured within 30 days, within a commercially reasonable time period for such cure).

11.3. No Liability. Except as provided in Section 11.4, neither party shall be liable for any damage of any kind (whether direct or indirect) incurred by the other party by reason of the expiration or earlier termination of this Agreement. Termination of this Agreement will not constitute a waiver of either Party's rights, remedies or defenses under this Agreement, at law, in equity or otherwise.

11.4. Effects of Expiration or Termination. Upon the expiration or earlier termination of this Agreement, all indebtedness of S&W to Supplier under this Agreement, of any kind, shall become immediately due and payable to Supplier, without further notice to S&W. Expiration or termination of this Agreement will not affect any rights or obligations of the parties that (i) come into effect upon or after termination or expiration of this Agreement; or (ii) otherwise survive the expiration or earlier termination of this Agreement pursuant to Section 12.10 and were incurred by the parties prior to such expiration or earlier termination. Except as otherwise agreed to by Supplier, any notice of termination under this Agreement automatically operates as a cancellation of any deliveries of Products to S&W that are scheduled to be made subsequent to the effective date of termination, whether or not any orders for such Products had been accepted by Supplier.

## 12. MISCELLANEOUS

12.1. Notices. All notices in connection with this Agreement shall be in writing, and deemed given when personally delivered, or one business day after being dispatched by nationally recognized overnight courier, or five business days after being mailed, postage prepaid, by certified or registered mail, return receipt requested, addressed to the other party hereto at the following address:

**TO S&W:** **Smith & Wesson Brands, Inc.**
2100 Roosevelt Ave.
Springfield, MA 01104
Attn: General Counsel

**TO SUPPLIER:** **AOB Products Company**
1800 North Route Z
Columbia, MO 65202
Attn: General Counsel

Either party may change its address for notices by notice to the other party.

12.2. Right to Audit.

a. Supplier Audit Right. S&W hereby grants Supplier access to all pertinent records, correspondence, writings, and receipts related to this Agreement, but excluding any of the same subject to the attorney-client privilege or constituting attorney work-product, for the purpose of ensuring S&W's compliance with the terms of the Agreement.

b. S&W Audit Right. Supplier hereby grants S&W access to all pertinent records, correspondence, writings, and receipts related to this Agreement, but excluding any of the same subject to the attorney-client privilege or constituting attorney work-product, for the purpose of ensuring Supplier's compliance with the terms of the Agreement.

c. Maintenance of Records. The parties to this Agreement shall maintain such records and documents for a period of six (6) years after the termination or expiration of this Agreement. Each party shall cooperate fully with the other party on all reasonable requests to audit such records.

12.3. Choice of Law, Venue. This Agreement, and all matters arising out of or relating this to this Agreement, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflict of laws provisions thereof. The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement. The parties hereby consent to the exclusive jurisdiction of the courts of the State of Missouri and of the United States District Court for the Eastern District of Missouri for resolution of all claims, differences and disputes which the parties may have regarding, or which arise under, this Agreement, so long as such courts have jurisdiction. Any judgment or other decision of any such court shall be enforceable, without further proceedings, against the named party anywhere in the world where such party is located, does business or has assets.

12.4. Limitation of Liability

a. NO LIABILITY FOR CONSEQUENTIAL OR INDIRECT DAMAGES. IN NO EVENT SHALL EITHER PARTY OR THEIR REPRESENTATIVES BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR ENHANCED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT THE OTHER PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

b. MAXIMUM LIABILITY FOR DAMAGES. IN NO EVENT SHALL SUPPLIER'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE TOTAL OF THE AMOUNTS PAID TO SUPPLIER PURSUANT TO THIS AGREEMENT IN THE YEAR PRECEDING THE EVENT GIVING RISE TO THE CLAIM.

Notwithstanding anything in this Agreement to the contrary, (a) the limits in this Section 12.4 and the limit on the term of Supplier's warranty under Section 6.1 of this Agreement shall not apply to any Losses resulting from third party claims arising from Supplier's breach of its representations, warranties, or covenants in this Agreement, including Sections 6.1 (Supplier's Warranty), 7.1 (Product Recalls), 7.2 (Indemnification Generally), 7.3 (IP Indemnification), and 10.1 (Compliance with Laws by Supplier), in each case so long as S&W complies with Section 7.4; (b) the limits in this Section 12.4 shall not apply to any Losses arising from a party's fraud; (c) the limit in Section 12.4(b) and the limit on the term of Supplier's warranty under Section 6.1 of this Agreement shall not apply to S&W's damages arising out of a Product recall under Section 7.1; and (d) the limits in this Section 12.4 shall not apply to any Losses arising from S&W's breach of Section 3.4 (Exclusivity).

12.5. Assignment. Except as otherwise set forth in this Section 12.5, neither party shall assign or subcontract any portion of this Agreement without the prior written consent of the other party, which shall not be unreasonably withheld. Any assignment without such consent shall be void. Notwithstanding the foregoing, either party may assign this Agreement to any of its affiliates. Without limiting the generality of the foregoing, Smith & Wesson Sales Company, or any other affiliate of S&W, may exercise the same

rights as S&W to purchase Products under this Agreement, provided that such rights are subject to the same obligations of S&W hereunder (including, without limitation, Section 3.4 hereof), and upon request of Supplier, such affiliates will affirmatively agree to be bound by the terms of this Agreement prior to purchasing Product hereunder. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties. Any change of control of Supplier shall be deemed an assignment of this Agreement, for which S&W's consent shall be required.

12.6. No Set-off Right. S&W shall not, and acknowledges that it will have no right, under this Agreement, any Order, any other agreement, document or law to, withhold, offset, recoup or debit any amounts owed (or to become due and owing) to Supplier or its affiliates, whether under this Agreement or otherwise, against any other amount owed (or to become due and owing) to it by Supplier or its affiliates, whether relating to Supplier's breach or non-performance of this Agreement, any Order, any other agreement between S&W or its affiliates and Supplier or its affiliates, or otherwise

12.7. Force Majeure. Neither party hereto shall be liable to the other party hereto for nonperformance or delay in performance of any of its obligations under this Agreement due to the causes beyond its reasonable control including, without limitation, fires, floods, labor troubles or other industrial disturbances, governmental acts or regulations, pandemics, riots, insurrections, lightning, storm, war, and act of the public enemy (herein referred to as "Force Majeure"); provided, however, in no event shall the inability to make payments be an event of "Force Majeure". Upon the occurrence of any such event of Force Majeure, the affected party shall promptly notify the other party of such event and the details surrounding the same and shall keep the other party informed of any further developments of such event. After such event ceases or is removed, the affected party shall perform all its obligations still pending with reasonable promptness, unless this Agreement has been terminated in accordance with its terms. If an event of Force Majeure prevents performance by a party for more than 21 consecutive days ("Prolonged Force Majeure"), either party may, with notice to the other, cancel any Order affected by such Prolonged Force Majeure (an "Affected Order") without any further liability thereunder. In addition, to the extent such Affected Order has been cancelled in accordance with this Section 12.7, S&W may purchase similar products to the Product under such Affected Order (up to the amount set forth in such Order) from a third-party. In no event shall S&W purchase more than customarily purchased hereunder during an event of Force Majeure to circumvent the exclusivity provisions of this Agreement.

12.8. Use of Name. S&W shall have a non-exclusive license to use any Supplier-owned trademarks used on or in packaging for Products in connection with S&W's sales and marketing of the Products. Except as expressly permitted by this Agreement, without the prior written consent of the other party, neither party shall use the other party's name or any of its trademarks or logos, including in any advertising or marketing materials.

12.9. Prohibition Against Insider Trading. Supplier hereby acknowledges that United States securities laws, as well as other applicable securities laws and regulations, prohibit any person who has material, non-public information about a company from purchasing or selling the securities of such company or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities. Supplier shall inform each of its employees and subcontractors providing any services in connection with this Agreement of this restriction.

12.10. Survival. Subject to the limitations and other provisions of this Agreement: (a) the representations and warranties of the Parties contained herein will survive the expiration or earlier termination of this Agreement; and (b) Sections 7, 9, 11.3, 11.4, 12.1, 12.2., 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.11, 12.12, and 12.13 of this Agreement, as well as any other provision that, in order to give proper effect to its intent, should survive such expiration or termination, will survive the expiration

or earlier termination of this Agreement for the period specified therein, or if nothing is specified for the applicable statute of limitations. All other provisions of this Agreement will not survive the expiration or earlier termination of this Agreement. Notwithstanding any right under any applicable statute of limitations to bring a claim, no action based upon or arising in any way out of this Agreement may be brought by either party after the expiration of the applicable survival or other period set forth in this Section and the parties waive the right to file any such action after the expiration of the applicable survival or other period; provided, however, that the foregoing waiver and limitation do not apply to the collection of any amounts due to Supplier under this Agreement.

12.11. Severability; Waiver. If any portion of this Agreement shall be invalid or unenforceable or shall violate any applicable law, then such provisions shall be enforced to the maximum extent permitted by law, and such invalidity or unenforceability shall neither invalidate their effect elsewhere nor affect the validity or enforceability of the other provisions of this Agreement. Any failure or delay of either party in exercising any right hereunder (including without limitation, to the right to require performance of any provision of this Agreement) shall not be deemed to be a waiver or relinquishment of such right. Any express waiver or relinquishment of a term or condition of this Agreement shall not be binding or effective unless made in writing signed by the party waiving or relinquishing its rights.

12.12. Entire Agreement. This Agreement, together with any schedules and attachments hereto, constitutes the entire and only agreement between the parties regarding its subject. No modification, change or amendment of this Agreement shall be binding upon the parties except by mutual express consent in writing executed by a duly authorized officer or representative of each of the parties.

12.13. Captions. Captions and headings used in this Agreement are for convenience only, and shall not be of any force and effect in construing this Agreement.

[*Signature Page Follows*]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as of the day and year first hereinabove written.

**SUPPLIER:**

**AOB Products Company**

By:
Name:
Title:

**S&W:**

**Smith & Wesson Inc.**

By:
Name:
Title:

**Exhibit 10.8**

# AMERICAN OUTDOOR BRANDS, INC.
# 2020 INCENTIVE COMPENSATION PLAN

**AMERICAN OUTDOOR BRANDS, INC.**
**2020 INCENTIVE COMPENSATION PLAN**

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**2020 INCENTIVE COMPENSATION PLAN**

1. ***Purpose***. The purpose of this AMERICAN OUTDOOR BRANDS, INC. 2020 INCENTIVE COMPENSATION PLAN (the "*Plan*") is to assist the Company and its Related Entities (as each such terms hereinafter defined) in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its Related Entities by enabling such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company's shareholders, and providing such persons with performance incentives to expend their maximum efforts in the creation of shareholder value.

2. ***Definitions.*** For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof and elsewhere herein.

(a) "***Award***" means any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Share granted as a bonus or in lieu of another Award, Dividend Equivalent, Other Stock-Based Award or Performance Award, together with any other right or interest relating to Shares or other property (including cash), granted to a Participant under the Plan.

(b) "***Award Agreement***" means any written agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder.

(c) "***Beneficiary***" means the person, persons, trust or trusts that have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant's death or to which Awards or other rights are transferred if and to the extent permitted under Section 10(b) hereof. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the Participant's estate.

(d) "***Beneficial Owner*** ***and "Beneficial Ownership"*** shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to such Rule.

(e) "***Board***" means the Company's Board of Directors.

(f) "***Cause***" shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, "Cause" shall have the equivalent meaning or the same meaning as "cause," "good cause" or "for cause" set forth in any employment, consulting, or other agreement for the performance of services between the Participant and the Company or a Related Entity or any severance plan or agreement covering the Participant. In the absence of any such agreement, plan or any such definition in such agreement or plan, such term shall mean (i) the failure by the Participant to perform, in a reasonable manner, his or her duties as assigned by the Company or a Related Entity, (ii) any violation or breach by the Participant of his or her employment, consulting or other similar agreement with the Company or a Related Entity, if any, (iii) any violation or breach by the Participant of any non-competition, non-solicitation, non-disclosure and/or other similar agreement with the Company or a Related

Entity, (iv) any act by the Participant of dishonesty or bad faith with respect to the Company or a Related Entity, (v) use of alcohol, drugs or other similar substances in a manner that adversely affects the Participant's work performance, or (vi) the commission by the Participant of any act, misdemeanor, or crime reflecting unfavorably upon the Participant or the Company or any Related Entity. The good faith determination by the Committee of whether the Participant's Continuous Service was terminated by the Company for "Cause" shall be final and binding for all purposes hereunder.

(g) "***Change in Control***" means a Change in Control as defined in Section 9(b) of the Plan.

(h) "***Code***" means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(i) "***Committee***" means the Compensation Committee of the Board or a subcommittee thereof appointed by the Compensation Committee to act as the Committee under this Plan; provided, however, that if the Board fails to designate a Compensation Committee or if there are no longer any members on the Compensation Committee so designated by the Board, or for any other reason determined by the Board, then the Board shall serve as the Committee. While it is intended that the Committee shall consist of at least two directors, each of whom shall be (i) a "non-employee director" within the meaning of Rule 16b-3 (or any successor rule) under the Exchange Act, unless administration of the Plan by "non-employee directors" is not then required in order for exemptions under Rule 16b-3 to apply to transactions under the Plan, and (ii) "Independent", the failure of the Committee to be so comprised shall not invalidate any Award that otherwise satisfies the terms of the Plan.

(j) "***Company***" means American Outdoor Brands, Inc., a Delaware corporation, and any successor thereto.

(k) "***Consultant***" means any consultant or advisor who provides services to the Company or any Related Entity, so long as (i) such person renders bona fide services that are not in connection with the offer and sale of the Company's securities in a capital-raising transaction, (ii) such person does not directly or indirectly promote or maintain a market for the Company's securities, and (iii) the identity of such person would not preclude the Company from offering or selling securities to such person pursuant to the Plan in reliance on either the exemption from registration provided by Rule 701 under the Securities Act of 1933 or, if the Company is required to file reports pursuant to Section 13 or 15(d) of the Exchange Act, registration on a Form S-8 Registration Statement under the Securities Act of 1933.

(l) "***Continuous Service***" means the uninterrupted provision of services to the Company or any Related Entity in any capacity of Employee, Director, Consultant or other service provider. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entities, or any successor entities, in any capacity of Employee, Director, Consultant or other service provider, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director, Consultant or other service provider (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(m) "***Director***" means a member of the Board or the board of directors of any Related Entity.

(n) "***Disability***" shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, and in the case of any Option that is an Incentive Stock Option, if and to the extent required in order for the Option to satisfy the requirements of Section 422 of the Code, "disability" means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

(o) "***Dividend Equivalent***" means a right, granted to a Participant under Section 6(g) hereof, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments.

(p) "***Effective Date***" means the effective date of the Plan, which shall be [●], 2020.

(q) "***Eligible Person***" means each officer, Director, Employee, Consultant and other person who provides services to the Company or any Related Entity. The foregoing notwithstanding, only Employees of the Company, or any parent corporation or subsidiary corporation of the Company (as those terms are defined in Sections 424(e) and (f) of the Code, respectively), shall be Eligible Persons for purposes of receiving any Incentive Stock Options. An Employee on leave of absence may, in the discretion of the Committee, be considered as still in the employ of the Company or a Related Entity for purposes of eligibility for participation in the Plan.

(r) "***Employee***" means any person, including an officer or Director, who is an employee of the Company or any Related Entity, or is a prospective employee of the Company or any Related Entity (conditioned upon and effective not earlier than, such person becoming an employee of the Company or any Related Entity). The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(s) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(t) "***Fair Market Value***" means the fair market value of Shares, Awards or other property on the date as of which the value is being determined, as determined by the Committee, or under procedures established by the Committee, subject to the following:

(i) If, on such date, the Shares are listed on a national or regional securities exchange or market system, the Fair Market Value of a Share shall be the closing price of a Share (or the mean of the closing bid and asked prices of a Share if the Share is so quoted instead) as quoted on the Nasdaq National Market, The Nasdaq Small Cap Market or such other national or regional securities exchange or market system constituting the primary market for the Share, as reported in The Wall Street Journal or such other source as the Company deems reliable. If the relevant date does not fall on a day on which the Share has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Share was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

(ii) If, on such date, the Share are not listed on a national or regional securities exchange or market system, the Fair Market Value of a Share shall be as determined by the Committee in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse.

(u) "***Good Reason***" shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, "Good Reason" shall have the equivalent meaning or the same meaning as "good reason," "Adverse Change in Control Effect," or "for good reason," as applicable, set forth in any employment, consulting or other agreement for the performance of services between the Participant and the Company or a Related Entity or any severance agreement or plan covering the Participant. In the absence of any such agreement or plan or any such definition in such agreement or plan, such term shall mean the uncured occurrence of any of the following events without the Participant's written consent: (i) the Company in any material respect reduces the Participant's duties, authority, or base compensation, or (ii) the Participant is required to relocate more than fifty (50) miles from the Participant's then current geographic location at which the Participant performs services for the Company or a Related Entity. For purposes of this Plan, Good Reason shall be deemed to exist only if the Company or a Related Entity does not cure the circumstances giving rise to the Good Reason within sixty (60) days from the date the Participant delivers a written notice describing the circumstances giving rise to the Good Reason. Such notice must be received by the Company or its successor within thirty (30) days of the date on which the Participant becomes aware of the occurrence of such condition.

(v) "***Incentive Stock Option***" means any Option intended to be designated as an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto.

(w) "***Independent***", when referring to either members of the Board or members of the Committee, shall have the same meaning as used in the rules of the Listing Market.

(x) "***Incumbent Director***" means an Incumbent Director as defined in Section 9(b)(i) hereof.

(y) ***"Listing Market"*** means the Nasdaq Stock Market or any other national securities exchange on which any securities of the Company are listed for trading, and if not listed for trading, by the rules of the Nasdaq Stock Market.

(z) "***Option***" means a right granted to a Participant under Section 6(b) hereof, to purchase Shares or other Awards at a specified price during specified time periods.

(aa) "***Optionee***" means a person to whom an Option is granted under this Plan or any person who succeeds to the rights of such person under this Plan.

(bb) "***Other Stock-Based Awards***" means Awards granted to a Participant under Section 6(i) hereof.

(cc) "***Parent***" means any corporation (other than the Company), whether now or hereafter existing, in an unbroken chain of corporations ending with the Company, if each of the corporations in the chain (other than the Company) owns stock possessing 50% or more of the combined voting power of all classes of stock in one of the other corporations in the chain.

(dd) "***Participant***" means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(ee) "***Performance Award***" means any Award granted pursuant to Section 6(h) hereof.

(ff) "***Performance Period***" means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.

(gg) "***Person***" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a "group" as defined in Section 13(d) thereof.

(hh) "***Related Entity***" means any Parent or Subsidiary, and any business, corporation, partnership, limited liability company or other entity designated by the Committee in which the Company, a Parent or a Subsidiary holds a substantial ownership interest, directly or indirectly, and with respect to which the Company may offer or sell securities pursuant to the Plan in reliance upon either Rule 701 under the Securities Act of 1933 or, if the Company is required to file reports pursuant to Section 13 or 15(d) of the Exchange Act, registration on a Form S-8 Registration Statement under the Securities Act of 1933.

(ii) "***Restricted Stock***" means any Share issued with such risks of forfeiture and other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

(jj) "***Restricted Stock Award***" means an Award granted to a Participant under Section 6(d) hereof.

(kk) "***Restricted Stock Unit***" means a right to receive Shares, including Restricted Stock, cash measured based upon the value of Shares, or a combination thereof, at the end of a specified deferral period.

(ll) "***Restricted Stock Unit Award***" means an Award of Restricted Stock Units granted to a Participant under Section 6(e) hereof.

(mm) ***"Restriction Period"*** means the period of time specified by the Committee that Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose.

(nn) "***Rule 16b-3***" means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(oo) "***Shareholder Approval Date***" means the date on which this Plan is approved by shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Section 422 of the Code, Rule 16b-3 under the Exchange Act and applicable requirements under the rules of the Listing Market.

(pp) "***Shares***" means the shares of common stock of the Company, par value $0.001 per share, and such other securities as may be substituted (or resubstituted) for Shares pursuant to Section 10(c) hereof.

(qq) "***Stock Appreciation Right***" means a right granted to a Participant under Section 6(c) hereof.

(rr) "***Subsidiary***" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

(ss) "***Substitute Awards***" means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company (i) acquired by the Company or any Related Entity, (ii) which becomes a Related Entity after the date hereof, or (iii) with which the Company or any Related Entity combines.

3. ***Administration.***

(a) ***Authority of the Committee.*** The Plan shall be administered by the Committee except to the extent (and subject to the limitations imposed by Section 3(b) hereof) the Board elects to administer the Plan, in which case the Plan shall be administered by only those members of the Board who are Independent members of the Board, in which case references herein to the "Committee" shall be deemed to include references to the Independent members of the Board. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award Agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Person or Participant in a manner consistent with the treatment of any other Eligible Persons or Participants. Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Related Entity or any Participant or Beneficiary, or any transferee under Section 10(b) hereof or any other person claiming rights from or through any of the foregoing persons or entities.

(b) ***Manner of Exercise of Committee Authority.*** The Committee, and not the Board, shall exercise sole and exclusive discretion (i) on any matter relating to a Participant then subject to Section 16 of the Exchange Act with respect to the Company to the extent necessary in order that transactions by such Participant shall be exempt under Rule 16b-3 under the Exchange Act and (ii) with respect to any Award to an Independent Director. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to members of the Board, or officers or managers of the Company or any Related Entity, or committees thereof, the authority, subject to such terms and limitations as the Committee shall determine, to perform such functions, including administrative functions as the Committee may determine to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company. The Committee may appoint agents to assist it in administering the Plan. Any such delegations shall be set forth in a written instrument that specifies the persons authorized to act thereunder and the terms and limitations of such authority, which writing shall be delivered to the Company's Chief Financial Officer, Principal Accounting Officer and General Counsel before any authority may be exercised.

(c) ***Limitation of Liability.*** The Committee and the Board, and each member thereof, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or Employee, the Company's independent auditors, Consultants or any other agents assisting in the administration of the Plan. Members of the Committee and the Board, and any officer or Employee acting at the direction or on behalf of the Committee or the Board, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination

4. ***Shares Subject to Plan.***

(a) ***Limitation on Overall Number of Shares Available for Delivery Under Plan.*** Subject to adjustment as provided in Section 10(c) hereof, the total number of Shares reserved and available for delivery under the Plan shall be [●]. Any Shares delivered under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

(b) ***Application of Limitation to Grants of Awards.*** No Award may be granted if the number of Shares to be delivered in connection with such an Award exceeds the number of Shares remaining available for delivery under the Plan, minus the number of Shares that would be counted against the limit upon settlement of then outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of Shares actually delivered differs from the number of Shares previously counted in connection with an Award.

(c) ***Availability of Shares Not Delivered under Awards and Adjustments to Limits.***

(i) If any Shares subject to an Award are forfeited, expire or otherwise terminate without issuance of such Shares, or any Award is settled for cash or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award the Shares to which those Awards were subject, shall, to the extent of such forfeiture, expiration, termination, non-issuance or cash settlement, again be available for delivery with respect to Awards under the Plan.

(ii) The full number of Shares subject to an Option granted under the Plan shall count against the number of Shares remaining available for issuance pursuant to Awards granted under the Plan, even if the exercise price of the Option is satisfied through net-settlement or by delivering Shares to the Company (by either actual delivery or attestation). Upon exercise of Stock Appreciation Rights granted under the Plan that are settled in Shares, the full number of Stock Appreciation Rights (rather than the net number of Shares actually delivered upon exercise) shall count against the maximum number of Shares remaining available for issuance pursuant to Awards granted under the Plan.

(iii) Shares withheld from an Award granted under the Plan to satisfy tax withholding requirements shall not count against the maximum number of Shares remaining available for issuance pursuant to Awards granted under the Plan, and Shares delivered by a participant to satisfy tax withholding requirements shall be added back to the Plan's Share pool.

(iv) Substitute Awards shall not reduce the Shares authorized for delivery under the Plan or authorized for delivery to a Participant in any period. Additionally, in the event that an entity acquired by the Company or any Related Entity or with which the Company or any Related Entity combines has shares available under a pre-existing plan approved by its shareholders and not adopted in contemplation of such acquisition or combination, the shares available for delivery pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for delivery under the Plan if and to the extent that the use of such Shares would not require approval of the Company's shareholders under the rules of the Listing Market. Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

(v) Any Share that again becomes available for delivery pursuant to this Section 4(c) shall be added back as one (1) Share.

(vi) Notwithstanding anything in this Section 4(c) to the contrary but subject to adjustment as provided in Section 10(c) hereof, the maximum aggregate number of Shares that may be delivered under the Plan as a result of the exercise of the Incentive Stock Options shall be [●] Shares. In no event shall any Incentive Stock Options be granted under the Plan after the tenth anniversary of the date on which the Board adopts the Plan.

(vii) Notwithstanding anything in this Section 4 to the contrary, but subject to adjustment as provided in Section 10(c) hereof, in any fiscal year of the Company during any part of which the Plan is in effect, no Participant who is a Director but is not also an Employee or Consultant may receive remuneration (including, without limitation, Awards granted hereunder which are to be deemed to have a value equal to the "fair value" as of the date of grant as determined in accordance with FASB ASC Topic 718 or any other applicable accounting guidance) in excess of $350,000 in the aggregate; provided, however, the aggregate remuneration paid or provided to any new Outside Director for the first fiscal year of the Company in which he or she becomes an Outside Director shall not exceed $500,000.

5. ***Eligibility.*** Awards may be granted under the Plan only to Eligible Persons.

6. ***Specific Terms of Awards.***

(a) ***General.*** Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10(e) hereof), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of the Participant's Continuous Service and terms permitting a Participant to make elections relating to his or her Award. Except in cases in which the Committee is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of Delaware law, no consideration other than services may be required for the grant (as opposed to the exercise) of any Award.

(b) ***Options.*** The Committee is authorized to grant Options to any Eligible Person on the following terms and conditions:

(i) ***Exercise Price***. Other than in connection with Substitute Awards, the exercise price per Share purchasable under an Option shall be determined by the Committee, provided that such exercise price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of the Option and shall not, in any event, be less than the par value of a Share on the date of grant of the Option. If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and an Incentive Stock Option is granted to such Employee, the exercise price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value of a Share on the date such Incentive Stock Option is granted. Other than pursuant to Section 10(c)(i) and (ii) of this Plan, the Committee shall not be permitted to (A) lower the exercise price per Share of an Option after it is granted, (B) cancel an Option when the exercise price per Share exceeds the Fair Market Value of the underlying Shares in exchange for cash or another Award (other than in connection with Substitute Awards), (C) cancel an outstanding Option in exchange for an Option with an exercise price that is less than the exercise price of the original Options or (D) take any other action with respect to an Option that may be treated as a repricing pursuant to the applicable rules of the Listing Market, without approval of the Company's stockholders.

(ii) ***Time and Method of Exercise***. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method by which notice of exercise is to be given and the form of exercise notice to be used, the time or times at which Options shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the methods by which the exercise price may be paid or deemed to be paid (including in the discretion of the Committee a cashless exercise procedure), the form of such payment, including, without limitation, cash, Shares (including without limitation the withholding of Shares otherwise deliverable pursuant to the Award), other Awards or awards granted under other plans of the Company or a Related Entity, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis provided that such deferred payments are not in violation of Section 13(k) of the Exchange Act, or any rule or regulation adopted thereunder or any other applicable law), and the methods by or forms in which Shares will be delivered or deemed to be delivered to Participants.

(iii) ***Form of Settlement.*** The Committee may, in its sole discretion, provide that the Shares to be issued upon exercise of an Option shall be in the form of Restricted Stock or other similar securities.

(iv) ***Incentive Stock Options***. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options (including any Stock Appreciation Right issued in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any Incentive Stock Option under Section 422 of the Code, unless the Participant has first requested, or consents to, the change that will result in such disqualification. Thus, if and to the extent required to comply with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

(A) the Option shall not be exercisable for more than ten years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and the Incentive Stock Option is granted to such Participant, the term of the Incentive Stock Option shall be (to the extent required by the Code at the time of the grant) for no more than five years from the date of grant;

(B) the aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Company (and any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) that become exercisable for the first time by the Participant during any calendar year shall not (to the extent required by the Code at the time of the grant) exceed $100,000; and

(C) if Shares acquired by exercise of an Incentive Stock Option are disposed of within two years following the date the Incentive Stock Option is granted or one year following the transfer of such Shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Committee may reasonably require.

(c) ***Stock Appreciation Rights.*** The Committee may grant Stock Appreciation Rights to any Eligible Person in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option (a "Tandem Stock Appreciation Right"), or without regard to any Option (a "Freestanding Stock Appreciation Right"), in each case upon such terms and conditions as the Committee may establish in its sole discretion, not inconsistent with the provisions of the Plan, including the following:

(i) ***Right to Payment***. A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one Share on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Committee. The grant price of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a Share on the date of grant, in the case of a Freestanding Stock Appreciation Right, or less than the associated Option exercise price, in the case of a Tandem Stock Appreciation Right. Other than pursuant to Section 10(c)(i) and (ii) of the Plan, the Committee shall not be permitted to (A) lower the grant price per Share of a Stock Appreciation Right after it is granted, (B) cancel a Stock Appreciation Right when the grant price per Share exceeds the Fair Market Value of the underlying Shares in exchange for another Award (other than in connection with Substitute Awards), (C) cancel an outstanding Stock Appreciation Right in exchange for a Stock Appreciation Right with a grant price that is less than the grant price of the original Stock Appreciation Right, or (D) take any other action with respect to a Stock Appreciation Right that may be treated as a repricing pursuant to the applicable rules of the Listing Market, without shareholder approval.

(ii) ***Other Terms***. The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Stock Appreciation Rights shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Shares will be delivered or deemed to be delivered to Participants, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right.

(iii) ***Tandem Stock Appreciation Rights***. Any Tandem Stock Appreciation Right may be granted at the same time as the related Option is granted or, for Options that are not Incentive Stock Options, at any time thereafter before exercise or expiration of such Option. Any Tandem Stock Appreciation Right related to an Option may be exercised only when the related Option would be exercisable and the Fair Market Value of the Shares subject to the related Option exceeds the exercise price at which Shares can be acquired pursuant to the Option. In addition, if a Tandem Stock Appreciation Right exists with respect to less than the full number of Shares covered by a related Option, then an exercise or termination of such Option shall not reduce the number of Shares to which the Tandem Stock Appreciation Right applies until the number of Shares then exercisable under such Option equals the number of Shares to which the Tandem Stock Appreciation Right applies. Any Option related to a Tandem Stock Appreciation Right shall no longer be exercisable to the extent the Tandem Stock Appreciation Right has been exercised, and any Tandem Stock Appreciation Right shall no longer be exercisable to the extent the related Option has been exercised.

(d) ***Restricted Stock Awards***. The Committee is authorized to grant Restricted Stock Awards to any Eligible Person on the following terms and conditions:

(i) ***Grant and Restrictions***. Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, or as otherwise provided in this Plan during the Restriction Period. The terms of any Restricted Stock Award granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award Agreement relating to a Restricted Stock Award, a Participant granted Restricted Stock shall have all of the rights of a stockholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the period that the Restricted Stock Award is subject to a risk of forfeiture, subject to Section 10(b) below and except as otherwise provided in the Award Agreement, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant or Beneficiary.

(ii) ***Forfeiture***. Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable Restriction Period, the Participant's Restricted Stock that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited and reacquired by the Company; provided that, subject to the limitations set forth in Section 6(j) hereof, the Committee may provide, by resolution or other action or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to Restricted Stock Awards shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Restricted Stock.

(iii) ***Certificates for Stock***. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) ***Dividends and Splits***. As a condition to the grant of a Restricted Stock Award, the Committee shall require that any cash dividends paid on a Share of Restricted Stock be delayed (with or without interest at such rate, if any, as the Committee shall determine) and remain subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such cash dividend is payable, in a manner that does not violate the requirements of Section 409A of the Code or other applicable law. In addition, the Committee shall require that Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions on transfer and a risk of forfeiture and any other lawful restrictions to the same extent as the Restricted Stock with respect to which such Shares or other property have been distributed.

(e) ***Restricted Stock Unit Award.*** The Committee is authorized to grant Restricted Stock Unit Awards to any Eligible Person on the following terms and conditions:

(i) ***Award and Restrictions***. Satisfaction of a Restricted Stock Unit Award shall occur upon expiration of the deferral period specified for such Restricted Stock Unit Award by the Committee (or, if permitted by the Committee, as elected by the Participant in a manner that does not violate the requirements of Section 409A of the Code). In addition, a Restricted Stock Unit Award shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. A Restricted Stock Unit Award may be satisfied by delivery of Shares, cash equal to the Fair Market Value of the specified number of Shares covered by the Restricted Stock Units, or a combination thereof, as determined by the Committee at the date of grant or thereafter. Prior to satisfaction of a Restricted Stock Unit Award, a Restricted Stock Unit Award carries no voting or dividend or other rights associated with Share ownership. Prior to satisfaction of a Restricted Stock Unit Award, except as otherwise provided in an Award Agreement and as permitted under Section 409A of the Code, a Restricted Stock Unit Award may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant or any Beneficiary.

(ii) ***Forfeiture***. Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Restricted Stock Unit Award), the Participant's Restricted Stock Unit Award that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited; provided that, subject to the limitations set forth in Section 6(j)(ii) hereof, the Committee may provide, by resolution or other action or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to a Restricted Stock Unit Award shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of any Restricted Stock Unit Award.

(iii) ***Dividend Equivalents***. As a condition to the grant of a Restricted Stock Unit, the Committee shall require that any cash dividends paid on a Share attributable to such Restricted Stock Unit be delayed (with or without interest at such rate, if any, as the Committee shall determine) and remain subject to restrictions on transfer and a risk of forfeiture to the same extent as the Restricted Stock Unit with respect to which such cash dividend is payable, in a manner that does not violate the requirements of Section 409A of the Code or other applicable law. In addition, the Committee shall require that Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions on transfer and a risk of forfeiture to the same extent as the Restricted Stock Unit with respect to which such Shares or other property have been distributed.

(f) ***Bonus Stock and Awards in Lieu of Obligations.*** The Committee is authorized to grant Shares to any Eligible Persons as a bonus, or to grant Shares or other Awards in lieu of obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Eligible Persons subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Shares or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Shares or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee.

(g) ***Dividend Equivalents.*** Subject to the requirements of applicable law, the Committee is authorized to grant Dividend Equivalents to any Eligible Person entitling the Eligible Person to receive cash, Shares, other Awards, or other property equal in value to the dividends paid with respect to a specified number of Shares, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award other than Options and SARs. Subject to the requirements of applicable law, the Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or at some later date, or whether such Dividend Equivalents shall be deemed to have been reinvested in additional Shares, Awards, or other investment vehicles, and subject to such lawful restrictions on transferability and risks of forfeiture, as the Committee may specify; provided, that in no event shall such Dividend Equivalents be paid out to Participants prior to vesting of the corresponding Shares underlying the Award. Any such determination by the Committee shall be made at the grant date of the applicable Award. Notwithstanding the foregoing, Dividend Equivalents credited in connection with an Award that vests based on the achievement of performance goals shall be subject to restrictions on transfer and risk of forfeiture to the same extent as the Award with respect to which such Dividend Equivalents have been credited.

(h) ***Performance Awards.*** The Committee is authorized to grant Performance Awards to any Eligible Person payable in cash, Shares, or other Awards, on terms and conditions established by the Committee, subject to the provisions of Section 8 if and to the extent that the Committee shall, in its sole discretion, determine that an Award shall be subject to those provisions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. Except as provided in Section 9 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 8(b), or in the case of an Award that the Committee determines shall not be subject to Section 8 hereof, any other criteria that the Committee, in its sole discretion, shall determine should be used for that purpose. The amount of the Award to be distributed shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis in a manner that does not violate the requirements of Section 409A of the Code.

(i) ***Other Stock-Based Awards.*** The Committee is authorized, subject to limitations under applicable law, to grant to any Eligible Person such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan. Other Stock-Based Awards may be granted to Participants either alone or in addition to other Awards granted under the Plan, and such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan. Except as otherwise provided in the last sentence of Section 6(h) hereof, the Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(i) shall be purchased for such consideration, (including without limitation loans from the Company or a Related Entity provided that such loans are not in violation of Section 13(k) of the Exchange Act or any rule or regulation adopted thereunder or any other applicable law) paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards or other property, as the Committee shall determine.

(j) ***Certain Vesting Requirements and Limitations on Waiver of Forfeiture Restrictions.*** Except for certain limited situations (including death, disability, retirement, a Change in Control referred to in Section 9, grants to new hires to replace forfeited compensation, grants representing payment of earned Performance Awards or other incentive compensation, Substitute Awards or grants to Directors), (i) Restricted Stock Awards, Restricted Stock Unit Awards and Other Stock-Based Awards shall vest over a period of not less than one year, and (ii) the Committee shall not waive the one (1) year vesting requirement set forth in subsection (i) hereof. The limitations set forth in this Section 6(j) shall not apply with respect to up to [insert number of shares that does not exceed 5% (for a large cap company) or 10% (for a small cap company) of shares available under the Plan)] Shares (subject to adjustment as provided in Section 10(c) hereof) with respect to which Awards have been made by Independent Directors.

7. ***Certain Provisions Applicable to Awards.***

(a) ***Stand-Alone, Additional, Tandem, and Substitute Awards.*** Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Related Entity, or any business entity to be acquired by the Company or a Related Entity, or any other right of a Participant to receive payment from the Company or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Related Entity, in which the value of Shares subject to the Award is equivalent in value to the cash compensation (for example, Restricted Stock or Restricted Stock Units), or in which the exercise price, grant price or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Shares minus the value of the cash compensation surrendered (for example, Options or Stock Appreciation Right granted with an exercise price or grant price "discounted" by the amount of the cash compensation surrendered), provided that any such determination to grant an Award in lieu of cash compensation must be made in a manner intended to be exempt from or comply with Section 409A of the Code.

(b) ***Term of Awards.*** The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or Stock Appreciation Right exceed a period of ten years (or in the case of an Incentive Stock Option such shorter term as may be required under Section 422 of the Code)[; provided, however, that in the event that on the last day of the term of an Option or a Stock Appreciation Right, other than an Incentive Stock Option, (i) the exercise of the Option or Stock Appreciation Right is prohibited by applicable law, or (ii) Shares may not be purchased, or sold by certain employees or directors of the Company due to the "black-out period" of a Company policy or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term of the Option or Stock Appreciation Right may be extended by the Committee for a period of up to thirty (30) days following the end of the legal prohibition, black-out period or lock-up agreement, provided that such extension of the term of the Option or Stock Appreciation Right would not cause the Option or Stock Appreciation Right to violate the requirements of Section 409A of the Code .

(c) ***Form and Timing of Payment Under Awards; Deferrals***. Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Shares, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis, provided that any determination to pay in installments or on a deferred basis shall be made by the Committee at the date of grant. Any installment or deferral provided for in the preceding sentence shall, however, subject to the terms of the Plan, be subject to the Company's compliance with the provisions of the Sarbanes-Oxley Act of 2002, as amended, the rules and regulations adopted by the Securities and Exchange Commission thereunder, all applicable rules of the Listing Market and any other applicable law, and in a manner intended to be exempt from or otherwise satisfy the requirements of Section 409A of the Code. Subject to Section 7(e) of this Plan, the settlement of any Award may be accelerated, and cash paid in lieu of Shares in connection with such settlement, in the sole discretion of the Committee or upon occurrence of one or more specified events (in addition to a Change in Control). Any such settlement shall be at a value determined by the Committee in its sole discretion, which, without limitation, may in the case of an Option or Stock Appreciation Right be limited to the amount if any by which the Fair Market Value of a Share on the settlement date exceeds the exercise or grant price. Installment or deferred payments may be required by the Committee (subject to Section 7(e) of this Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award Agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. The acceleration of the settlement of any Award, and the payment of any Award in installments or on an deferred basis, all shall be done in a manner that is intended to be exempt from or otherwise satisfy the requirements of Section 409A of the Code. The Committee may, without limitation, make provision for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

(d) ***Exemptions from Section 16(b) Liability.*** It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 of the Exchange Act pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b) of the Exchange Act.

(e) ***Code Section 409A***

(i) The Award Agreement for any Award that the Committee reasonably determines to constitute a "nonqualified deferred compensation plan" under Section 409A of the Code (a "***Section 409A Plan***"), and the provisions of the Section 409A Plan applicable to that Award, shall be construed in a manner consistent with the applicable requirements of Section 409A of the Code, and the Committee, in its sole discretion and without the consent of any Participant, may amend any Award Agreement (and the provisions of the Plan applicable thereto) if and to the extent that the Committee determines that such amendment is necessary or appropriate to comply with the requirements of Section 409A of the Code.

(ii) If any Award constitutes a Section 409A Plan, then the Award shall be subject to the following additional requirements, if and to the extent required to comply with Section 409A of the Code:

(A) Payments under the Section 409A Plan may be made only upon (u) the Participant's "separation from service", (v) the date the Participant becomes "disabled", (w) the Participant's death, (x) a "specified time (or pursuant to a fixed schedule)" specified in the Award Agreement at the date of the deferral of such compensation, (y) a "change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets" of the Company, or (z) the occurrence of an "unforeseeble emergency";

(B) The time or schedule for any payment of the deferred compensation may not be accelerated, except to the extent provided in applicable Treasury Regulations or other applicable guidance issued by the Internal Revenue Service;

(C) Any elections with respect to the deferral of such compensation or the time and form of distribution of such deferred compensation shall comply with the requirements of Section 409A(a)(4) of the Code; and

(D) In the case of any Participant who is "specified employee", a distribution on account of a "separation from service" may not be made before the date which is six months after the date of the Participant's "separation from service" (or, if earlier, the date of the Participant's death).

For purposes of the foregoing, the terms in quotations shall have the same meanings as those terms have for purposes of Section 409A of the Code, and the limitations set forth herein shall be applied in such manner (and only to the extent) as shall be necessary to comply with any requirements of Section 409A of the Code that are applicable to the Award.

(iii) Notwithstanding the foregoing, or any provision of this Plan or any Award Agreement, the Company does not make any representation to any Participant or Beneficiary that any Awards made pursuant to this Plan are exempt from, or satisfy, the requirements of, Section 409A of the Code, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur in the event that any provision of this Plan, or any Award Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A of the Code.

8. ***Reserved.***

9. ***Change in Control.***

(a) ***Effect of "Change in Control***." Upon the occurrence of a "Change in Control," as defined in Section 9(b), any restrictions, deferral of settlement, and forfeiture conditions applicable to an Award shall not lapse, and any performance goals and conditions applicable to an Award shall not be deemed to have been met, as of the time of the Change in Control, unless either (i) the Company is the surviving entity in the Change in Control and the Award does not continue to be outstanding after the Change in Control on substantially the same

terms and conditions as were applicable immediately prior to the Change in Control, or (ii) the successor company does not assume or substitute for the applicable Award, as determined in accordance with Section 10(c)(ii) hereof. Upon the occurrence of a "Change in Control," as defined in Section 9(b), if either (i) the Company is the surviving entity in the Change in Control and the Award does not continue to be outstanding after the Change in Control on substantially the same terms and conditions as were applicable immediately prior to the Change in Control, or (ii) the successor company does not assume or substitute for the applicable Award, as determined in accordance with Section 10(c)(ii) hereof, the applicable Award Agreement may provide that any restrictions, deferral of settlement, and forfeiture conditions applicable to an Award shall lapse, and any performance goals and conditions applicable to an Award shall be deemed to have been met, as of the time of the Change in Control. If the Award continues to be outstanding after the Change in Control on substantially the same terms and conditions as were applicable immediately prior to the Change in Control, or the successor company assumes or substitutes for the applicable Award, as determined in accordance with Section 10(c)(ii) hereof, the applicable Award Agreement may provide that with respect to each Award held by such Participant at the time of the Change in Control, in the event a Participant's Continuous Service is terminated without Cause by the Company or any Related Entity or by such successor company or by the Participant for Good Reason within twenty-four (24) months following such Change in Control, any restrictions, deferral of settlement, and forfeiture conditions applicable to each such Award shall lapse, and any performance goals and conditions applicable to each such Award shall be deemed to have been met, as of the date on which the Participant's Continuous Service is terminated.

(b) ***Definition of "Change in Control".*** Unless otherwise specified in any employment, consulting, severance agreement or plan covering the Participant, or other agreement for the performance of services between the Participant and the Company or any Related Entity, or in an Award Agreement, a "Change in Control" shall mean the occurrence of any of the following:

(i) during any period of 24 consecutive calendar months, individuals who were directors of the Company on the first day of such period (the "***Incumbent Directors***") cease for any reason to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the first day of such period whose election, or nomination for election, by the Company's stockholders was approved by a vote of at least a majority of the Incumbent Directors shall be deemed to be an Incumbent Director, but excluding, for purposes of this proviso, any such individual whose initial assumption of office occurs as a result of an actual or threatened proxy contest with respect to election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person; or

(ii) the consummation of a reorganization, merger, statutory share exchange, consolidation or similar form of corporate transaction involving (x) the Company or (y) any of its Subsidiaries (but in the case of this clause (y) only if Company Voting Securities (as defined below) are issued or issuable) or the sale or other disposition of all or substantially all the assets of the Company to an entity that is not an Affiliate (each of the foregoing events being hereinafter referred to as a "***Reorganization***"), in each case, unless, immediately following such Reorganization, all or substantially all the Persons who were the Beneficial Owners of the securities eligible to vote for the election of the Board ("***Company Voting Securities***") outstanding immediately prior to the consummation of such Reorganization continue to beneficially own, directly or indirectly, as a result of beneficially owning such Company Voting Securities, more than 50% of the combined voting power of the then outstanding voting securities of the corporation or other entity resulting from such Reorganization in substantially the same proportions as their ownership, immediately prior to the consummation of such Reorganization, of the outstanding Company Voting Securities; or

(iii) any Person or "group" (as used in Section 13(d) of the Exchange Act) becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company Voting Securities; provided, however, that for purposes of this subparagraph (iii), any acquisition pursuant to a Reorganization that does not constitute a Change in Control for purposes of subparagraph (ii) above shall not be a Change in Control.

10. ***General Provisions*.**

(a) ***Compliance With Legal and Other Requirements.*** The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Shares or payment of other benefits under any Award until completion of such registration or qualification of such Shares or other required action under any federal or state law, rule or regulation, listing or other required action with respect to the Listing Market, or compliance with any other obligation of the Company, as the Committee, may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

(b) ***Limits on Transferability; Beneficiaries.*** No Award or other right or interest granted under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party, or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than Incentive Stock Options and Stock Appreciation Rights in tandem therewith) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee pursuant to the express terms of an Award Agreement (subject to any terms and conditions which the Committee may impose thereon), are by gift or pursuant to a domestic relations order, and are to a "Permitted Assignee" that is a permissible transferee under the applicable rules of the Securities and Exchange Commission for registration of securities on a Form S-8 registration statement. For this purpose, a Permitted Assignee shall mean (i) the Participant's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents or siblings, (ii) a trust for the benefit of one or more of the Participant or the persons referred to in clause (i), (iii) a partnership, limited liability company or corporation in which the Participant or the persons referred to in clauses (i) and (ii) are the only partners, members or shareholders, or (iv) a foundation in which any person or entity designated in clauses (i), (ii) or (iii) above control the management of assets. A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) ***Adjustments.***

(i) ***Adjustments to Awards***. In the event that any extraordinary dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Shares and/or such other securities of the Company or any other issuer, then the Committee shall, in such manner as it may deem appropriate and equitable, substitute, exchange or adjust any or all of (A) the number and kind of Shares which may be delivered in connection with Awards granted thereafter, (B) the number and kind of Shares by which annual per-person Award limitations are measured under Section 4 hereof, (C) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award, and (E) any other aspect of any Award that the Committee determines to be appropriate in order to prevent the reduction or enlargement of benefits under any Award.

(ii) ***Adjustments in Case of Certain Transactions***. In the event of any merger, consolidation or other reorganization in which the Company does not survive, or in the event of any Change in Control (and subject to the provisions of Section 9 of this Plan relating to the vesting of Awards in the event of any Change in Control), any outstanding Awards may be dealt with in accordance with any of the following approaches, without the requirement of obtaining any consent or agreement of a Participant as such, as determined by the agreement effectuating the transaction or, if and to the extent not so determined, as determined by the Committee: (A) the continuation of the outstanding Awards by the Company, if the Company is a surviving entity, (B) the assumption or substitution for, as those terms are defined below, the outstanding Awards by the surviving entity or its parent or subsidiary, (C) full exercisability or vesting and accelerated expiration of the outstanding Awards, or (D) settlement of the value of the outstanding Awards in cash or cash equivalents or other property followed by cancellation of such Awards (which value, in the case of Options or Stock Appreciation Rights, shall be measured by the amount, if any, by which the Fair Market Value of a Share exceeds the exercise or grant price of the Option or Stock Appreciation Right as of the effective date of the transaction). For the purposes of this Plan, an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Performance Award or Other Stock-Based Award shall be considered assumed or substituted for if following the applicable transaction the Award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Performance Award or Other Stock-Based Award immediately prior to the applicable transaction, on substantially the same vesting and other terms and conditions as were applicable to the Award immediately prior to the applicable transaction, the consideration (whether stock, cash or other securities or property) received in the applicable transaction by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the applicable transaction is not solely common stock of the successor company or its parent or subsidiary, the Committee may, with the consent of the successor company or its parent or subsidiary, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Performance

Award or Other Stock-Based Award, for each Share subject thereto, will be solely common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per share consideration received by holders of Shares in the applicable transaction. The determination of such substantial equality of value of consideration shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding. The Committee shall give written notice of any proposed transaction referred to in this Section 10(c)(ii) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Awards that are then exercisable (including any Awards that may become exercisable upon the closing date of such transaction). A Participant may condition his or her exercise of any Awards upon the consummation of the transaction.

(iii) ***Other Adjustments***. The Committee (and the Board if and only to the extent such authority is not required to be exercised by the Committee to comply with Section 162(m) of the Code) is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Awards subject to satisfaction of performance goals, or performance goals and conditions relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any Related Entity or any business unit, or the financial statements of the Company or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any Related Entity or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant.

(d) ***Award Agreements.*** Each Award Agreement shall either be (a) in writing in a form approved by the Committee and executed by the Company by an officer duly authorized to act on its behalf, or (b) an electronic notice in a form approved by the Committee and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking one or more types of Awards as the Committee may provide; in each case and if required by the Committee, the Award Agreement shall be executed or otherwise electronically accepted by the recipient of the Award in such form and manner as the Committee may require. The Committee may authorize any officer of the Company to execute any or all Award Agreements on behalf of the Company. The Award Agreement shall set forth the material terms and conditions of the Award as established by the Committee consistent with the provisions of the Plan.

(e) ***Taxes.*** The Company and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company or any Related Entity and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee. The amount of withholding tax paid with respect to an Award by the withholding of Shares otherwise deliverable pursuant to the Award or by delivering Shares already owned shall not exceed the maximum statutory withholding required with respect to that Award (or such other limit as the Committee shall impose, including without limitation, any limit imposed to avoid or limit any financial accounting expense relating to the Award).

(f) ***Changes to the Plan and Awards.*** The Board may amend, alter, suspend, discontinue or terminate the Plan, or the Committee's authority to grant Awards under the Plan, without the consent of shareholders or Participants, except that any amendment or alteration to the Plan shall be subject to the approval of the Company's shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3) or the rules of the Listing Market, and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to shareholders for approval; provided that, except as otherwise permitted by the Plan or Award Agreement, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under the terms of any previously granted and outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, except as otherwise provided in the Plan; provided that, except as otherwise permitted by the Plan or Award Agreement, without the consent of an affected Participant, no such Committee or the Board action may materially and adversely affect the rights of such Participant under terms of such Award.

(g) ***Clawback of Benefits***.

(i) The Company may (A) cause the cancellation of any Award, (B) require reimbursement of any Award by a Participant or Beneficiary, and (C) effect any other right of recoupment of equity or other compensation provided under this Plan or otherwise in accordance with any Company policies that currently exist or that may from time to time be adopted or modified in the future by the Company and/or applicable law (each, a "Clawback Policy"). In addition, a Participant may be required to repay to the Company certain previously paid compensation, whether provided under this Plan or an Award Agreement or otherwise, in accordance with any Clawback Policy. By accepting an Award, a Participant is also agreeing to be bound by any existing or future Clawback Policy adopted by the Company, or any amendments that may from time to time be made to the Clawback Policy in the future by the Company in its discretion (including without limitation any Clawback Policy adopted or amended to comply with applicable laws or stock exchange requirements) and is further agreeing that all of the Participant's Award Agreements may be unilaterally amended by the Company, without the Participant's consent, to the extent that the Company in its discretion determines to be necessary or appropriate to comply with any Clawback Policy.

(ii) If the Participant, without the consent of the Company, while employed by or providing services to the Company or any Related Entity or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement or otherwise engages in activity that is in conflict with or adverse to the interest of the Company or any Related Entity, as determined by the Committee in its sole discretion, then (i) any outstanding, vested or unvested, earned or unearned portion of the Award may, at the Committee's discretion, be canceled and (ii) the Committee, in its discretion, may require the Participant or other person to whom any payment has been made or Shares or other property have been transferred in connection with the Award to forfeit and pay over to the Company, on demand, all or any portion of the gain (whether or not taxable) realized upon the exercise of any Option or Stock Appreciation Right and the value realized (whether or not taxable) on the vesting or payment of any other Award during the time period specified in the Award Agreement or otherwise specified by the Committee

(h) ***Limitation on Rights Conferred Under Plan***. Neither the Plan nor any action taken hereunder or under any Award shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a Related Entity; (ii) interfering in any way with the right of the Company or a Related Entity to terminate any Eligible Person's or Participant's Continuous Service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees, or (iv) conferring on a Participant any of the rights of a shareholder of the Company or any Related Entity including, without limitation, any right to receive dividends or distributions, any right to vote or act by written consent, any right to attend meetings of shareholders or any right to receive any information concerning the Company's or any Related Entity's business, financial condition, results of operation or prospects, unless and until such time as the Participant is duly issued Shares on the stock books of the Company or any Related Entity in accordance with the terms of an Award. None of the Company, its officers or its directors shall have any fiduciary obligation to the Participant with respect to any Awards unless and until the Participant is duly issued Shares pursuant to the Award on the stock books of the Company in accordance with the terms of an Award. Neither the Company, nor any Related Entity, nor any of their respective officers, directors, representatives or agents is granting any rights under the Plan to the Participant whatsoever, oral or written, express or implied, other than those rights expressly set forth in this Plan or the Award Agreement.

(i) ***Unfunded Status of Awards; Creation of Trusts.*** The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Shares pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Participant any rights that are greater than those of a general creditor of the Company or Related Entity that issues the Award; provided that the Committee may authorize the creation of trusts and deposit therein cash, Shares, other Awards or other property, or make other arrangements to meet the obligations of the Company or Related Entity under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify and in accordance with applicable law.

(j) ***Nonexclusivity of the Plan.*** Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.

(k) ***Payments in the Event of Forfeitures; Fractional Shares.*** Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(l) ***Governing Law.*** Except as otherwise provided in any Award Agreement, the validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to principles of conflict of laws, and applicable federal law.

(m) ***Non-U.S. Laws.*** The Committee shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Related Entities may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

(n) ***Plan Effective Date and Shareholder Approval; Termination of Plan.*** The Plan shall become effective on the Effective Date, subject to subsequent approval, within 12 months of its adoption by the Board, by shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Section 422, Rule 16b-3 under the Exchange Act (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed or quoted, and other laws, regulations, and obligations of the Company applicable to the Plan. Awards may be granted subject to shareholder approval, but may not be exercised or otherwise settled in the event the shareholder approval is not obtained. The Plan shall terminate at the earliest of (a) such time as no Shares remain available for issuance under the Plan, (b) termination of this Plan by the Board, or (c) the tenth anniversary of the last Shareholder Approval Date. Awards outstanding upon expiration of the Plan shall remain in effect until they have been exercised or terminated, or have expired.

(o) ***Construction and Interpretation.*** Whenever used herein, nouns in the singular shall include the plural, and the masculine pronoun shall include the feminine gender. Headings of Articles and Sections hereof are inserted for convenience and reference and constitute no part of the Plan.

(p) ***Severability.*** If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

**Exhibit 10.9**

**FORM OF**

**AMERICAN OUTDOOR BRANDS, INC.**
**2020 INCENTIVE COMPENSATION PLAN**
**NON-QUALIFIED STOCK OPTION AWARD GRANT NOTICE AND AGREEMENT**

**I. NON-QUALIFIED STOCK OPTION AWARD GRANT NOTICE**

American Outdoor Brands, Inc. (the "Company"), pursuant to its 2020 Incentive Compensation Plan (as may be amended, the "Plan"), hereby grants to the Optionee named below an option to purchase a number of shares of the Company's Common Stock set forth below. This Non-Qualified Stock Option Award Grant Notice and Agreement (the "Agreement") is subject to all of the terms and conditions as set forth herein and in the Plan, which are agreed to by the Optionee and incorporated herein in their entirety. All capitalized terms in this Agreement shall have the meaning assigned to them in this Agreement or, if such term is not defined in this Agreement, such term shall have the meaning assigned to it under the Plan.

Optionee: _____

Address: _____

Date of Grant: _____

Total Number of Shares: _____

Exercise Price Per Share: _____

The Optionee has received a copy of the Company's most recent prospectus describing the Plan and a complete copy of the Plan document. The Optionee has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of the Option granted by this Agreement.

| **AMERICAN OUTDOOR BRANDS, INC.** | | **OPTIONEE:** | |
|---|---|---|---|
| By: | _____ | | _____ |
| Name: | _____ | | _____ |
| Title: | _____ | | _____ |
| Effective as of: | _____ | Effective as of: | _____ |

**II. NON-QUALIFIED STOCK OPTION AGREEMENT**

1. Grant of Option. The Company hereby grants, as of the Date of Grant set forth in the above Non-Qualified Stock Option Award Grant Notice (the "Notice of Grant"), to the Optionee named in the Notice of Grant, an option (the "Option") to purchase up to the number of shares of the Company's Common Stock, $0.001 par value per share, set forth in the Notice of Grant (the "Shares"), at the exercise price per share set forth in the Notice of Grant. The Option shall be subject to the terms and conditions set forth herein and in the Plan, under which this Option was granted. The Option is a nonqualified stock option, and not an Incentive Stock Option. The Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all of the terms and conditions hereof and thereof and all applicable laws and regulations.

2. Definitions. Unless otherwise provided herein, terms used herein that are defined in the Plan and not defined herein shall have the meanings attributed to them under the Plan.

3. Vesting Schedule. Except as otherwise provided in Sections 6 or 9 of this Agreement, or in the Plan, the Option shall vest in the installments as provided below, which shall be cumulative. To the extent that the Option has become vested with respect to a percentage of Shares as provided below, the Option may thereafter be exercised by the Optionee, in whole or in part, at any time or from time to time prior to the expiration of the Option as provided herein for such vested Shares. The following table indicates each date (the "Vesting Date") upon which the Optionee shall be vested and thereby entitled to exercise the Option with respect to the percentage of Shares granted as indicated beside the date, provided that the Continuous Service of the Optionee continues through and on the applicable Vesting Date:

| **Percentage of Shares** | **Vesting Date** |
|---|---|
| _____ % | The _____ anniversary of the Date of Grant, such that the Option shall be fully vested, with respect to all Shares subject to this grant, on the _____ anniversary of the Date of Grant. |

Except as otherwise specifically provided herein, there shall be no proportionate or partial vesting in the periods prior to each Vesting Date, and all vesting shall occur only on the appropriate Vesting Date. Upon the termination of the Optionee's Continuous Service with the Company and its Related Entities, any unvested portion of the Option shall terminate and be null and void.

4. Method of Exercise. The vested portion of this Option shall be exercisable in whole or in part in accordance with the vesting schedule set forth in Section 3 hereof by written notice which shall state the election to exercise the Option, the number of vested Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder's investment intent with respect to such Shares as may be required by the Company pursuant to the provisions of the Plan. Such written notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The written notice shall be accompanied by payment of the exercise price. This Option shall be deemed to be exercised after both (a) receipt by the Company of such written notice accompanied by the exercise price and (b) arrangements that are satisfactory to the Committee or the Board in its

sole discretion have been made for the Optionee's payment to the Company of the amount that is necessary to be withheld in accordance with applicable federal or state withholding requirements. No Shares will be issued pursuant to the Option unless and until such issuance and such exercise shall comply with all relevant provisions of applicable law, including the requirements of any stock exchange upon which the Shares then may be traded.

5. Method of Payment. Payment of the exercise price is due in full upon exercise of all or any part of the Option. The Optionee may elect to make payment of the exercise price in one or more of the following ways:

(a) Cash or by check.

(b) In the Company's sole discretion at the time the Option is exercised and provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(c) In the Company's sole discretion at the time the Option is exercised, delivery by Optionee of a promissory note in a form satisfactory to the Company, in the amount of the aggregate exercise price of the exercised Shares together with the execution and delivery by the Optionee of a security agreement in a form satisfactory to the Company. The promissory note shall bear interest at a rate at least equal to the "applicable federal rate" prescribed under the Code and its regulations at time of purchase, and shall be secured by a pledge of the Shares purchased by the promissory note pursuant to the security agreement. At any time that the Company is incorporated in Delaware, payment of the Common Stock's "par value," as defined in the Delaware General Corporation Law, shall be made in cash and not by deferred payment. Notwithstanding the foregoing, payment by promissory note shall not be permitted to the extent such payment would violate the Sarbanes-Oxley Act of 2002.

(d) Provided that at the time of exercise the Common Stock is publicly traded, by delivery of already-owned shares of Common Stock either that Optionee has held for the period required to avoid a charge to the Company's reported earnings (generally six (6) months) or that Optionee did not acquire, directly or indirectly from the Company, that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time the Optionee exercises the Option, shall include delivery to the Company of Optionee's attestation of ownership of such shares of Common Stock in a form approved by the Company. Notwithstanding the foregoing, Optionee may not exercise the Option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

6. Termination of Option.

(a) Any unexercised portion of the Option shall automatically and without notice terminate and become null and void at the time of the earliest to occur of:

(i) three (3) months after the date on which the Optionee's Continuous Service is terminated other than by reason of (A) Cause, which, solely for purposes of this Agreement, shall mean the termination of the Optionee's Continuous Service by reason of the Optionee's willful misconduct or gross negligence, (B) a Disability of the Optionee as determined by a medical doctor satisfactory to the Committee or the Board, or (C) the death of the Optionee;

(ii) immediately upon the termination of the Optionee's Continuous Service for Cause;

(iii) twelve (12) months after the date on which the Optionee's Continuous Service is terminated by reason of a Disability as determined by a medical doctor satisfactory to the Committee or the Board;

(iv) twelve (12) months after the date of termination of the Optionee's Continuous Service by reason of the death of the Optionee; or

(v) the tenth (10th) anniversary of the Date of Grant.

(b) To the extent not previously exercised, (i) the Option shall terminate immediately in the event of (1) the liquidation or dissolution of the Company, or (2) any reorganization, merger, consolidation or other form of corporate transaction in which the Company does not survive or the Shares are converted into or exchanged for securities issued by another entity, unless the successor or acquiring entity, or an affiliate of such successor or acquiring entity, assumes the Option or substitutes an equivalent option or right pursuant to Section 10(c)(ii) of the Plan, and (ii) the Committee or the Board in its sole discretion may by written notice ("cancellation notice") cancel, effective upon the consummation of any corporate transaction described in Subsection 9(b)(ii) of the Plan in which the Company does survive, the Option (or portion thereof) that remains unexercised on such date. The Committee or the Board shall give written notice of any proposed transaction referred to in this Section 6(b) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after approval of such transaction), in order that the Optionee may have a reasonable period of time prior to the closing date of such transaction within which to exercise the Option if and to the extent that it then is exercisable (including any portion of the Option that may become exercisable upon the closing date of such transaction). The Optionee may condition his exercise of the Option upon the consummation of a transaction referred to in this Section 6(b).

7. Transferability. The Option granted hereby is not transferable otherwise than by will or under the applicable laws of descent and distribution, and during the lifetime of the Optionee the Option shall be exercisable only by the Optionee, or the Optionee's guardian or legal representative. In addition, the Option shall not be assigned, negotiated, pledged or hypothecated in any way (whether by operation of law or otherwise), and the Option shall not be subject to execution, attachment or similar process. Upon any attempt to transfer, assign,

negotiate, pledge or hypothecate the Option, or in the event of any levy upon the Option by reason of any execution, attachment or similar process contrary to the provisions hereof, the Option shall immediately become null and void.

8. No Rights of Stockholders. Neither the Optionee nor any personal representative (or beneficiary) shall be, or shall have any of the rights and privileges of, a stockholder of the Company with respect to any Shares of Common Stock purchasable or issuable upon the exercise of the Option, in whole or in part, prior to the date of exercise of the Option.

9. Acceleration of Exercisability of Option. This Option shall become immediately fully vested and exercisable in the event that, prior to the termination of the Option pursuant to Section 6 hereof, there is a "Change in Control", as defined in Section 9(b) of the Plan, that occurs during the Optionee's Continuous Service and such "Change in Control" was not approved by the Board of Directors of the Company.

10. No Right to Continuous Service. Neither the Option nor this Agreement shall confer upon the Optionee any right to Continuous Service with the Company.

11. Law Governing. This Agreement shall be governed in accordance with and governed by the internal laws of the State of Delaware.

12. Interpretation / Provisions of Plan Control / Entire Agreement. This Agreement is subject to all the terms, conditions, and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations, and interpretations relating to the Plan adopted by the Committee or the Board as may be in effect from time to time. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions, and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Optionee accepts the Option subject to all the terms and provisions of the Plan and this Agreement. The Optionee hereby accepts as binding, conclusive, and final all decisions or interpretations of the Committee or the Board upon any questions arising under the Plan and this Agreement. Except as may be modified by any other agreement between the Company and the Optionee, whether executed before or after the Date of Grant, the Company and the Optionee acknowledge and agree that this Agreement and the Plan set forth the entire understanding between the Optionee and the Company regarding the Option granted hereby and supersede all prior oral and written agreements on that subject.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Company, to the Company's President at American Outdoor Brands, Inc., _____, or if the Company should move its principal office, to such principal office, and, in the case of the Optionee, to the Optionee's last permanent address as shown on the Company's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

14. Clawback of Benefits. The Company may (i) cause the cancellation of the Options, (ii) require reimbursement of any benefit conferred under the Options to the Optionee, and (iii) effect any other right of recoupment of equity or other compensation provided under the Plan or otherwise in accordance with any Company policies that currently exist or that may from time to time be adopted or modified in the future by the Company and/or applicable law (each, a "Clawback Policy"). In addition, the Optionee may be required to repay to the Company certain previously paid compensation, whether provided under the Plan or this Agreement, in accordance with any Clawback Policy. By accepting this Award, the Optionee agrees to be bound by any existing or future Clawback Policy adopted by the Company, or any amendments that may from time to time be made to the Clawback Policy in the future by the Company in its discretion (including without limitation any Clawback Policy adopted or amended to comply with applicable laws or stock exchange requirements) and further agrees that all of the Optionee's Award Agreements may be unilaterally amended by the Company, without the Optionee's consent, to the extent that the Company in its discretion determines to be necessary or appropriate to comply with any Clawback Policy.

**Exhibit 10.10**

**FORM OF**

**AMERICAN OUTDOOR BRANDS, INC.**
**2020 INCENTIVE COMPENSATION PLAN**
**RESTRICTED STOCK UNIT AWARD GRANT NOTICE AND AGREEMENT**

## I. Restricted Stock Unit Award Grant Notice

American Outdoor Brands, Inc. (the "Company"), pursuant to its 2020 Incentive Compensation Plan (as may be amended, the "Plan"), hereby grants to the Participant named below a right to receive the number of Shares set forth below. This Restricted Stock Unit Award Grant Notice and Agreement (the "Agreement") is subject to all of the terms and conditions as set forth herein and in the Plan, agreed to by the Participant, and incorporated herein in their entirety. Each capitalized term in this Agreement shall have the meaning assigned to it in this Agreement, or, if such term is not defined in this Agreement, such term shall have the meaning assigned to it under the Plan.

**Participant:**
**Date of Grant:**
**Vesting Commencement Date:**
**Number of Restricted Stock Units**:

| | |
|---|---|
| **Termination Date:** | Subject to forfeiture as provided in Section 3(b) of Part II of this Agreement. |
| **Vesting Schedule:** | One-third of the Restricted Stock Unit Award will vest on each of the first, second and third anniversary of the Vesting Commencement Date.<br><br>All vesting is subject to the Participant's Continuous Service with the Company, except as set forth in Part II of this Agreement. |
| **Delivery Schedule:** | For each Restricted Stock Unit that vests (if any) the Participant will receive one Share, with the Share being delivered to the Participant on the date on which the Restricted Stock Unit vests whether pursuant to Section 3(a) or otherwise (the "Delivery Date").<br><br>If the Delivery Date falls on a day in which the NASDAQ Global Select Market is not open for active trading, the Delivery Date will fall on the next active trading day. An active trading day is defined as a day in which the NASDAQ Global Select Market is open for trading, excluding after hours trading. |

**Additional Terms/Acknowledgements; Amendment, Modification, and Entire Agreement:** The undersigned Participant acknowledges receipt of, and understands and agrees to, this Agreement (including Part II hereof). No provision of this Agreement may be modified, waived, or discharged unless that waiver, modification, or discharge is agreed to in writing and signed by the Participant and the Company. This Agreement constitutes the entire contract between the

parties hereto with regard to the subject matter hereof. The Participant acknowledges that a copy of the Company's most recent prospectus describing the Plan and a complete copy of the Plan document have been made available to the Participant, that the Participant has had reasonable opportunity to review the prospectus, the Plan and this Agreement in their entirety, that the Participant has had an opportunity to obtain the advice of counsel prior to executing this Agreement and that the Participant fully understands all provisions of this Agreement. This Agreement is made pursuant to the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan. In the event of a conflict between the Plan and this Agreement, the terms of the Plan shall govern. The Participant further acknowledges that as of the Date of Grant, this Agreement and the Plan set forth the entire understanding between the Participant and the Company regarding the acquisition of Shares pursuant to this Agreement and supersede all prior oral and written agreements on that subject, with the exception of (i) options and other awards previously granted and delivered to the Participant under the Plan, and (ii) the following agreements only:

**Other Agreements:** NONE

Without limiting the generality of the foregoing, the Participant acknowledges and agrees that no provision of any employment, severance, or other agreement, policy, practice or arrangement, whether written or unwritten, as may be amended or modified from time to time, shall apply to or in any way modify or amend this Agreement. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

[*Signature Page Follows*]

**AMERICAN OUTDOOR BRANDS, INC.**

By: _____
Name:
Title:

Effective as of:

**PARTICIPANT:**

_____

Effective as of:

[Signature Page to Restricted Stock Unit Award Grant Notice and Agreement]

## II. Restricted Stock Unit Award Agreement

The Company wishes to grant to the Participant named in Part I of this Agreement (the "Notice of Grant") a Restricted Stock Unit Award (the "Award") pursuant to the provisions of the Plan. This Award will entitle the Participant to Shares from the Company if the Participant meets the vesting requirements described herein.

1. Grant Pursuant to Plan. This Award is granted pursuant to the Plan, which is incorporated herein for all purposes. The Participant hereby acknowledges that a copy of the Company's most recent prospectus describing the Plan and a complete copy of the Plan document have been made available to the Participant, that the Participant has had reasonable opportunity to review the prospectus, the Plan and this Agreement in their entirety, that the Participant has had an opportunity to obtain the advice of counsel prior to executing this Agreement and that the Participant fully understands all provisions of this Agreement. Participant agrees to be bound by all of the terms and conditions of this Agreement and of the Plan. Each capitalized term in this Agreement shall have the meaning assigned to it in this Agreement, or, if such term is not defined in this Agreement, such term shall have the meaning assigned to it under the Plan.

2. Restricted Stock Unit Award. The Company hereby grants to the Participant the number of Restricted Stock Units listed in the Notice of Grant as of the Date of Grant. Such number of Restricted Stock Units may be adjusted from time to time pursuant to Section 10(c) of the Plan.

3. Vesting and Forfeiture of Restricted Stock Units.

(a) Vesting. The Participant shall become vested in the Restricted Stock Units in accordance with the vesting schedule contained in the Notice of Grant.

(b) Forfeiture. The Participant shall forfeit any then unvested Restricted Stock Units (if any) in the event that the Participant's Continuous Service is terminated for any reason, except as otherwise determined by the Committee in its sole discretion, which determination need not be uniform as to all Participants.

(c) Accelerated Vesting in Certain Circumstances. In the event that prior to the final vesting date, the Company terminates a Participant without Good Cause (other than due to death or Disability) or the Participant resigns following an Adverse Change in Control Effect, in either case during a Potential Change in Control Protection Period or Change in Control Protection Period, the Participant shall become immediately vested in any Restricted Stock Units then remaining unvested (if any).

(d) Certain Definitions. For purposes of this Section 3, the following terms shall have the following meanings:

"Adverse Change in Control Effect" means, during a Potential Change in Control Protection Period or Change in Control Protection Period, without the Participant's written consent, (i) any material reduction in the Participant's annual base salary or target bonus percentage opportunity, (ii) any material adverse change in a Participant's positions, titles, duties, responsibilities or reporting relationships compared to the Participant's positions, titles, duties, responsibilities or reporting relationships immediately prior to a Potential Change in Control (if such diminution occurs during the Potential Change in Control Protection Period) or Change in Control (if such diminution occurs during the Change in Control Protection Period) or (iii) a relocation of the Participant's principal place of

business more than fifty (50) miles from his or her principal place of business immediately prior to a Potential Change in Control or Change in Control, as applicable; provided, however, that a Participant may resign following an Adverse Change in Control Effect only if Participant delivers a written notice to the Company within thirty (30) days of the date on which the Participant becomes aware of such condition and the Company does not cure such condition within sixty (60) days of such notice.

"Change in Control Protection Period" means the period commencing on the date a Change in Control occurs and ending on the first anniversary of such date.

"Good Cause" means (i) the Participant engaging in an act or acts involving a crime, moral turpitude, fraud, or dishonesty, (ii) the Participant willfully taking any action that may be materially injurious to the business or reputation of the Company or (iii) the Participant willfully violating in a material respect the Company's Corporate Governance Guidelines, Code of Conduct and Ethics or any other applicable code of conduct, all as may be amended from time to time, including, without limitation, provisions thereof relating to conflicts of interest or related party transactions.

"Potential Change in Control" means (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, (ii) the Company or any person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control or (iii) the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Award, a Potential Change in Control has occurred.

"Potential Change in Control Protection Period" means the period beginning upon the occurrence of a Potential Change in Control and ending upon the earliest to occur of (i) the consummation of the Change in Control or (ii) the abandonment of the transaction or series of transactions that constitute a Potential Change in Control (as determined by the Committee in its sole discretion).

4. Settlement of Restricted Stock Unit Award.

(a) Settlement of Units for Shares. The Company shall deliver to the Participant one Share for each Restricted Stock Unit subject to this Award that vests on the applicable Delivery Date. The Company shall not have any obligation to settle this Award for cash.

(b) Delivery of Shares. Shares shall be delivered on the Delivery Date. If the Delivery Date falls on a day in which the NASDAQ Global Select Market is not open for active trading, the Delivery Date will fall on the next active trading day. An active trading day is defined as a day in which the NASDAQ Global Select Market is open for trading, excluding after hours trading. Once a Share is delivered with respect to a vested Restricted Stock Unit, such vested Restricted Stock Unit shall terminate and the Company shall have no further obligation to deliver Shares or any other property for such vested Restricted Stock Unit.

5. No Rights as Shareholder until Delivery. The Participant shall not have any rights, benefits, or entitlements with respect to any Shares subject to any Restricted Stock Unit. On or after delivery of any Shares, the Participant shall have, with respect to any Shares delivered, all of the rights of an equity interest holder of the Company, including the right to vote the Shares and the right to receive all dividends (if any) as may be declared on Shares from time to time.

6. Tax Provisions.

(a) Tax Consequences. The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

(b) Withholding Obligations. At the time this Award is granted, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant (other than any amount constituting nonqualified deferred compensation within the meaning of Section 409A of the Code), including the Shares deliverable pursuant to this Award, and otherwise agrees to make adequate provision for, any sums required to satisfy the minimum federal, state, local, and foreign tax withholding obligations of the Company or a Related Entity (if any) which arise in connection with this Award.

The Company, in its sole discretion, and in compliance with any applicable legal conditions or restrictions, may withhold from fully vested Shares otherwise deliverable to the Participant pursuant to this Award a number of whole Shares having a Fair Market Value, as determined by the Company as of the date the Participant recognizes income with respect to those Shares, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid adverse financial accounting treatment). Any adverse consequences to the Participant arising in connection with such Share withholding procedure shall be the Participant's sole responsibility.

In addition, the Company, in its sole discretion, may establish a procedure whereby the Participant may make an irrevocable election to direct a broker (determined by the Company) to sell sufficient Shares from this Award to cover the tax withholding obligations of the Company or any Related Entity and deliver such proceeds to the Company. Unless the tax withholding obligations of the Company or any Related Entity are satisfied, the Company shall have no obligation to issue a certificate for such Shares.

(c) Compliance with Section 409A. It is the intention of both the Company and the Participant that the benefits and rights to which the Participant could be entitled pursuant to this Agreement either comply with or fall within an exception to Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. Notwithstanding the foregoing, the Company does not make any representation to the Participant that the Restricted Stock Units awarded pursuant to this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any beneficiary for any tax, additional tax, interest or penalties that the Participant or any beneficiary may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto is deemed to violate any of the requirements of Section 409A. Neither the Company nor the Participant, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no

amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

7. Consideration. With respect to the value of the Shares to be delivered pursuant to this Award, such Shares are granted in consideration for the services the Participant shall provide to the Company during the vesting period.

8. Transferability. The Restricted Stock Units granted under this Agreement are not transferable otherwise than by will or under the applicable laws of descent and distribution. In addition, this Award shall not be assigned, negotiated, pledged or hypothecated in any way (whether by operation of law or otherwise), and this Award shall not be subject to execution, attachment or similar process. Upon any attempt by the Participant to transfer, assign, negotiate, pledge or hypothecate this Award, or in the event of any levy upon this Award by reason of any execution, attachment or similar process as a result of any attempt by the Participant to transfer, assign, negotiate, pledge or hypothecate this Award, contrary to the provisions hereof, this Award shall immediately become null and void.

9. General Provisions.

(a) Employment At Will. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the service of the Company or its Related Entities for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Related Entity employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate the Participant's service at any time for any reason, with or without cause.

(b) Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Company, to the Company's President at American Outdoor Brands, Inc., _____, or if the Company should move its principal office, to such principal office, and, in the case of the Participant, to the Participant's last permanent address as shown on the Company's records, subject to the right of either party to designate some other address at any time hereafter, upon ten (10) days' advance written notice under this Section to all other parties to this Agreement.

(c) No Limit on Other Compensation Arrangements. Nothing contained in this Agreement shall preclude the Company from adopting or continuing in effect other or additional compensation arrangements, and those arrangements may be either generally applicable or applicable only in specific cases.

(d) Severability. If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or would disqualify this Agreement or this Award under any applicable law, that provision shall be construed or deemed amended to conform to applicable law (or if that provision cannot be so construed or deemed amended without materially altering the purpose or intent of this Agreement and this Award, that provision shall be stricken as to that jurisdiction and the remainder of this Agreement and this Award shall remain in full force and effect).

(e) No Trust or Fund Created. Neither this Agreement nor the grant of this Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and the Participant or any other person. The Restricted Stock Units subject to this Agreement represent only the Company's unfunded and unsecured promise to issue Shares to the Participant in the future. To the extent that the Participant or any other person acquires a right to receive payments from the Company pursuant to this Agreement, that right shall be no greater than the right of any unsecured general creditor of the Company.

(f) Cancellation of Award. If any Restricted Stock Units subject to this Agreement are forfeited, then from and after such time, the person from whom such Restricted Stock Units are forfeited shall no longer have any rights to such Restricted Stock Units or the corresponding Shares. Such Restricted Stock Units shall be deemed forfeited in accordance with the applicable provisions hereof.

(g) Participant Undertaking. The Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the Shares deliverable pursuant to the provisions of this Agreement.

(h) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to the conflict-of-laws rules thereof or of any other jurisdiction.

(i) Waiver of Jury Trial. The Company and the Participant hereby waive, to the fullest extent permitted by applicable law, any right either party may have to a trial by jury in respect to any litigation directly or indirectly arising out of, under or in connection with this Award.

(j) Interpretation. The Participant accepts this Award subject to all the terms and provisions of this Agreement and the terms and conditions of the Plan. The Participant hereby accepts as binding, conclusive, and final all decisions or interpretations of the Committee upon any questions arising under this Agreement.

(k) Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof. The Company may assign its rights and obligations under this Agreement, including, but not limited to, the forfeiture provision of Section 3(b) of this Agreement to any person or entity selected by the Board.

(l) Committee Discretion. Subject to the terms of this Agreement, the Committee shall have full and plenary discretion with respect to any actions to be taken or determinations to be made in connection with this Award, and its determinations shall be final, binding and conclusive.

(m) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(n) Headings. Headings are given to the Sections and Subsections of this Agreement solely as a convenience to facilitate reference. The headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision thereof.

10. Adjustments. If at any time while this Agreement is in effect and before any Shares have been delivered with respect to any Restricted Stock Units there shall be any increase or decrease in the number of issued and outstanding Shares of the Company through the declaration of a stock dividend or through any recapitalization resulting in a stock split-up, combination or exchange of such Shares, then and in that event, the Committee (or Board as applicable) shall make any adjustments it deems fair and appropriate, in view of such change, in the number of Shares subject to the Restricted Stock Units then subject to this Agreement. If any such adjustment shall result in a fractional Share, such fraction shall be disregarded.

11. Amendments. Any modification, amendment or waiver to this Agreement that shall materially impair the rights of the Participant with respect to the Restricted Stock Units shall require an instrument in writing to be signed by both parties hereto, except such a modification, amendment or waiver made to cause the Plan or the Restricted Stock Units to comply with applicable law, tax rules, stock exchange rules or accounting rules and which is made to similarly situated participants. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

12. Representations. The Participant acknowledges and agrees that the Participant has reviewed this Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing and accepting this Award and fully understands all provisions of this Award.

13. Clawback of Benefits. The Company may (i) cause the cancellation of the Restricted Stock Units, (ii) require reimbursement of any benefit conferred under the Restricted Stock Units to the Participant, and (iii) effect any other right of recoupment of equity or other compensation provided under the Plan or otherwise in accordance with any Company policies that currently exist or that may from time to time be adopted or modified in the future by the Company and/or applicable law (each, a "Clawback Policy"). In addition, the Participant may be required to repay to the Company certain previously paid compensation, whether provided under the Plan or this Agreement, in accordance with any Clawback Policy. By accepting this Award, the Participant agrees to be bound by any existing or future Clawback Policy adopted by the Company, or any amendments that may from time to time be made to the Clawback Policy in the future by the Company in its discretion (including without limitation any Clawback Policy adopted or amended to comply with applicable laws or stock exchange requirements) and further agrees that all of the Participant's Award Agreements may be unilaterally amended by the Company, without the Participant's consent, to the extent that the Company in its discretion determines to be necessary or appropriate to comply with any Clawback Policy.

**Exhibit 10.11**

**FORM OF**

**AMERICAN OUTDOOR BRANDS, INC.**
**2020 INCENTIVE COMPENSATION PLAN**
**PERFORMANCE STOCK UNIT AWARD GRANT NOTICE AND AGREEMENT**

## I. Performance Stock Unit Award Grant Notice

American Outdoor Brands, Inc. (the "Company"), pursuant to its 2020 Incentive Compensation Plan (as may be amended, the "Plan"), hereby grants to the Participant named below a right to receive the number of Shares set forth below. This Performance Stock Unit Award Grant Notice and Agreement (the "Agreement") is subject to all of the terms and conditions as set forth herein and in the Plan, agreed to by the Participant, and incorporated herein in their entirety. Each capitalized term in this Agreement shall have the meaning assigned to it in this Agreement, or, if such term is not defined in this Agreement, such term shall have the meaning assigned to it under the Plan.

**Participant:**
**Date of Grant:**
**Number of Performance Stock Units**: [●] ("Target Award")
[●] ("Maximum Award")

**Termination Date:** Subject to forfeiture as provided in Section 3(b) of Part II of this Agreement.

**Vesting Schedule:** Up to a maximum of [●] Performance Stock Units will vest on _____ [●], 20[●], following the written certification by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee"), of the extent, if any, to which the following performance metric has been achieved. The performance metric is the relative performance of the Shares against the Russell 2000 Index over an approximately three-year period. To determine relative performance, the baseline metrics are the 90 calendar day average closing price of each of the Shares and the Russell 2000 Index, as reported in The Wall Street Journal, with the first trading day commencing on [April] [●], 20[●]. This 90 calendar day average establishes both the baseline Share price (the "Company Baseline") and the Russell 2000 Index baseline (the "Russell Baseline") against which future Share and Russell 2000 Index performance will be compared.

Next, the Compensation Committee will measure the 90 calendar day average closing price of each of the Shares and the Russell 2000 Index, as reported in The Wall Street Journal, with the last trading day of such 90 calendar day period ending on May [●], 20[●] (the "Ending Date," which establishes both the "Company Closing Price" and the "Russell Closing Price").
The Compensation Committee will then measure Company performance by dividing the Company Closing Price by the Company Baseline, with the quotient expressed as a percentage of the Company Baseline (the "Company Percentage Performance"). The Compensation Committee will then measure Russell 2000 Index performance over the same period by dividing the Russell Closing Price by the Russell Baseline with the quotient expressed as a percentage of the Russell Baseline (the "Russell Percentage Performance").

The Compensation Committee will then subtract the Russell Percentage Performance from the Company Percentage Performance, with the final result constituting the relative Company performance as a percentage (the "Relative Performance Percentage").

If the Relative Performance Percentage is less than 0%, no Performance Stock Units subject to this Award shall vest. If the Relative Performance Percentage is equal to 0%, then 38% of the Target Award shall vest. If the Relative Performance Percentage is greater than 0% but less than 5%, then the number of Performance Stock Units subject to this Award that vest shall equal the sum of (x) 38% of the Target Award, plus (y) (A) the Relative Performance Percentage multiplied by (B) 62% of the Target Award multiplied by (C) 20. If the Relative Performance Percentage is equal to or greater than 5% and less than or equal to 10%, then the number of Performance Stock Units subject to this Award that vest shall equal (i) the Relative Performance Percentage multiplied by (ii) the Target Award multiplied by (iii) 20. If the Relative Performance Percentage exceeds 10%, then the number of Performance Stock Units subject to this Award that vest shall equal (i) 10% multiplied by (ii) the Target Award multiplied by (iii) 20. In no event shall more than the Maximum Award vest.

For example, (a) if the Relative Performance Percentage equals 1%, then [●] Performance Stock Units subject to this Award shall vest (38% of Target Award plus (1% x 62% of Target Award x 20)); (b) if the Relative Performance Percentage equals 6%, then [●] Performance Stock Units subject to this Award shall vest (6% x Target Award x 20); and (c) if the Relative Performance Percentage equals 12%, then [●] Performance Stock Units subject to this Award shall vest (10% x Target Award x 20).

All vesting is subject to the Participant's Continuous Service with the Company from the Date of Grant through the Ending Date, except as set forth in Part II of this Agreement.

**Delivery Schedule:** Subject to Sections 4 and 7 of Part II of this Agreement, for each Performance Stock Unit that vests (if any) the Participant will receive one Share, with the Share being delivered to the Participant on the first anniversary of the Ending Date (the "Delivery Date").

If the Delivery Date falls on a day in which the NASDAQ Global Select Market is not open for active trading, the Delivery Date will fall on the next active trading day. An active trading day is defined as a day in which the NASDAQ Global Select Market is open for trading, excluding after hours trading.

**Value Cap:**

Notwithstanding anything herein to the contrary, in no event will the Participant receive Shares on the Delivery Date (or, if applicable, the date specified in Section 4(c)) with an Ending Date Value in excess of 600% of the Grant Date Value (the "Value Cap"). In the event the Participant would receive Shares in excess of the Value Cap without regard to the prior sentence, the number of Shares delivered to the Participant will be reduced to the maximum number of whole Shares that may be delivered without exceeding the Value Cap.

The **"**Ending Date Value**"** means (i) the number of Shares to be delivered to the Participant on the Delivery Date (or, if applicable, the date specified in Section 4(c)) multiplied by (ii) the closing price of Shares on the NASDAQ Global Select Market on the Ending Date (or, if applicable, the date specified in Section 4(c)). The "Grant Date Value**"** means (i) the Target Award multiplied by (ii) the closing price of Shares on the NASDAQ Global Select on the Date of Grant.

**Additional Terms/Acknowledgements; Amendment, Modification, and Entire Agreement:** The undersigned Participant acknowledges receipt of, and understands and agrees to, this Agreement (including Part II hereof). No provision of this Agreement may be modified, waived, or discharged unless that waiver, modification, or discharge is agreed to in writing and signed by the Participant and the Company. This Agreement constitutes the entire contract between the parties hereto with regard to the subject matter hereof. The Participant acknowledges that a copy of the Company's most recent prospectus describing the Plan and a complete copy of the Plan document have been made available to the Participant, that the Participant has had reasonable opportunity to review the prospectus, the Plan and this Agreement in their entirety, that the Participant has had an opportunity to obtain the advice of counsel prior to executing this Agreement and that the Participant fully understands all provisions of this Agreement. This Agreement is made pursuant to the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan. In the event of a conflict between the Plan and this Agreement, the terms of the Plan shall govern. The Participant further acknowledges that as of the Date of Grant, this Agreement and the Plan set forth the entire understanding between the Participant and the Company regarding the acquisition of Shares pursuant to this Agreement and supersede all prior oral and written agreements on that subject, with the exception of (i) options and other awards previously granted and delivered to the Participant under the Plan, and (ii) the following agreements only:

**Other Agreements:** NONE

Without limiting the generality of the foregoing, the Participant acknowledges and agrees that no provision of any employment, severance, or other agreement, policy, practice or arrangement, whether written or unwritten, as may be amended or modified from time to time, shall apply to or in any way modify or amend this Agreement. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

[*Signature Page Follows*]

**AMERICAN OUTDOOR BRANDS, INC.**

By: _____
Name:
Title:

Effective as of:

**PARTICIPANT:**

_____

Effective as of:

[Signature Page to Performance Stock Unit Award Grant Notice and Agreement]

## II. Performance Stock Unit Award Agreement

The Company wishes to grant to the Participant named in Part I of this Agreement (the "Notice of Grant") a Performance Stock Unit Award (the "Award") pursuant to the provisions of the Plan. This Award will entitle the Participant to Shares from the Company if the Participant meets the vesting requirements described herein.

1. Grant Pursuant to Plan. This Award is granted pursuant to the Plan, which is incorporated herein for all purposes. The Participant hereby acknowledges that a copy of the Company's most recent prospectus describing the Plan and a complete copy of the Plan document have been made available to the Participant, that the Participant has had reasonable opportunity to review the prospectus, the Plan and this Agreement in their entirety, that the Participant has had an opportunity to obtain the advice of counsel prior to executing this Agreement and that the Participant fully understands all provisions of this Agreement. Participant agrees to be bound by all of the terms and conditions of this Agreement and of the Plan. Each capitalized term in this Agreement shall have the meaning assigned to it in this Agreement, or, if such term is not defined in this Agreement, such term shall have the meaning assigned to it under the Plan.

2. Performance Stock Unit Award. The Company hereby grants to the Participant the number of Performance Stock Units listed in the Notice of Grant as of the Date of Grant. Such number of Performance Stock Units may be adjusted from time to time pursuant to Section 10(c) of the Plan.

3. Vesting and Forfeiture of Performance Stock Units.

(a) Vesting. The Participant shall become vested in the Performance Stock Units in accordance with the vesting schedule contained in the Notice of Grant.

(b) Forfeiture. The Participant shall forfeit any then unvested Performance Stock Units (if any) in the event that the Participant's Continuous Service is terminated for any reason, except as otherwise determined by the Committee in its sole discretion, which determination need not be uniform as to all Participants.

4. Vesting and Delivery in Connection with a Change in Control.

(a) Determination of Earned Performance Stock Units. In the event of a Change in Control of the Company prior to the Ending Date, the Participant shall, upon consummation thereof, earn the Performance Stock Units in accordance with the formula under "Vesting Schedule" in the Notice of Grant, provided that solely for purposes of applying such formula the definition of Ending Date shall be deemed to mean the date of the consummation of the Change in Control and the Company Closing Price shall be deemed to equal (i) in the event the Change in Control involves the acquisition of Shares (including through a merger or tender offer), the highest per share price paid for Shares in the Change in Control or (ii) in the event the Change in Control does not involve the acquisition of Shares, the closing price of the Shares as of the date of the consummation of the Change in Control. Notwithstanding the foregoing, if during a Potential Change in Control Protection Period (i) the Company terminates the Participant without Good Cause (other than due to death or disability) or (ii) the Participant resigns following an Adverse Change in Control Effect, the Participant shall earn the Performance Stock Units as of the date of

termination or resignation as described in the immediately preceding sentence, except that the definition of Ending Date shall be deemed to mean the date of the Potential Change in Control and the Company Closing Price shall be deemed to equal the closing price of the Shares as of the Potential Change in Control. The Shares underlying the Performance Stock Units earned pursuant to the immediately preceding sentence shall be immediately vested and shall be delivered to the Participant in accordance with Section 4(c). Any Performance Stock Units that are not earned pursuant to this Section 4(a) shall terminate and the Company shall have no further obligation to deliver Shares or any other property for such unearned Performance Stock Units.

(b) Vesting of Earned Performance Stock Units. The Performance Stock Units earned pursuant to Section 4(a) due to a Change in Control shall convert into time-based Performance Stock Units (the "**Converted Performance Stock Units**") and such Converted Performance Stock Units shall remain unvested until the earlier of (i) if during the Change in Control Protection Period, the date on which the Participant is terminated without Good Cause (other than due to death or disability) or resigns following an Adverse Change in Control Effect and (ii) the Ending Date (determined without regard to Section 4(a)). The Participant shall forfeit any Converted Performance Stock Units in the event that the Participant's Continuous Service is terminated for any reason, except if during the Change in Control Protection Period, the Participant's Continuous Service is terminated (i) as a result of a termination without Good Cause (other than due to death or disability) or (ii) a resignation following an Adverse Change in Control Effect.

(c) Delivery of Shares. Subject to Sections 5(c) and 7, upon vesting of any Converted Performance Stock Units or Performance Stock Units, as applicable, earned pursuant to Section 4(a), the full amount of the Shares corresponding to such vested Converted Performance Stock Units or Performance Stock Units, as applicable, shall be distributed to the Participant (or, if appropriate, in lieu of such Shares, the stock or other securities or property to which the Participant would have been entitled to receive upon such Change in Control if the Participant had held the full number of Shares corresponding to the Participant's vested Converted Performance Stock Units or Performance Stock Units, as applicable, immediately prior thereto) as soon as administratively practicable following vesting but in no event later than five days following vesting. In the event that during a Potential Change in Control Protection Period or a Change in Control Protection Period and after the Ending Date (and prior to the Delivery Date), (i) the Company terminates the Participant without Good Cause (other than due to death or disability) or (ii) the Participant resigns following an Adverse Change in Control Effect, the Shares that would have been delivered at the Delivery Date shall be delivered as soon as administratively practicable following such termination but in no event later than five days following such termination.

(d) Certain Definitions. For purposes of this Section 43, the following terms shall have the following meanings:

"Adverse Change in Control Effect" means, during a Potential Change in Control Protection Period or Change in Control Protection Period, without the Participant's written consent, (i) any material reduction in the Participant's annual base salary, (ii) any material adverse change in a Participant's positions, titles, duties, responsibilities or reporting relationships compared to the Participant's positions, titles, duties, responsibilities or reporting relationships immediately prior to a Potential Change in Control (if such diminution occurs during the Potential Change in Control Protection Period) or Change in Control (if such diminution occurs during the Change in Control Protection Period) or

(iii) a relocation of the Participant's principal place of business more than fifty (50) miles from his or her principal place of business immediately prior to a Potential Change in Control or Change in Control, as applicable; provided, however, that a Participant may resign following an Adverse Change in Control Effect only if Participant delivers a written notice to the Company within thirty (30) days of the date on which the Participant becomes aware of such condition and the Company does not cure such condition within sixty (60) days of such notice.

"Change in Control Protection Period" means the period commencing on the date a Change in Control occurs and ending on the first anniversary of such date.

"Good Cause" means (i) the Participant engaging in an act or acts involving a crime, moral turpitude, fraud, or dishonesty, (ii) the Participant willfully taking any action that may be materially injurious to the business or reputation of the Company or (iii) the Participant willfully violating in a material respect the Company's Corporate Governance Guidelines, Code of Conduct and Ethics or any other applicable code of conduct, all as may be amended from time to time, including, without limitation, provisions thereof relating to conflicts of interest or related party transactions.

"Potential Change in Control" means (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, (ii) the Company or any person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control or (iii) the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Award, a Potential Change in Control has occurred.

"Potential Change in Control Protection Period" means the period beginning upon the occurrence of a Potential Change in Control and ending upon the earliest to occur of (i) the consummation of the Change in Control or (ii) the abandonment of the transaction or series of transactions that constitute a Potential Change in Control (as determined by the Committee in its sole discretion).

5. Settlement of Performance Stock Unit Award.

(a) Settlement of Units for Shares. Except as provided in Section 4 and subject to Section 7 of this Agreement, the Company shall deliver to the Participant on the Delivery Date one Share for each Performance Stock Unit subject to this Award that vests pursuant to Section 3(a). The Company shall not have any obligation to settle this Award for cash.

(b) Delivery of Shares. Shares shall be delivered on the Delivery Date or, if applicable, the date specified in Section 4(c). If the Delivery Date falls on a day in which the NASDAQ Global Select Market is not open for active trading, the Delivery Date will fall on the next active trading day. An active trading day is defined as a day in which the NASDAQ Global Select Market is open for trading, excluding after hours trading. Once a Share (or, to the extent applicable, other property described in Section 4(c)) is delivered with respect to a vested Performance Stock Unit, such vested Performance Stock Unit shall terminate and the Company shall have no further obligation to deliver Shares or any other property for such vested Performance Stock Unit.

(c) Value Cap. Notwithstanding anything herein to the contrary, in no event will the Participant receive Shares on the Delivery Date (or, if applicable, the date specified in Section 4(c)) with a value in excess of the Value Cap. In the event the Participant would receive Shares in excess of the Value Cap without regard to the prior sentence, the number of Shares delivered to the Participant will be reduced to the maximum number of whole Shares that may be delivered without exceeding the Value Cap.

6. No Rights as Shareholder until Delivery. The Participant shall not have any rights, benefits, or entitlements with respect to any Shares subject to any Performance Stock Unit. On or after delivery of any Shares, the Participant shall have, with respect to any Shares delivered, all of the rights of an equity interest holder of the Company, including the right to vote the Shares and the right to receive all dividends (if any) as may be declared on Shares from time to time.

7. Tax Provisions.

(a) Tax Consequences. The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

(b) Withholding Obligations. At the time this Award is granted, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant (other than any amount constituting nonqualified deferred compensation within the meaning of Section 409A of the Code), including the Shares deliverable pursuant to this Award, and otherwise agrees to make adequate provision for, any sums required to satisfy the minimum federal, state, local, and foreign tax withholding obligations of the Company or a Related Entity (if any) which arise in connection with this Award.

The Company, in its sole discretion, and in compliance with any applicable legal conditions or restrictions, may withhold from fully vested Shares otherwise deliverable to the Participant pursuant to this Award a number of whole Shares having a Fair Market Value, as determined by the Company as of the date the Participant recognizes income with respect to those Shares, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid adverse financial accounting treatment). Any adverse consequences to the Participant arising in connection with such Share withholding procedure shall be the Participant's sole responsibility.

In addition, the Company, in its sole discretion, may establish a procedure whereby the Participant may make an irrevocable election to direct a broker (determined by the Company) to sell sufficient Shares from this Award to cover the tax withholding obligations of the Company or any Related Entity and deliver such proceeds to the Company. Unless the tax withholding obligations of the Company or any Related Entity are satisfied, the Company shall have no obligation to issue a certificate for such Shares.

(c) Compliance with Section 409A. It is the intention of both the Company and the Participant that the benefits and rights to which the Participant could be entitled pursuant to this Agreement either comply with or fall within an exception to Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. Notwithstanding the foregoing, the Company does not make any representation to the Participant that the Performance Stock Units awarded pursuant to this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any beneficiary for any tax, additional tax, interest or penalties that the Participant or any beneficiary may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto is deemed to violate any of the requirements of Section 409A. Neither the Company nor the Participant, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

8. Consideration. With respect to the value of the Shares to be delivered pursuant to this Award, such Shares are granted in consideration for the services the Participant shall provide to the Company during the vesting period.

9. Transferability. The Performance Stock Units granted under this Agreement are not transferable otherwise than by will or under the applicable laws of descent and distribution. In addition, this Award shall not be assigned, negotiated, pledged or hypothecated in any way (whether by operation of law or otherwise), and this Award shall not be subject to execution, attachment or similar process. Upon any attempt by the Participant to transfer, assign, negotiate, pledge or hypothecate this Award, or in the event of any levy upon this Award by reason of any execution, attachment or similar process as a result of any attempt by the Participant to transfer, assign, negotiate, pledge or hypothecate this Award, contrary to the provisions hereof, this Award shall immediately become null and void.

10. General Provisions.

(a) Employment At Will. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the service of the Company or its Related Entities for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Related Entity employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate the Participant's service at any time for any reason, with or without cause.

(b) Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Company, to the Company's President at American Outdoor Brands, Inc., _____, or if the Company should move its principal office, to such principal office, and, in the case of the Participant, to the Participant's last permanent address as shown on the Company's records, subject to the right of either party to designate some other address at any time hereafter, upon ten (10) days' advance written notice under this Section to all other parties to this Agreement.

(c) No Limit on Other Compensation Arrangements. Nothing contained in this Agreement shall preclude the Company from adopting or continuing in effect other or additional compensation arrangements, and those arrangements may be either generally applicable or applicable only in specific cases.

(d) Severability. If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or would disqualify this Agreement or this Award under any applicable law, that provision shall be construed or deemed amended to conform to applicable law (or if that provision cannot be so construed or deemed amended without materially altering the purpose or intent of this Agreement and this Award, that provision shall be stricken as to that jurisdiction and the remainder of this Agreement and this Award shall remain in full force and effect).

(e) No Trust or Fund Created. Neither this Agreement nor the grant of this Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and the Participant or any other person. The Performance Stock Units subject to this Agreement represent only the Company's unfunded and unsecured promise to issue Shares to the Participant in the future. To the extent that the Participant or any other person acquires a right to receive payments from the Company pursuant to this Agreement, that right shall be no greater than the right of any unsecured general creditor of the Company.

(f) Cancellation of Award. If any Performance Stock Units subject to this Agreement are forfeited, then from and after such time, the person from whom such Performance Stock Units are forfeited shall no longer have any rights to such Performance Stock Units or the corresponding Shares. Such Performance Stock Units shall be deemed forfeited in accordance with the applicable provisions hereof.

(g) Participant Undertaking. The Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the Shares deliverable pursuant to the provisions of this Agreement.

(h) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to the conflict-of-laws rules thereof or of any other jurisdiction.

(i) Waiver of Jury Trial. The Company and the Participant hereby waive, to the fullest extent permitted by applicable law, any right either party may have to a trial by jury in respect to any litigation directly or indirectly arising out of, under or in connection with this Award.

(j) Interpretation. The Participant accepts this Award subject to all the terms and provisions of this Agreement and the terms and conditions of the Plan. The Participant hereby accepts as binding, conclusive, and final all decisions or interpretations of the Committee upon any questions arising under this Agreement.

(k) Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof. The Company may assign its rights and obligations under this Agreement, including, but not limited to, the forfeiture provision of Section 3(b) of this Agreement to any person or entity selected by the Board.

(l) Committee Discretion. Subject to the terms of this Agreement, the Committee shall have full and plenary discretion with respect to any actions to be taken or determinations to be made in connection with this Award, and its determinations shall be final, binding and conclusive.

(m) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(n) Headings. Headings are given to the Sections and Subsections of this Agreement solely as a convenience to facilitate reference. The headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision thereof.

11. Adjustments. If at any time while this Agreement is in effect and before any Shares have been delivered with respect to any Performance Stock Units there shall be any increase or decrease in the number of issued and outstanding Shares of the Company through the declaration of a stock dividend or through any recapitalization resulting in a stock split-up, combination or exchange of such Shares, then and in that event, the Committee (or Board as applicable) shall make any adjustments it deems fair and appropriate, in view of such change, in the number of Shares subject to the Performance Stock Units then subject to this Agreement. If any such adjustment shall result in a fractional Share, such fraction shall be disregarded.

12. Amendments. Any modification, amendment or waiver to this Agreement that shall materially impair the rights of the Participant with respect to the Performance Stock Units shall require an instrument in writing to be signed by both parties hereto, except such a modification, amendment or waiver made to cause the Plan or the Performance Stock Units to comply with applicable law, tax rules, stock exchange rules or accounting rules and which is made to similarly situated participants. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

13. Representations. The Participant acknowledges and agrees that the Participant has reviewed this Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing and accepting this Award and fully understands all provisions of this Award.

14. Clawback of Benefits. The Company may (i) cause the cancellation of the Performance Stock Units, (ii) require reimbursement of any benefit conferred under the Performance Stock Units to the Participant, and (iii) effect any other right of recoupment of equity or other compensation provided under the Plan or otherwise in accordance with any Company policies that currently exist or that may from time to time be adopted or modified in the future by the Company and/or applicable law (each, a "Clawback Policy"). In addition, the Participant may be required to repay to the Company certain previously paid compensation, whether provided under the Plan or this Agreement, in accordance with any Clawback Policy. By accepting this Award, the Participant agrees to be bound by any existing or future Clawback Policy adopted by the Company, or any amendments that may from time to time be made to the Clawback Policy in the future by the Company in its discretion (including without limitation any Clawback Policy adopted or amended to comply with applicable laws or stock exchange requirements) and further agrees that all of the Participant's Award Agreements may be unilaterally amended by the Company, without the Participant's consent, to the extent that the Company in its discretion determines to be necessary or appropriate to comply with any Clawback Policy.

**Exhibit 10.12**

**AMERICAN OUTDOOR BRANDS, INC.**

**2020 EMPLOYEE STOCK PURCHASE PLAN**

1. **Purpose**. The purpose of the Plan is to provide incentive for present and future employees of the Company and any Designated Subsidiary to acquire a proprietary interest (or increase an existing proprietary interest) in the Company through the purchase of Common Stock. It is the Company's intention that the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. Accordingly, the provisions of the Plan shall be administered, interpreted and construed in a manner consistent with the requirements of that section of the Code.

2. **Definitions**.

(a) "**Applicable Percentage**" means the percentage specified in Section 8, subject to adjustment by the Committee as provided in Section 8.

(b) "**Board**" means the Board of Directors of the Company.

(c) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder, and successor provisions and regulations thereto.

(d) "**Committee**" means the committee appointed by the Board to administer the Plan as described in Section 13 of the Plan or, if no such Committee is appointed, the Board.

(e) "**Common Stock**" means the Company's common stock, par value $0.001 per share.

(f) "**Company**" means American Outdoor Brands, Inc., a Delaware corporation.

(g) "**Compensation**" means, with respect to each Participant for each pay period, all regular straight time gross earnings paid to such Participant by the Company or a Designated Subsidiary. Except as otherwise determined by the Committee, "Compensation" shall not include: (i) commissions, (ii) payments for overtime, (iii) shift premium, (iv) incentive compensation, (v) incentive payments, (vi) bonuses, and (vii) other compensation.

(h) "**Continuous Status as an Employee**" means the absence of any interruption or termination of service as an Employee. Continuous Status as an Employee shall not be considered interrupted in the case of a leave of absence agreed to in writing by the Company or the Designated Subsidiary that employs the Employee, provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

(i) "**Designated Subsidiaries**" means the Subsidiaries that have been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

(j) "**Employee**" means any person, including an Officer, whose customary employment with the Company or one of its Designated Subsidiaries is at least 20 hours per week and more than five months in any calendar year.

(k) "**Entry Date**" means the first day of each Exercise Period.

(l) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(m) "**Exercise Date**" means the last Trading Day ending on or before the [March 31] or [September 30], as applicable, immediately following the First Offering Date, and the last Trading Day ending on or before each [March 31] or [September 30] thereafter.

(n) "**Exercise Period**" means, for any Offering Period, each period commencing on the Offering Date and on the day after each Exercise Date, and terminating on the immediately following Exercise Date.

(o) "**Exercise Price**" means the price per share of Common Stock offered in a given Offering Period determined as provided in Section 8.

(p) "**Fair Market Value**" means, with respect to a share of Common Stock, the Fair Market Value as determined under Section 7(b).

(q) "**First Offering Date**" means [●], 2020.

(r) "**Offering Date**" means the first Trading Day of each Offering Period; provided, that in the case of an individual who becomes eligible to become a Participant under Section 3 after the first Trading Day of an Offering Period, the term "Offering Date" shall mean the first Trading Day of the Exercise Period coinciding with or next succeeding the day on which that individual becomes eligible to become a Participant. Options granted after the first day of an Offering Period will be subject to the same terms as the options granted on the first Trading Day of such Offering Period except that they will have a different grant date (thus, potentially, a different exercise price) and, because they expire at the same time as the options granted on the first Trading Day of such Offering Period, a shorter term.

(s) "**Offering Period**" means, subject to adjustment as provided in Section 4, (i) with respect to the first Offering Period, the period beginning on the First Offering Date and ending on [September 30] or [March 31], as applicable, which is 12 months thereafter, and (ii) with respect to each Offering Period thereafter, the period beginning on [April 1] or [October 1], as applicable, immediately following the end of the previous Offering Period and ending on [September 30] or [March 31], as applicable, which is 12 months thereafter.

(t) "**Officer**" means a person who is an officer of the Company within the meaning of Section 16 under the Exchange Act and the rules and regulations promulgated thereunder.

(u) "**Participant**" means an Employee who has elected to participate in the Plan by filing an enrollment agreement with the Company as provided in Section 5 of the Plan.

(v) "**Plan**" shall mean this American Outdoor Brands, Inc. 2020 Employee Stock Purchase Plan, as amended from time to time.

(w) "**Plan Contributions**" means, with respect to each Participant, the after-tax payroll deductions withheld from the Compensation of the Participant and contributed to the Plan for the Participant as provided in Section 6 of the Plan.

(x) "**Subsidiary**" shall mean any corporation, domestic or foreign, of which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock, and that otherwise qualifies as a "subsidiary corporation" within the meaning of Section 424(f) of the Code.

(y) "**Trading Day**" shall mean a day on which the national stock exchanges and the NASDAQ National Market system ("**NASDAQ**") are open for trading.

3. **Eligibility**.

(a) Any Employee who is an Employee as of the Offering Date of a given Offering Period shall be eligible to participate in such Offering Period under the Plan, subject to the requirements of Section 5(a) and the limitations imposed by Section 423(b) of the Code; provided, however, that any Employee who is an Employee as of the First Offering Date shall be eligible to become a Participant as of such First Offering Date; and further provided, however, that eligible Employees may not participate in more than one Offering Period at a time.

(b) Notwithstanding any provision of the Plan to the contrary, no Participant shall be granted an option under the Plan (i) to the extent that if, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own stock and/or hold outstanding options to purchase stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its Subsidiaries intended to qualify under Section 423 of the Code to accrue at a rate which exceeds $25,000 of fair market value of stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. **Offering Periods**. The Plan shall generally be implemented by a series of Offering Periods. The first Offering Period shall commence on the First Offering Date and end on [March 31] or [September 30], as applicable, which is 12 months thereafter, and succeeding Offering Periods shall commence on [October 1] or [April 1], as applicable, immediately following the end of the previous Offering Period and end on [March 31] or [September 30], as applicable, which is 12 months thereafter. If, however, the Fair Market Value of a share of Common Stock on any Exercise Date (except the final scheduled Exercise Date of any Offering Period) is lower than the Fair Market Value of a share of Common Stock on the Offering Date, then the Offering Period in progress shall end immediately following the close of trading on such Exercise Date, and a new Offering Period shall begin on the next subsequent [April 1] or [October 1], as applicable, and shall extend for a 12 month period ending on [September 30] or [March 31], as applicable. Subsequent Offering Periods shall commence on the [April 1] or [October 1], as applicable, immediately following the end of the previous Offering Period and shall extend for a 12 month period ending on [September 30] or [March 31], as applicable. The Committee shall have the power to make other changes to the duration and/or the frequency of Offering Periods with respect

to future offerings if such change is announced at least five days prior to the scheduled beginning of the first Offering Period to be affected and the Offering Period does not exceed 12 months.

5. **Election to Participate**.

(a) An eligible Employee may elect to participate in the Plan commencing on any Entry Date by completing an enrollment agreement on the form provided by the Company and filing the enrollment agreement with the Company on or prior to such Entry Date, unless a later time for filing the enrollment agreement is set by the Committee for all eligible Employees with respect to a given offering; provided, however, that an Employee who (i) was an Employee as of the Offering Date of a given Offering Period and was eligible to participate in such Offering Period under the Plan (which shall not include an individual who became eligible to become a Participant under Section 3 after the first Trading Day of the Offering Period) and (ii) who did not elect to participate in such Offering Period under the Plan may not elect to participate in the Plan until the immediately succeeding Offering Period. The enrollment agreement shall set forth the percentage of the Participant's Compensation that is to be withheld by payroll deduction pursuant to the Plan.

(b) Except as otherwise determined by the Committee under rules applicable to all Participants, payroll deductions for a Participant shall commence on the first payroll date following the Entry Date on which the Participant elects to participate in accordance with Section 5(a) and shall end on the last payroll date in the Offering Period, unless sooner terminated by the Participant as provided in Section 11.

(c) Unless a Participant elects otherwise prior to the last Exercise Date of an Offering Period, including the last Exercise Date prior to termination in the case of an Offering Period terminated by operation of the rule contained in Section 4 hereof, such Participant shall be deemed (i) to have elected to participate in the immediately succeeding Offering Period (and, for purposes of such Offering Period such Participant's "Entry Date" shall be deemed to be the first day of such Offering Period) and (ii) to have authorized the same payroll deduction for such immediately succeeding Offering Period as was in effect for such Participant immediately prior to the commencement of such succeeding Offering Period.

6. **Participant Contributions**.

(a) Except as otherwise authorized by the Committee pursuant to Section 6(d) below, all Participant contributions to the Plan shall be made only by payroll deductions. At the time a Participant files the enrollment agreement with respect to an Offering Period, the Participant may authorize payroll deductions to be made on each payroll date during the portion of the Offering Period that he or she is a Participant in an amount not less than 1% and not more than 20% (or such greater percentage as the Committee may establish from time to time before an Offering Date) of the Participant's Compensation on each payroll date during the portion of the Offering Period that he or she is a Participant (or subsequent Offering Periods as provided in Section 5(c)). The amount of payroll deductions shall be a whole percentage (i.e., 1%, 2%, 3%, etc.) of the Participant's Compensation.

(b) A Participant may discontinue his or her participation in the Plan as provided in Section 11, or may decrease or increase the rate or amount of his or her payroll deductions during such Offering Period (within the limitations of Section 6(a) above) by

completing and filing with the Company a new enrollment agreement authorizing a change in the rate or amount of payroll deductions; provided, that a Participant may not change the rate or amount of his or her payroll deductions more than once in any Exercise Period. The change in rate or amount shall be effective with the first full payroll period following 10 business days after the Company's receipt of the new enrollment agreement.

(c) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) hereof, a Participant's payroll deductions may be decreased to 0% at such time during any Exercise Period which is scheduled to end during the current calendar year that the aggregate of all payroll deductions accumulated with respect to such Exercise Period and any other Exercise Period ending within the same calendar year are equal to the product of $25,000 multiplied by the Applicable Percentage for the calendar year. Payroll deductions shall recommence at the rate provided in the Participant's enrollment agreement at the beginning of the following Exercise Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 11.

(d) All Plan Contributions made for a Participant shall be deposited in the Company's general corporate account and shall be credited to the Participant's account under the Plan. No interest shall accrue or be credited with respect to a Participant's Plan Contributions. All Plan Contributions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate or otherwise set apart such Plan Contributions from any other corporate funds.

7. **Grant of Option**.

(a) On a Participant's Entry Date, subject to the limitations set forth in Sections 3(b) and 12(a), the Participant shall be granted an option to purchase on each subsequent Exercise Date during the Offering Period in which such Entry Date occurs (at the Exercise Price determined as provided in Section 8 below) up to a number of shares of Common Stock determined by dividing such Participant's Plan Contributions accumulated prior to such Exercise Date and retained in the Participant's account as of such Exercise Date by the Exercise Price; provided, that the maximum number of shares an Employee may purchase during any Exercise Period shall be [12,500] shares. The Fair Market Value of a share of Common Stock shall be determined as provided in Section 7(b).

(b) The Fair Market Value of a share of Common Stock on a given date shall be determined by the Committee in its discretion; provided, that if there is a public market for the Common Stock, the Fair Market Value per share shall be either (i) the closing price of the Common Stock on such date (or, in the event that the Common Stock is not traded on such date, on the immediately preceding trading date), as reported by NASDAQ, (ii) if such price is not reported, the average of the bid and asked prices for the Common Stock on such date (or, in the event that the Common Stock is not traded on such date, on the immediately preceding trading date), as reported by NASDAQ, (iii) in the event the Common Stock is listed on a stock exchange, the closing price of the Common Stock on such exchange on such date (or, in the event that the Common Stock is not traded on such date, on the immediately preceding trading date), as reported in The Wall Street Journal, or (iv) if no such quotations are available for a date within a reasonable time prior to the valuation date, the value of the Common Stock as determined by the Committee using any reasonable means.

8. **Exercise Price**. The Exercise Price per share of Common Stock offered to each Participant in a given Offering Period shall be the lower of: (i) the Applicable Percentage of the Fair Market Value of a share of Common Stock on the Offering Date or (ii) the Applicable Percentage of the Fair Market Value of a share of Common Stock on the Exercise Date. The Applicable Percentage with respect to each Offering Period shall be 85%, unless and until such Applicable Percentage is increased by the Committee, in its sole discretion, provided that any such increase in the Applicable Percentage with respect to a given Offering Period must be established not less than 15 days prior to the Offering Date thereof.

9. **Exercise of Options**. Unless the Participant withdraws from the Plan as provided in Section 11, the Participant's option for the purchase of shares will be exercised automatically on each Exercise Date, and the maximum number of full shares subject to such option shall be purchased for the Participant at the applicable Exercise Price with the accumulated Plan Contributions then credited to the Participant's account under the Plan. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by the Participant.

10. **Delivery**. As promptly as practicable after each Exercise Date, the Company shall arrange for the delivery to each Participant (or the Participant's beneficiary), as appropriate, or to a custodial account for the benefit of each Participant (or the Participant's beneficiary) as appropriate, of the shares purchased upon exercise of such Participant's option. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's account that are not sufficient to purchase a full share shall be retained in such Participant's account for the subsequent Exercise Period or Offering Period, subject to earlier withdrawal by the participant as provided in Section 11 below. Any other amounts left over in a participant's account after a Exercise Date shall be returned to the Participant as soon as administratively practicable.

11. **Withdrawal; Termination of Employment**.

(a) A Participant may withdraw from the Plan at any time by giving written notice to the Company. All of the Plan Contributions credited to the Participant's account and not yet invested in Common Stock will be paid to the Participant as soon as administratively practicable after receipt of the Participant's notice of withdrawal, the Participant's option to purchase shares pursuant to the Plan automatically will be terminated, and no further payroll deductions for the purchase of shares will be made for the Participant's account. Payroll deductions will not resume on behalf of a Participant who has withdrawn from the Plan (a "Former Participant") unless the Former Participant enrolls in a subsequent Offering Period in accordance with Section 5(a).

(b) Upon termination of the Participant's Continuous Status as an Employee prior to any Exercise Date for any reason, including retirement or death, the Plan Contributions credited to the Participant's account and not yet invested in Common Stock will be returned to the Participant or, in the case of death, to the Participant's beneficiary as determined pursuant to Section 14, and the Participant's option to purchase shares under the Plan will automatically terminate.

(c) A Participant's withdrawal from an Offering Period will not have any effect upon the Participant's eligibility to participate in succeeding Offering Periods or in any similar plan which may hereafter be adopted by the Company.

12. **Stock**.

(a) Subject to adjustment as provided in Section 17, the maximum number of shares of the Company's Common Stock that shall be made available for sale under the Plan shall be equal to any shares available for issuance under the Prior Plan on the First Offering Date (and such shares shall no longer be available for issuance under the Prior Plan), but not to exceed [6,000,000] shares. Shares of Common Stock subject to the Plan may be newly issued shares or shares reacquired in private transactions or open market purchases. If and to the extent that any right to purchase reserved shares shall not be exercised by any Participant for any reason or if such right to purchase shall terminate as provided herein, shares that have not been so purchased hereunder shall again become available for the purpose of the Plan unless the Plan shall have been terminated, but all shares sold under the Plan, regardless of source, shall be counted against the limitation set forth above.

(b) A Participant will have no interest or voting right in shares covered by his option until such option has been exercised.

(c) Shares to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse, as requested by the Participant.

13. **Administration**.

(a) The Plan shall be administered by the Committee. The Committee shall have the authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. The administration, interpretation, or application of the Plan by the Committee shall be final, conclusive and binding upon all persons.

(b) Notwithstanding the provisions of Subsection (a) of this Section 13, in the event that Rule 16b-3 promulgated under the Exchange Act or any successor provision thereto ("**Rule 16b-3**") provides specific requirements for the administrators of plans of this type, the Plan shall only be administered by such body and in such a manner as shall comply with the applicable requirements of Rule 16b-3. Unless permitted by Rule 16b-3, no discretion concerning decisions regarding the Plan shall be afforded to any person that is not "disinterested" as that term is used in Rule 16b-3.

14. **Designation of Beneficiary**.

(a) A Participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the Participant's account under the Plan in the event of the Participant's death subsequent to an Exercise Date on which the Participant's option hereunder is exercised but prior to delivery to the Participant of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of the Participant's death prior to the exercise of the option.

(b) A Participant's beneficiary designation may be changed by the Participant at any time by written notice. In the event of the death of a Participant and in the absence of a

beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

15. **Transferability**. Neither Plan Contributions credited to a Participant's account nor any rights to exercise any option or receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution, or as provided in Section 14). Any attempted assignment, transfer, pledge or other distribution shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Section 11.

16. **Participant Accounts**. Individual accounts will be maintained for each Participant in the Plan to account for the balance of his Plan Contributions and options issued and shares purchased under the Plan. Statements of account will be given to Participants semi-annually in due course following each Exercise Date, which statements will set forth the amounts of payroll deductions, the per share purchase price, the number of shares purchased and the remaining cash balance, if any.

17. **Adjustments Upon Changes in Capitalization; Corporate Transactions**.

(a) If the outstanding shares of Common Stock are increased or decreased, or are changed into or are exchanged for a different number or kind of shares, as a result of one or more reorganizations, restructurings, recapitalizations, reclassifications, stock splits, reverse stock splits, stock dividends stock repurchases, or the like, equitable and proportionate adjustments shall be made by the Committee in the number and/or kind of shares, and the per-share option price thereof, which may be issued in the aggregate and to any Participant upon exercise of options granted under the Plan.

(b) In the event of the proposed dissolution or liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Committee. In the event of a proposed sale of all or substantially all of the Company's assets, or the merger of the Company with or into another corporation (each, a "**Sale Transaction**"), each option under the Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Committee determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, to shorten the Exercise Period then in progress by setting a new Exercise Date (the "**New Exercise Date**"). If the Committee shortens the Exercise Period then in progress in lieu of assumption or substitution in the event of a Sale Transaction, the Committee shall notify each Participant in writing, at least 10 days prior to the New Exercise Date, that the exercise date for such Participant's option has been changed to the New Exercise Date and that such Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Plan as provided in Section 11. For purposes of this Section 17(b), an option granted under the Plan shall be deemed to have been assumed if, following the Sale Transaction, the option confers the right to purchase, for each share of option stock subject to the option immediately prior to the Sale Transaction, the consideration (whether

stock, cash or other securities or property) received in the Sale Transaction by holders of Common Stock for each share of Common Stock held on the effective date of the Sale Transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, that if the consideration received in the Sale Transaction was not solely common stock of the successor corporation or its parent (as defined in Section 424(e) of the Code), the Committee may, with the consent of the successor corporation and the Participant, provide for the consideration to be received upon exercise of the option to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by the holders of Common Stock in the Sale Transaction.

(c) In all cases, the Committee shall have sole discretion to exercise any of the powers and authority provided under this Section 17, and the Committee's actions hereunder shall be final and binding on all Participants. No fractional shares of stock shall be issued under the Plan pursuant to any adjustment authorized under the provisions of this Section 17.

18. **Amendment of the Plan**. The Board or the Committee may at any time, or from time to time, amend the Plan in any respect; provided, that (i) no such amendment may make any change in any option theretofore granted which adversely affects the rights of any Participant and (ii) the Plan may not be amended in any way that will cause rights issued under the Plan to fail to meet the requirements for employee stock purchase plans as defined in Section 423 of the Code or any successor thereto. To the extent necessary to comply with Rule 16b-3 under the Exchange Act, Section 423 of the Code, or any other applicable law or regulation), the Company shall obtain stockholder approval of any such amendment.

19. **Termination of the Plan**. The Plan and all rights of Employees hereunder shall terminate on the earliest of:

(a) the Exercise Date that Participants become entitled to purchase a number of shares greater than the number of reserved shares remaining available for purchase under the Plan;

(b) such date as is determined by the Board in its discretion; or

(c) the tenth anniversary of the Effective Date.

In the event that the Plan terminates under circumstances described in Section 19(a) above, reserved shares remaining as of the termination date shall be sold to Participants on a pro rata basis.

20. **Notices**. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. **Effective Date**. Subject to adoption of the Plan by the Board, the Plan shall become effective on the First Offering Date. The Board shall submit the Plan to the stockholders of the Company for approval within 12 months after the date the Plan is adopted by the Board.

22. **Conditions Upon Issuance of Shares**.

(a) The Plan, the grant and exercise of options to purchase shares under the Plan, and the Company's obligation to sell and deliver shares upon the exercise of options to purchase shares shall be subject to compliance with all applicable federal, state and foreign laws, rules and regulations and the requirements of any stock exchange on which the shares may then be listed.

(b) The Company may make such provisions as it deems appropriate for withholding by the Company pursuant to federal or state tax laws of such amounts as the Company determines it is required to withhold in connection with the purchase or sale by a Participant of any Common Stock acquired pursuant to the Plan. The Company may require a Participant to satisfy any relevant tax requirements before authorizing any issuance of Common Stock to such Participant.

23. **Expenses of the Plan**. All costs and expenses incurred in administering the Plan shall be paid by the Company, except that any stamp duties or transfer taxes applicable to participation in the Plan may be charged to the account of such Participant by the Company.

24. **No Employment Rights**. The Plan does not, directly or indirectly, create any right for the benefit of any employee or class of employees to purchase any shares under the Plan, or create in any employee or class of employees any right with respect to continuation of employment by the Company or a Designated Subsidiary, and it shall not be deemed to interfere in any way with the right of the Company or a Designated Subsidiary to terminate, or otherwise modify, an employee's employment at any time.

25. **Applicable Law**. The laws of the state of Delaware shall govern all matter relating to this Plan except to the extent (if any) superseded by the laws of the United States.

26. **Additional Restrictions of Rule 16b-3**. The terms and conditions of options granted hereunder to, and the purchase of shares by, persons subject to Section 16 of the Exchange Act shall comply with the applicable provisions of Rule 16b-3. This Plan shall be deemed to contain, and such options shall contain, and the shares issued upon exercise thereof shall be subject to, such additional conditions and restrictions as may be required by Rule 16b-3 to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

**Exhibit 10.13**

# EMPLOYMENT AGREEMENT

**EMPLOYMENT AGREEMENT** executed April 4, 2020 and effective as of the 15th day of January 2020, by and between **AMERICAN OUTDOOR BRANDS CORPORATION**, a Nevada corporation ("Employer"), and **BRIAN D. MURPHY** ("Employee").

**WHEREAS**, Employer desires to employ Employee as Co-President and Co-Chief Executive Officer, and Employee desires to accept such employment, upon the terms and conditions contained herein.

Employer plans to spin-off (the "Separation") its outdoor products and accessories business to a company now called American Outdoor Brands Spin Co. ("OP&A") but whose name will be changed to American Outdoor Brands, Inc. in connection with the Separation. Employee will resign all positions with American Outdoor Brands Corporation and its subsidiaries and will become the President and Chief Executive Officer of OP&A and serve in such capacity pursuant to the terms of this Agreement upon the Separation.

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants set forth in this Agreement, the parties hereto agree as follows:

**Employment**

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Employer hereby employs Employee, and Employee hereby accepts such employment, as Co-President and Co-Chief Executive Officer of Employer and of such subsidiaries of Employer as Employer shall designate and in such other capacities and for such other duties and services as shall from time to time be mutually agreed upon by Employer and Employee. Employee shall report to the Board of Directors of Employer.

**Full Time Occupation and Other Activities**

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Employee shall devote Employee's entire business time, attention, and efforts to the performance of Employee's duties under this Agreement; shall serve Employer faithfully and diligently; and shall not engage in any other employment or other business activities while employed by Employer. The foregoing limitations shall not be construed as prohibiting Employee from serving as a director of one or more companies provided that (a) such company does not compete, directly or indirectly, with Employer; (b) participation on the board of such company does not significantly interfere with the performance of Employee's responsibilities under this Agreement; (c) participation on the board of such company will not adversely affect the reputation of Employer; (d) such company shall maintain a policy of directors' and officers' liability insurance covering Employee on such terms and conditions and at a level of coverage that the Board of Directors of Employer determines to be reasonable for a company of such size; and (e) such company shall enter into an agreement to indemnify Employee, to the fullest extent permissible under applicable law, for expenses and damages in connection with claims against Employee in connection with service as a director of such company. In addition, the foregoing

limitations shall not prohibit Employee from participating in or having an interest in a company as long as it does not interfere with Employee's duties under this Agreement.

**Compensation and other Benefits During Term of Employment**

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Base Salary

. Effective on January 15, 2020, Employer shall pay to Employee a base salary of $500,000 per annum to be paid in equal monthly installments, or in such other periodic installments upon which Employer and Employee shall mutually agree. By action and in the sole discretion of the Board of Directors of Employer or a designated committee of the Board of Directors, the base salary will be subject to annual review and may be increased based on performance of Employer and Employee.

Bonus

. Employee shall be eligible to participate in executive compensation programs maintained by Employer for its executive personnel. Employee also shall be eligible to receive an annual bonus in such an amount, if any, determined by the Board of Directors of Employer or such committee of the Board of Directors as may be designated by the Board of Directors based upon achievement of performance goals and any other such factors as may be deemed relevant by the Board of Directors or committee thereof, which bonus opportunity shall not be less than 100% of base salary nor more than 200% of base salary beginning in fiscal 2021 and which bonus opportunity for fiscal 2020 shall be based on a salary of $500,000 per annum and be calculated on a pro rata basis for the periods of fiscal 2020 prior to and after which Employee became the Co-President and Co-Chief Executive Officer.

Stock-Based Compensation and Awards

. Employee may receive annual and periodic stock-based compensation awards, with the amount of such awards granted and the terms and conditions thereof to be determined from time to time by and in the sole discretion of the Board of Directors of Employer or a committee thereof.

Fringe Benefits

. Employee shall receive a car allowance of $1,500 per month to the date of separation. Employee also shall be entitled to participate in any group insurance, pension, retirement, vacation, expense reimbursement, relocation program, and other plans, programs, and benefits approved by the Board of Directors or a committee designated by the Board of Directors and made available from time to time to executive employees of Employer generally during the term of Employee's employment hereunder. The foregoing shall not obligate Employer to adopt or maintain any particular plan, program, or benefit.

Vacation

. Employee shall be entitled to a paid vacation in accordance with the applicable policies of Employer in effect from time to time, but not less than four weeks of paid vacation per annum.

Reimbursement for Business Expenses

. Employer shall reimburse Employee for all travel, entertainment, and other ordinary and necessary business expenses incurred by Employee in connection with the business of Employer and Employee's duties under this Agreement. The term "business expenses" shall not include any item not deductible in whole or in part by Employer for federal income tax purposes. To obtain reimbursement, Employee shall submit to Employer receipts, bills, or sales slips for the expenses incurred. Reimbursements shall be made by Employer monthly within 10 days of presentation by Employee of evidence of the expenses incurred.

**Key Person Insurance**

. Employer (or a committee designated by the Board of Directors) and Employee from time to time shall consider a mutually acceptable plan to reimburse Employee for the reasonable premiums (and taxes incident thereto) for a key person term-insurance policy on the life of Employee with such beneficiaries as Employee shall select.

**Term of Employment**

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Employment Term

. The term of this Agreement shall be for a period commencing as of January 15, 2020 and continuing until terminated pursuant to Section 4(b) below.

Termination Under Certain Circumstances

. Notwithstanding anything to the contrary herein contained:

(i)**Death**. Employee's employment shall be automatically terminated, without notice, effective upon the date of Employee's death.

(ii)**Disability.** If Employee shall fail, for a period of more than 60 consecutive days, or for 90 days within any 180-day period, to perform any of Employee's duties under this Agreement as the result of illness or other incapacity, Employer, at its option and upon written notice to Employee, may terminate Employee's employment effective on the date of that notice.

(iii)**Unilateral Decision of Employer.** Employer, at its option, upon written notice to Employee, may terminate Employee's employment effective on the date of that notice.

(iv)**Unilateral Decision by Employee**. Employee, at Employee's option and upon written notice to Employer, may terminate Employee's employment effective on the date of that notice.

(v)**Certain Acts**. If Employee engages in an act or acts involving a crime, moral turpitude, fraud, or dishonesty, or if Employee willfully violates in a material respect Employer's Corporate Governance Guidelines, Code of Conduct, or Code of Ethics for the CEO and Senior Financial Officers, including, without limitation, the provisions thereof relating to conflicts of interest or related party transactions, Employer, at its option and upon written notice to Employee, may terminate Employee's employment effective on the date of that notice, provided that Employer may not terminate employee pursuant to this provision for a violation of Employer's guidelines or policies unless Employer has first delivered a written demand to Employee that specifically identifies the violation and Employee has failed to cure the violation within 30 days after receiving such written notice.

(vi)**Change in Control**. In the event of a "Change in Control" of Employer (as defined below), Employee, at Employee's option and upon written notice to Employer, may terminate Employee's employment effective on the date of the notice (which shall not constitute a unilateral decision by Employee under Section 4(b)(iv) above) unless (A) the provisions of this Agreement remain in full force and effect as to Employee and (B) Employee suffers no reduction in Employee's status, duties, authority, or compensation following such

Change in Control, provided that Employee will be considered to suffer a reduction in Employee's status, duties, authority, if, after the Change in Control, (1) Employee is not the chief executive officer of the company that succeeds to the business of Employer, (2) such company's common stock is not listed on a national stock exchange (such as the New York Stock Exchange, the Nasdaq National Market, or the American Stock Exchange), or (3) such company terminates Employee or reduces Employee's status, duties, authority, or compensation within one year of the Change in Control.

Result of Termination

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(i) Except as otherwise set forth in this Agreement, in the event of the termination of Employee's employment pursuant to Sections 4(b)(i) ("Death"), 4(b)(ii) ("Disability"), 4(b)(iv) ("Unilateral Decision by Employee"), or 4(b)(v) ("Certain Acts") above, Employee shall receive no further compensation under this Agreement.

(ii) In the event of the termination of Employee's employment pursuant to Section 4(b)(iii) ("Unilateral Decision of Employer") above, Employee shall (A) for a period of 18 months after the effective date of the termination, continue to receive Employee's base salary as provided in Section 3(a) above; (B) receive a pro rata portion of Employee's annual cash bonus for the fiscal year in which the termination occurs to the extent earned under the then applicable Executive Annual Cash Incentive Program, such amount to be calculated based on the amount that would have been paid for such full fiscal year in the absence of the termination multiplied by the fraction, the numerator of which is the number of days in such fiscal year prior to the effective date of the termination and the denominator of which is 360 and such amount to be paid in accordance with the provisions of such plan; (C) at Employer's option, either (x) receive coverage under Employer's medical plan to the extent provided for Employee pursuant to Section 3(d) above at the effective date of the termination, such benefits to be received over the period of 18 months after the effective date of the termination, or (y) receive reimbursement for the COBRA premium for such coverage through the earlier of such 18-month period or the COBRA eligibility period; and (D) have vested a pro rata portion of stock-based awards scheduled to vest in the fiscal year of the termination in an amount equal to the amount of such stock-based compensation vesting in such fiscal year multiplied by the fraction, the numerator of which is the number of days in such fiscal year prior to the effective date of the termination and the denominator of which is 360.

(iii) In the event of the termination of Employee's employment pursuant to Section 4(b)(vi) ("Change in Control") above, Employee shall (A) for a period of 18 months after the effective date of the termination, continue to receive Employee's then base salary as provided in Section 3(a) above; (B) receive an amount equal to 150 percent of the average of Employee's cash bonus paid for each of the two fiscal years immediately preceding Employee's termination, such amount to be paid and received over a period of 18 months after the effective date of the termination; (C) receive the car allowance for a period of 18 months after the effective date of the termination; and (D) at Employer's option either (x) receive coverage under Employer's medical plan to the extent provided for Employee pursuant to Section 3(d) above at the effective date of the termination, such benefits to be received over a period of 18 months after the effective date of the termination, or (y) receive reimbursement for the COBRA premium for such coverage through the earlier of such 18-month period or the COBRA eligibility period. In addition, all

unvested stock-based compensation held by Employee in his capacity as Employee on the effective date of the termination shall vest as of the effective date of such termination.

(iv) In the event of the termination of Employee's employment pursuant to Sections 4(b)(i) ("Death"), 4(b)(ii) ("Disability"), 4(b)(iii) ("Unilateral Decision of Employer"), or 4(b)(vi) ("Change in Control") above, Employee shall receive, for the fiscal year of the notice of termination, any earned bonus, on a pro-rated basis, based on the performance goals actually achieved for the fiscal year of the notice of termination, as determined in the sole discretion of the Board of Directors of Employer or a designated committee of the Board of Directors, at the time such bonuses are paid to other employees.

All payments by Employer to Employee hereunder are subject to Employee executing Employer's standard release of claims. Any payments made by Employer pursuant to this Section 4(c) shall be paid on a monthly basis beginning on the first payroll date following Employee's Separation from Service within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and not in a lump sum and shall be treated as a series of separate payments for purposes of Section 409A. Employee shall receive no additional compensation following any termination except as provided herein. In the event of any termination, Employee shall resign all positions (including positions on the Board of Directors) with Employer and its subsidiaries. If Employee is a "specified employee" within the meaning of Section 409A, then payments shall not commence until six months following Employee's separation from service to the extent necessary to avoid the imposition of the additional 20% tax under Section 409A (and in the case of installment payments, the first payment shall include all installment payments required by this subsection that otherwise would have been made during such six-month period). Upon the date such payment would otherwise commence, Employer shall reimburse Employee for such payments, to the extent that such payments otherwise would have been paid by Employer had such payments commenced upon Employee's termination of employment. Any remaining payments shall be provided by Employer in accordance with the schedule and procedures specified herein. This Agreement is intended to satisfy the requirements of Section 409A with respect to amounts subject thereto, and shall be interpreted and construed consistent with such intent. Except as provided otherwise herein, no reimbursement payable to Employee pursuant to any provisions of this Agreement or pursuant to any plan or arrangement of Employer shall be paid later than the last day of the calendar year following the calendar year in which the related expense was incurred, and no such reimbursement during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year, except, in each case, to the extent that the right to reimbursement does not provide for a "deferral of compensation" within the meaning of Section 409A.

Change in Control

. The term "Change in Control" of Employer shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 as in effect on the date of this Agreement or, if Item 6(e) is no longer in effect, any regulations issued by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 that serve similar purposes; provided that, without limitation, such a Change in Control shall be deemed to have occurred if and when (i) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) directly or indirectly of equity securities

of Employer representing 20 percent or more of the combined voting power of Employer's then-outstanding equity securities, except that this provision shall not apply to any person currently owning at least five percent or more of the combined voting power of Employer's currently outstanding equity securities or to an acquisition of up to 20 percent of the then-outstanding voting securities that has been approved by at least 75 percent of the members of the Board of Directors who are not affiliates or associates of such person; (ii) during the period of this Agreement, individuals who, at the beginning of such period, constituted the Board of Directors of Employer (the "Original Directors"), cease for any reason to constitute at least a majority thereof unless the election or nomination for election of each new director was approved (an "Approved Director") by the vote of a Board of Directors constituted entirely of Original Directors and/or Approved Directors; (iii) a tender offer or exchange offer is made whereby the effect of such offer is to take over and control Employer, and such offer is consummated for the equity securities of Employer representing 20 percent or more of the combined voting power of Employer's then-outstanding voting securities; (iv) Employer is merged, consolidated, or enters into a reorganization transaction with another person and, as the result of such merger, consolidation, or reorganization, less than 75 percent of the outstanding equity securities of the surviving or resulting person shall then be owned in the aggregate by the former stockholders of Employer; or (v) Employer transfers substantially all of its assets to another person or entity that is not a wholly owned subsidiary of Employer. Sales of Employer's Common Stock beneficially owned or controlled by Employee shall not be considered in determining whether a Change in Control has occurred.

**Competition and Confidential Information**

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Interests to be Protected

. The parties acknowledge that Employee will perform essential services for Employer, its employees, and its stockholders during the term of Employee's employment with Employer. Employee will be exposed to, have access to, and work with, a considerable amount of Confidential Information (as defined below). The parties also expressly recognize and acknowledge that the personnel of Employer have been trained by, and are valuable to, Employer and that Employer will incur substantial recruiting and training expenses if Employer must hire new personnel or retrain existing personnel to fill vacancies. The parties expressly recognize that it could seriously impair the goodwill and diminish the value of Employer's business should Employee compete with Employer in any manner whatsoever. The parties acknowledge that this covenant has an extended duration; however, they agree that this covenant is reasonable and it is necessary for the protection of Employer, its stockholders, and employees. For these and other reasons, and the fact that there are many other employment opportunities available to Employee if his employment is terminated, the parties are in full and complete agreement that the following restrictive covenants are fair and reasonable and are entered into freely, voluntarily, and knowingly. Furthermore, each party was given the opportunity to consult with independent legal counsel before entering into this Agreement.

Non-Competition

. During the term of Employee's employment with Employer and for the period of 18 months after the termination of Employee's employment with Employer, regardless of the reason therefor, Employee shall not (whether directly or indirectly, as owner, principal, agent, stockholder, director, officer, manager, employee, partner, participant, or in any other capacity) engage or become financially interested in any competitive business conducted within the Restricted Territory (as defined below). As used herein, the term "competitive business" shall mean any business that sells or provides or attempts to sell or provide

products or services the same as or substantially similar to the products or services sold or provided by Employer during Employee's employment hereunder, and the term "Restricted Territory" shall mean any state or other geographical area in which Employer sells products or provides services during Employee's employment hereunder.

Non-Solicitation of Employees

. During the term of Employee's employment and for a period of 18 months after the termination of Employee's employment with Employer, regardless of the reason therefor, Employee shall not directly or indirectly, for Employee, or on behalf of, or in conjunction with, any other person, company, partnership, corporation, or governmental entity, solicit for employment, seek to hire, or hire any person or persons who is employed by or was employed by Employer within 12 months of the termination of Employee's employment for the purpose of having any such employee engage in services that are the same as or similar or related to the services that such employee provided for Employer.

Confidential Information

. Employee shall maintain in strict secrecy all confidential or trade secret information relating to the business of Employer (the "Confidential Information") obtained by Employee in the course of Employee's employment, and Employee shall not, unless first authorized in writing by Employer, disclose to, or use for Employee's benefit or for the benefit of, any person, firm, or entity at any time either during or subsequent to the term of Employee's employment, any Confidential Information, except as required in the performance of Employee's duties on behalf of Employer. For purposes hereof, Confidential Information shall include without limitation any materials, trade secrets, knowledge, or information with respect to management, operational, or investment policies and practices of Employer; any business methods or forms; any names or addresses of customers or data on customers or suppliers; and any business policies or other information relating to or dealing with the management, operational, or investment policies or practices of Employer.

Return of Books, Records, Papers, and Equipment

. Upon the termination of Employee's employment with Employer for any reason, Employee shall deliver promptly to Employer all written and electronic files, lists, books, records, manuals, memoranda, drawings, and specifications; all cost, pricing, and other financial data; all other written or printed materials and computers, cell phones, PDAs, and other equipment that are the property of Employer (and any copies of them); and all other materials that may contain Confidential Information relating to the business of Employer, which Employee may then have in Employee's possession or control, whether prepared by Employee or not.

Disclosure of Information

. Employee shall disclose promptly to Employer, or its nominee, any and all ideas, designs, processes, and improvements of any kind relating to the business of Employer, whether patentable or not, conceived or made by Employee, either alone or jointly with others, during working hours or otherwise, during the entire period of Employee's employment with Employer or within six months thereafter.

Assignment

. Employee hereby assigns to Employer or its nominee, the entire right, title, and interest in and to all inventions, discoveries, and improvements, whether patentable or not, that Employee may conceive or make during Employee's employment with Employer, or within six months thereafter, and which relate to the business of Employer.

**Equitable Relief**

. In the event a violation of any of the restrictions contained in this Section is established, Employer shall be entitled to preliminary and permanent injunctive relief as well as damages and an equitable accounting of all earnings, profits, and other benefits arising from such violation, which right shall be cumulative and in addition to any other rights or remedies to which Employer may be entitled. In the event of a violation of any provision of subsection (b), (c), (f), or (g) of this Section, the period for which those provisions would remain in effect shall be extended for a period of time equal to that period beginning when such violation commenced and ending when the activities constituting such violation shall have been finally terminated in good faith.

Restrictions Separable

. If the scope of any provision of this Agreement (whether in this Section 5 or otherwise) is found by a Court to be too broad to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law. The parties agree that the scope of any provision of this Agreement may be modified by a judge in any proceeding to enforce this Agreement, so that such provision can be enforced to the maximum extent permitted by law. Each and every restriction set forth in this Section 5 is independent and severable from the others, and no such restriction shall be rendered unenforceable by virtue of the fact that, for any reason, any other or others of them may be unenforceable in whole or in part.

**Miscellaneous**

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Notices

. All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made, and received (i) if personally delivered, on the date of delivery, (ii) if by facsimile or e-mail transmission, upon receipt, (iii) if mailed, three days after deposit in the United States mail, registered or certified, return receipt requested, postage prepaid, and addressed as provided below, or (iv) if by a courier delivery service providing overnight or “next-day” delivery, on the next business day after deposit with such service addressed as follows:

(1) If to Employer:

1800 North Route 2
Columbia, Missouri 65202
Attention: Chairman of the Board

with a copy given in the manner
prescribed above, to:

Greenberg Traurig, LLP
2375 East Camelback Road - Suite 700
Phoenix, Arizona 85016
Attention: Robert S. Kant, Esq.
Phone: (602) 445-8302
Facsimile: (602) 445-8100
E-Mail: KantR@gtlaw.com

(2) If to Employee:

1800 North Route 2
Columbia, Missouri 65202

With a copy given in the manner prescribed above, to

Charles F. Knapp
Faegre Drinker Biddle & Reath LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, Minnesota 55402-3901
Phone: (612) 766-8107
E-Mail: chuck.knapp@faegredrinker.com

Either party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 6 for the giving of notice.

Indulgences; Waivers

. Neither any failure nor any delay on the part of either party to exercise any right, remedy, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege preclude any other or further exercise of the same or of any other right, remedy, power, or privilege, nor shall any waiver of any right, remedy, power, or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power, or privilege with respect to any other occurrence. No waiver shall be binding unless executed in writing by the party making the waiver.

Controlling Law

. This Agreement and all questions relating to its validity, interpretation, performance and enforcement, shall be governed by and construed in accordance with the laws of the state of Massachusetts, notwithstanding any Massachusetts or other conflict-of-interest provisions to the contrary.

Binding Nature of Agreement; Authority

. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns, except that no party may assign or transfer such party’s rights or obligations under this Agreement without the prior written consent of the other party. Any decisions by Employer hereunder shall be made by the Board of Directors of Employer or a committee designated by the Board of Directors.

Execution in Counterpart

. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of the parties reflected hereon as the signatories.

**Provisions Separable**

. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

Entire Agreement

. Except as herein contained, this Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, inducements, and conditions, express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

Paragraph Headings

. The paragraph headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

Gender

. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context requires.

Number of Days

. In computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays, and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday, or holiday, then the final day shall be deemed to be the next day that is not a Saturday, Sunday, or holiday.

**Successors and Assigns**

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This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto including OP&A; provided that because the obligations of Employee hereunder involve the performance of personal services, such obligations shall not be delegated by Employee. For purposes of this Agreement successors and assigns shall include, but not be limited to, any individual, corporation, trust, partnership, or other entity that acquires a majority of the stock or assets of Employer by sale, merger, consolidation, liquidation, or other form of transfer. Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of Employer to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform it if no such succession had taken place. Without limiting the foregoing, Employer shall mean American Outdoor Brands Corporation prior to the Separation and OP&A after the Separation; Board of Directors shall mean the Board of Directors of American Outdoor Brands Corporation prior to the Separation and the Board of Directors of OP&A after the Separation; OP&A will be deemed to have been assigned this Agreement effective on the Separation; and the term “Employer” includes all subsidiaries of Employer.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first above written.

**AMERICAN OUTDOOR BRANDS CORPORATION**

By: */s/ John Furman*
John Furman
Chairman Compensation Committee

*/s/ Brian D. Murphy*
Brian D. Murphy

**Exhibit 10.14**

**AMERICAN OUTDOOR BRANDS, INC.**
**EXECUTIVE SEVERANCE PAY PLAN**

American Outdoor Brands, Inc. (the "Company") hereby establishes the American Outdoor Brands, Inc. Executive Severance Pay Plan (the "Plan"), effective [•], 2020, for the benefit of the Participating Employees as defined herein.

The Plan is designed to serve as a vehicle for the Company to provide severance pay and certain benefits to a select group of employees designated by the Administrator who (i) are terminated from employment without Good Cause, (ii) resign for Good Reason, (iii) are terminated from employment without Good Cause under certain circumstances incident to a Change in Control or (iv) resign following an Adverse Change in Control Effect. The legal rights and obligations of any Participating Employee shall be determined solely by the provisions of the Plan, as interpreted by the Administrator in the exercise of its sole and absolute discretion.

The Administrator has the sole discretion to determine whether an employee shall be a Participating Employee under the Plan. Nothing in the Plan shall be construed to give any employee any right to continue in the employment of the Company or an Applicable Subsidiary. The Plan is unfunded, has no trustee, and is administered by the Administrator. The Plan is intended to be (i) an employee welfare benefit plan within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and (ii) a "top hat" plan within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. The Plan is further intended to qualify as a "separation pay plan" under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder and shall be maintained, interpreted, and administered accordingly.

The Plan supersedes all prior severance pay plans and practices, whether formal or informal, written or unwritten, of the Company and its Applicable Subsidiaries with respect to Participating Employees.

1. **GENERAL INFORMATION**

**Plan Name**: American Outdoor Brands, Inc. Executive Severance Pay Plan

**Plan Sponsor**: American Outdoor Brands, Inc.
1800 North Route Z
Columbia, MO 65202
(800) 338-9585

**Employer Identification Number:** 84-4630928

**Type of Plan**: Welfare Benefit – Severance Pay Top Hat Plan

**Administrator**: The Board of Directors of American Outdoor Brands, Inc. or, if the Board of Directors determines, a committee of the Board of Directors of the Company, in each case with respect to all or certain specified provisions of the Plan

**Agent for Service of Legal Process**: The General Counsel of the Company

**Sources of Contributions**: The Plan is unfunded, and all benefits are paid from the general assets of the Company and its Applicable Subsidiaries.

**Type of Administration**: The Plan is administered by the Administrator, with benefits provided in accordance with the provisions of this Plan document, which also constitutes the "Summary Plan Description."

**Plan Year**: The Plan's fiscal records are kept on a calendar year basis ending December 31.

2. **DEFINITIONS**

(1) "**Adverse Change in Control Effect**" means, during a Potential Change in Control Protection Period or Change in Control Protection Period, without the Participating Employee's written consent, (i) any material reduction in the Participating Employee's annual base compensation or target bonus percentage opportunity, (ii) any material adverse change in a Participating Employee's positions, titles, duties, responsibilities, or reporting relationships compared to the Participating Employee's positions, titles, duties, responsibilities, or reporting relationships immediately prior to a Potential Change in Control (if such diminution occurs during the Potential Change in Control Protection Period) or Change in Control (if such diminution occurs during the Change in Control Protection Period) or (iii) a relocation of the Participating Employee's principal place of business more than 50 miles from the facility in which the Participating Employee was last providing services.

(2) "**Affiliate**" means (a) any entity that, directly or indirectly, is controlled by, controls or is under common control with the Company and (b) any entity in which the Company has a significant equity interest, in either case as determined by the Administrator.

(3) "**Applicable Subsidiary**" means the subsidiary of the Company that is the employer of the Participating Employee on the effective date of the Participating Employee's termination or resignation.

(4) "**Change in Control**" means the occurrence of any of the following events:

(i) during any period of 24 consecutive calendar months, individuals who were directors of the Company on the first day of such period (the "Incumbent Directors") cease for any reason to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the first day of such period whose election, or nomination for election, by the Company's stockholders was approved by a vote of at least a majority of the Incumbent Directors shall be deemed to be an Incumbent Director, but excluding, for purposes of this proviso, any such individual whose initial assumption of office occurs as a result of an actual or threatened proxy contest with respect to election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as used in Section 13(d) of the Exchange Act) (a "Person");

(ii) the consummation of a merger or similar form of corporate transaction involving (x) the Company or (y) any of its Subsidiaries (but in the case of this clause (y) only if Company Voting Securities (as defined below) are issued or issuable) or the sale or other disposition of all or substantially all the assets of the Company to an entity that is not an Affiliate (each of the foregoing events being hereinafter referred to as a "Reorganization"), in each case, unless, immediately following such Reorganization, all or substantially all the Persons who were the "beneficial owners" (as used in Rule 13d-3 under the Exchange Act (or any successor rule thereto)) of the securities eligible to vote for the election of the Board ("Company Voting Securities") outstanding immediately prior to the consummation of such Reorganization continue to beneficially own, directly or indirectly, as a result of beneficially owning such Company Voting Securities, more than 50% of the combined voting power of the then outstanding voting securities of the corporation or other entity resulting from such Reorganization in substantially the same proportions as their ownership, immediately prior to the consummation of such Reorganization, of the outstanding Company Voting Securities; or

(iii) any Person or "group" (as used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company Voting Securities; provided, however, that for purposes of this subparagraph (iii), any acquisition pursuant to a Reorganization that does not constitute a Change in Control for purposes of subparagraph (ii) above shall not be a Change in Control.

(5) "**Change in Control Protection Period**" means the period commencing on the date a Change in Control occurs and ending on the first anniversary of such date.

(6) "**COBRA**" means the continuation coverage requirements for "group health plans" under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and as codified in Code Section 4980B and ERISA Sections 601 through 608, each as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(7) "**Days**" means calendar days, including weekends and holidays, unless specified as "business days."

(8) "**Good Cause**" means the Participating Employee engaging in an act or acts involving a crime, moral turpitude, fraud, or dishonesty; the Participating Employee willfully taking any action that may be materially injurious to the business or reputation of the Company and its Applicable Subsidiaries; or the Participating Employee willfully violating in a material respect the Company's Corporate Governance Guidelines, Code of Conduct and Ethics, or any other applicable code of conduct, all as may be amended from time to time, including, without limitation, provisions thereof relating to conflicts of interest or related party transactions.

(9) "**Good Reason**" means the uncured occurrence of any of the following events without the Participating Employee's written consent (i) the Company or Applicable Subsidiary in any material respect reduces the Participating Employee's duties, authority, or base compensation or (ii) the Participating Employee is required to relocate Participating the Employee's principal place of business more than 50 miles from the facility in which the Participating Employee was last providing services.

(10) "**Participating Employee**" means (i) such persons who are appointed by the Board of Directors of the Company as Executive officers of the Company and are not covered by a separate employment agreement, severance agreement, change in control agreement, or similar agreement covering such executive officer's severance and (ii) such other persons, if any, who shall be designated by the Administrator as Participating Employees under the Plan.

(11) "**Potential Change in Control**" means (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, (ii) the Company or any person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control or (iii) the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Plan, a Potential Change in Control has occurred.

(12) "**Potential Change in Control Protection Period**" means the period beginning upon the occurrence of a Potential Change in Control and ending upon the earliest to occur of (i) the consummation of the Change in Control or (ii) the abandonment of the transaction or series of transactions that constitute a Potential Change in Control (as determined by the Administrator in its sole discretion).

(13) "**Release**" means a Separation and General Release Agreement in a form acceptable to the Company, which must in all events be executed without modification and in its entirety, and without timely revocation, as set forth below; provided, however, that the form of the Release applicable following a Change in Control shall be established by the Administrator immediately prior to the Change in Control and such form may not thereafter be modified.

## 3. ELIGIBILITY

The Participating Employees are those persons designated by the Administrator from time to time. The Participating Employee shall be entitled to the severance benefits described in the Plan only if the Participating Employee (i) is terminated from employment without Good Cause, (ii) resigns for Good Reason, (iii) is terminated from employment without Good Cause under certain circumstances incident to a Change in Control or (iv) resigns following an Adverse Change in Control Effect, but only to the extent such Participating Employee (x) resigns from all offices and positions with the Company and any Applicable Subsidiary that the Participating Employee holds as of termination of employment, (y) returns to the Company all property of the Company or any Applicable Subsidiary that has come into the Participating Employee's possession and (z) is employed on a full time basis and not on a leave of absence on the date of the Participating Employee's termination or resignation unless otherwise approved by the Company in writing or required by applicable law. In addition, the Company's obligations under the Plan are contingent upon the Participating Employee executing (and not revoking during any applicable revocation period) or violating any provision of a valid and enforceable full and unconditional Release of any claims the Participating Employee may have against the Company or any of its Affiliates, whether known or unknown, as of the effective date of the Participating Employee's termination. The Company shall present the Release to the Participating Employee within 10 Days of the date that the Participating Employee or the Company (or Applicable Subsidiary) receives a notice of termination from the other party (or within 10 Days of the date the Participating Employee is terminated by the Company or Applicable Subsidiary without notice), and the Participating Employee shall have up to 45 Days following the Participating Employee's receipt of the Release to consider whether to execute the Release. In the event the Participating Employee executes the Release, the Participating Employee shall have an additional eight Days from the date of its execution in which to expressly revoke execution of the Release in writing.

Without limiting the foregoing, a Participating Employee may resign for Good Reason or following an Adverse Change in Control Effect only if the Company or an Applicable Subsidiary does not cure the circumstances giving rise to the Good Reason or the Adverse Change in Control Effect within 60 Days from the date the Participating Employee delivers a written notice describing the circumstances giving rise to the Good Reason or the Adverse Change in Control Effect. Such notice must be received by the Company (or Applicable Subsidiary) or its successor within 30 Days of the date on which the Participating Employee becomes aware of the occurrence of such condition.

In the event that the Participating Employee (i) fails to execute the Release within the 45 Day period described above or (ii) formally revokes execution of the Release within eight Days of execution of the Release, the Participating Employee's entitlement to Plan benefits shall be null and void and, to the extent that the Participating Employee has received any payments or benefits or the proceeds of any benefits received under the Plan (A) prior to the Participating Employee's failure to execute the Release within the 45 Day period or (B) prior to revocation, the Participating Employee shall immediately reimburse the Company for any and all such payments or benefits or the proceeds of any benefits received, including reimbursement of any gains realized on the exercise of any stock options, and/or the proceeds of any other equity-based awards, if any, that vested as of the effective date of the Participating Employee's termination pursuant to the Plan, and the Company shall immediately cancel all unexercised stock options and other equity-based awards, if any, that vested as of the effective date of the Participating Employee's termination pursuant to the Plan. In addition, the Company's obligations and all payments under the Plan shall cease if the Participating Employee makes any written or oral statement or takes any action that the Participating Employee knows or reasonably should know constitutes an untrue, disparaging, or negative comment to a third-person concerning the Company or its Affiliates.

4. **RESULT OF TERMINATION WITHOUT GOOD CAUSE OR RESIGNATION FOR GOOD REASON**

In the event that the Company or an Applicable Subsidiary terminates a Participating Employee without Good Cause (other than due to death or disability) or a Participating Employee resigns for Good Reason, the Participating Employee shall be eligible to receive the following from the Company or the Applicable Subsidiary:

(a) The Participating Employee's base salary for a period of the greater of (i) 26 weeks or (ii) the period designated for the Participating Employee by the Administrator, in each case following the effective date of such termination or resignation;

(b) At the same time as cash incentive bonuses are received by the Company's or the Applicable Subsidiary's other executives, a pro rata portion of the Participating Employee's annual cash bonus for the fiscal year in which the termination occurs to the extent earned under the then applicable Executive Annual Cash Incentive Program in which the Participating Employee participates, such amount to be calculated based on the amount that would have been paid for such fiscal year in the absence of the termination multiplied by the fraction, the numerator of which is the number of days in such fiscal year prior to the effective date of the termination and the denominator of which is 360 and such amount to be paid in accordance with the provisions of such plan; and

(c) In the event the Participating Employee elects continuation coverage pursuant to COBRA for the Participating Employee and his or her eligible dependents under the group health or other welfare insurance plans maintained by the Company, the Company shall reimburse the Participating Employee for the cost of such coverage during the period in clause (a) above as and when premiums are due.

The amounts the Participating Employee is eligible to receive under (a) above shall be received in accordance with the Company's or the Applicable Subsidiary's regular payroll schedule commencing on the first such payment date coincident with or following the Participating Employee's "separation from service" from the Company within the meaning of Section 409A of the Code, and shall be treated as a series of separate payments under Treasury Regulation Section 1.409A-2(b)(2)(iii). The amounts the Participating Employee is eligible to receive under (b) above, if any, shall be paid no later than March 15 of the calendar year following the year to which the bonus applies and would otherwise be earned.

5. **RESULT OF A TERMINATION WITHOUT GOOD CAUSE DURING POTENTIAL CHANGE IN CONTROL PROTECTION PERIOD OR CHANGE IN CONTROL PROTECTION PERIOD OR RESIGNATION UPON ADVERSE CHANGE IN CONTROL EFFECT**

In the event that (i) during a Potential Change in Control Protection Period or Change in Control Protection Period, the Company or an Applicable Subsidiary terminates a Participating Employee without Good Cause (other than due to death or disability) or (ii) a Participating Employee resigns following an Adverse Change in Control Effect, the Participating Employee shall be eligible to receive the following from the Company or the Applicable Subsidiary:

(a) The Participating Employee's base salary for a period of the greater of (i) 52 weeks or (ii) the period designated for the Participating Employee by the Administrator, in each case following the effective date of such termination or resignation;

(b) A lump sum equal to the average of the Participating Employee's cash bonus paid for each of the two fiscal years immediately preceding the Participating Employee's termination or resignation;

(c) All unvested equity-based compensation held by the Participating Employee at the time of termination or resignation that was granted to the Participating Employee after the effective date of this Plan in his or her capacity as an employee of the Company or an Applicable Subsidiary shall vest as of the effective date of the termination or resignation; provided, however, that this paragraph (c) shall not apply to any equity-based compensation award, the terms of which state that it is not subject to acceleration under this Plan; and

(d) In the event the Participating Employee elects continuation coverage pursuant to COBRA for the Participating Employee and his or her eligible dependents under the group health or other welfare insurance plans maintained by the Company, the Company shall reimburse the Participating Employee for the cost of such coverage during the period in clause (a) above as and when premiums are due.

The amounts the Participating Employee is eligible to receive under (a) above shall be received by the Participating Employee in accordance with the Company's or the Applicable Subsidiary's regular payroll schedule commencing on the first such payment date coincident with or following the Participating Employee's "separation from service" from the Company within the meaning of Section 409A of the Code and shall be treated as a series of separate payments under Treasury Regulations Section 1.409A-2(b)(2)(iii). The amount the Participating Employee is eligible to receive under (b) above, if any, shall be paid promptly, but no more than 30 Days, following the Participating Employee's termination or resignation.

## 6. COMPLIANCE WITH AGREEMENTS

All benefits under the Plan are contingent on the Participating Employee's full compliance with any and all non-competition, non-solicitation, and similar agreements by which Participating Employee was bound on the effective date of the Participating Employee's termination or resignation.

## 7. NON-COMPETITION

During the term of Participating Employee's employment with Employer and for the period equal to the longer of six months after the termination of Employer's employment with Employer regardless of the reason therefore, or the period during which Participating Employee receives cash severance pursuant to this Agreement, Participating Employee shall not (whether directly or indirectly, as owner, principal, agent, stockholder, director, officer, manager, employee, partner, participant, or in any other capacity) engage or become financially interested in any competitive business conducted within the Restricted Territory (as defined below). As used herein, the term "competitive business" shall mean any business that sells or provides or attempts to sell or provide products or services the same as or substantially similar to the products or services sold or provided by Employer during Participating Employee's employment, and the term "Restricted Territory" shall mean any state or other geographical area in which Employer sells produces or provides services during Participating Employee's employment.

8. **NON-SOLICITATION OF PARTICIPATING EMPLOYEE**

For a period of 12 months after the termination of Participating Employee's employment with Employer, regardless of the reason therefor, Participating Employee shall not directly or indirectly, for Participating Employee, or on behalf of, or in conjunction with, any other person, company, partnership, corporation, or governmental entity, solicit for employment, seek to hire, or hire any person or persons who is employed by or was employed by Employer within 12 months of the termination of Participating Employee's employment for the purpose of having any such employee engage in services that are the same as or similar or related to the services that such employee provided for Employer.

9. **CONFIDENTIAL INFORMATION**

Participating Employee shall maintain in strict secrecy all confidential or trade secret information relating to the business of Employer (the "Confidential Information") obtained by Participating Employee in the course of Participating Employee's employment, and Participating Employee shall not, unless first authorized in writing by Employer, disclose to, or use for Participating Employee's benefit or for the benefit of, any person, firm, or entity at any time either during or subsequent to the term of Participating Employee's employment, any Confidential Information, except as required in the performance of Participating Employee's duties on behalf of Employer. For purposes hereof, Confidential Information shall include without limitation any materials, trade secrets, knowledge, or information with respect to management, operational, or investment policies and practices of Employer; any business methods or forms; any names or addresses of customers or data on customers or supplies; and any business policies or other information relating to or dealing with the management, operational, or investment policies or practices of Employer.

10. **RETURN OF BOOKS, RECORDS, PAPERS, AND EQUIPMENT**

Upon the termination of Participating Employee's employment with Employer for any reason, Participating Employee shall deliver promptly to Employer all files, lists, books, records, manuals, memoranda, drawings, and specifications; all cost, pricing, and other financial data; all other written or printed materials and computers, cell phones, PDAs, and other equipment that are the property of Employer (and any copies of them); and all other materials that may contain Confidential Information relating to the business of Employer, which Participating Employee may then have in Participating Employee's possession or control whether prepared by Participating Employee or not.

11. **DISCLOSURE OF INFORMATION**

Participating Employee shall disclose promptly to Employer, or its nominee, any and all ideas, designs, processes, and improvements of any kind relating to the business of Employer, whether patentable or not, conceived or made by Participating Employee, either alone or jointly with others, during working hours or otherwise, during the entire period of Participating Employee's employment with Employer or within six months thereafter.

12. **REMEDIES**

In addition to any other relief to which the Company or any of its Affiliates may be entitled, including claims for damages, the Company or any of Affiliates will be entitled to seek and obtain injunctive relief (without the requirement of any bond) from a court of competent jurisdiction for the purpose of restraining the Participating Employee from an actual or threatened breach of the covenants described in the immediately preceding section of the Plan (under the heading "Non-Competition and Non-Solicitation"). Notwithstanding anything else to the contrary herein, in the event of any material violation by the Participating Employee of such covenants or the Release as determined by a court of competent jurisdiction, the Company and Affiliates will immediately have no obligation thereafter to make any payments or provide any benefits otherwise to be received under the Plan to the Participating Employee and the Company and its Affiliates, in its or their discretion, may require the Participating Employee to promptly reimburse the Company for any and all payments or benefits received by the Participating Employee pursuant to the Plan, including reimbursement of any gains realized on the exercise of any stock options, and/or the proceeds of any other equity-based awards, if any, that vested as of the effective date of the Participating Employee's termination pursuant to the Plan, and the Company shall immediately cancel all unexercised stock options and other equity-based awards, if any, that vested as of the effective date of the Participating Employee's termination pursuant to the Plan.

13. **WITHHOLDING**

The Company or an Applicable Subsidiary shall have the authority to withhold or to cause to have withheld applicable taxes from any payments made under or in accordance with the Plan to the extent required by law.

14. **EFFECT OF INVALIDITY OF ANY PROVISION**

If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability will not affect any other provision hereof, and such provision will, to the extent possible, be modified in such manner as to be valid and enforceable but so as to most nearly retain the intent of the Company. If such modification is not possible, the Plan will be construed and enforced as if such provision had not been included in the Plan.

15. **RECORDS**

The records of the Company with respect to employment history, base salary, absences, and all other relevant matters will be conclusive for all purposes of the Plan.

16. **NONTRANSFERABILITY**

In no event will the Company make any payment under the Plan to any assignee or creditor of the Participating Employee, except as otherwise required by law. Prior to the time of a payment hereunder, the Participating Employee will have no rights by way of anticipation or otherwise to assign or otherwise dispose of any right or interest under the Plan, nor will rights be assigned or transferred by operation of law.

17. **RECOUPMENT POLICY**

Any payments or benefits that the Participating Employee receives pursuant to the Plan are and will be subject to any compensation claw-back or recoupment policies of the Company, whether now or in the future existing, that are intended or designed to comply with applicable law or governmental regulations that may be applicable to the Participating Employee, as in effect from time to time and as approved by the Board of Directors of the Company or a duly authorized committee thereof (whether or not approved before or after the establishment of the Plan), or as may be required by law.

18. **PLAN ADMINISTRATION**

The Administrator will be the sole judge of the application and interpretation of the Plan and will have the discretionary authority to construe the provisions of the Plan, resolve disputed issues of fact, and make determinations regarding eligibility for benefits (other than determinations under the "Eligibility" section above to the extent they are reserved to the Company). Such determinations with respect to a Participating Employee's rights or benefits shall be entitled to the maximum deference permitted by law. The Administrator may correct any defect, reconcile any inconsistency, or supply any omission with respect to the Plan. The decisions of the Administrator in all matters relating to the Plan that are within the scope of the Administrator's authority (including, but not limited to, eligibility for benefits, Plan interpretations, and disputed issues of fact) will be final and binding on all parties. Notwithstanding the foregoing, from and after a Change in Control, the Plan Administrator shall be deemed to be one or more members of the Board of Directors of the Company as of immediately prior to such Change in Control or their designees (which may not include any counterparty to such Change in Control, its directors, officers, employees or designees).

The Administrator may delegate to any person or persons, severally or jointly, the responsibility for the preparation and filing of all disclosure material and reports that the Administrator is required to file by law, and the responsibility for the day-to-day operation of the Plan. The Administrator, subject to the provisions of the Plan, may adopt such rules and regulations as it deems necessary to carry out the provisions of the Plan.

The Plan shall be construed as administered and enforced in accordance with ERISA and the laws of the Commonwealth of Massachusetts, as applicable.

19. **AMENDMENT AND TERMINATION OF THE PLAN**

The Company, the Administrator, or its or their designees shall have the right, power, and authority to amend the Plan, in whole or in part, or discontinue or terminate the Plan at any time; provided, however, that without a Participating Employee's written approval any such amendment, discontinuance, or termination shall not (i) remove a Participating Employee from the Plan, (ii) negatively modify the eligibility or benefit provisions of the Plan or (iii) negatively affect the rights of any individual who, prior to the date of such amendment, discontinuance, or termination, has been designated as a Participating Employee hereunder.

20. **MISCELLANEOUS**

The provisions of Appendix A, B, and C are incorporated into the Plan and shall be deemed a part hereof.

The Company hereby agrees that the Plan shall be binding upon it and its successors and assigns.

Date: _____ AMERICAN OUTDOOR BRANDS, INC.

By: _____

The undersigned Participating Employee agrees that the Plan shall be binding upon the undersigned once the undersigned personal authorizes.

Date: _____ _____

Printed Name _____

_____

Signature

**SECTION 409A OF THE CODE**

Specified Employee. Notwithstanding any provision of this Plan to the contrary, if the Participating Employee is a "specified employee" as defined in Section 409A of the Code, the Participating Employee shall not be entitled to any payments or benefits the right to which provides for a "deferral of compensation" within the meaning of Section 409A, and whose payment or provision is triggered by the Participating Employee's termination of employment (whether such payments or benefits are provided to the Participating Employee under this Plan or under any other plan, program or arrangement of the Company), until (and any payments or benefits suspended hereby shall be paid in a lump sum on) the earlier of (i) the date which is the first business day following the six-month anniversary of the Participating Employee's "separation from service" (within the meaning of Section 409A of the Code) for any reason other than death or (ii) the Participating Employee's date of death, and such payments or benefits that, if not for the six-month delay described herein, would be due and payable prior to such date shall be made or provided to the Participating Employee on such date. The Company shall make the determination as to whether the Participating Employee is a "specified employee" in good faith in accordance with its general procedures adopted in accordance with Section 409A of the Code and, at the time of the Participating Employee's "separation of service" will notify the Participating Employee whether or not the Participating Employee is a "specified employee." All payments under the Plan shall be treated as a series of separate payments under Treasury Regulations Section 1.409A-2(b)(2)(iii).

General. This Plan is intended to qualify for an exemption to the requirements of Section 409A of the Code, specifically the separation pay plan exemption and/or short-term deferral exemption (the "409A Exemptions") with respect to any amounts payable hereunder, and shall be interpreted and construed consistent with such intent to the maximum permissible. To the extent that any portion of the Plan and/or any amounts payable hereunder do not qualify under the 409A Exemptions, then such portion of the Plan is intended to satisfy the requirements of Section 409A of the Code with respect to amounts subject thereto and shall be interpreted and construed consistent with such intent; provided, however, that, notwithstanding the other provisions of this subsection and the paragraph above entitled, "Specified Employee", with respect to any right to a payment or benefit hereunder (or portion thereof) that does not otherwise provide for a "deferral of compensation" within the meaning of Section 409A of the Code, it is the intent of the Company that such payment or benefit will not so provide. For purposes of applying the exemptions and/or provisions of Section 409A to this Plan, as well as determining which amounts payable hereunder qualify for the 409A Exemptions (i) each separately identified amount to which a Participating Employee is entitled under this Plan shall be treated as a separate payment under Treasury Regulations Section 1.409A-2(b)(2)(iii), and (ii) to the extent permissible under Section 409A, any series of installment payments under this Plan shall be treated as a right to a series of separate payments. Furthermore, if the Company or any interested party notifies the other in writing that, based on the advice of legal counsel, one or more of the provisions of this Plan contravenes any regulations or Treasury guidance promulgated under Section 409A of the Code or causes any amounts to be subject to interest or penalties under Section 409A of the Code, the parties shall promptly and reasonably consult with each other (and with their legal counsel), and shall use their reasonable best efforts, to reform the provisions hereof to (a) maintain to the maximum extent practicable the original intent of the applicable provisions without violating the provisions of Section 409A of the Code or increasing the costs to the Company of providing the applicable benefit or payment, and (b) to the extent practicable, to avoid the imposition of any tax, interest or other penalties under Section 409A of the Code upon the Participating Employee or the Company.

**CLAIMS PROCEDURE**

Each Participating Employee who has been determined to be eligible to receive benefits under the Plan may contest the administration of the benefits (but not the level of benefits) by completing and filing a written claim for reconsideration with the Administrator. If the Administrator denies a claim in whole or in part, it will provide notice to the Participating Employee, in writing, within 90 Days after the claim is filed, unless the Administrator determines that an extension of time for processing is required. In the event that the Administrator determines that such an extension is required, written notice of the extension shall be furnished to the Participating Employee prior to the termination of the initial 90 Day period. The extension shall not exceed a period of 90 Days from the end of the initial period of time, and the extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the benefit decision.

The written notice of a denial of a claim shall set forth, in a manner calculated to be understood by the Participating Employee, including the following:

1. the specific reason or reasons for the denial;

2. reference to the specific Plan provisions on which the denial is based;

3. a description of any additional material or information necessary for the Participating Employee to perfect the claim and an explanation as to why such information is necessary; and

4. an explanation of this Claims Procedure and the time limits applicable under it, including a statement of the Participating Employee's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on appeal.

The Participating Employee or the Participating Employee’s duly authorized representative shall have an opportunity to appeal a claim denial to the Administrator for a full and fair review. The Participating Employee or the Participating Employee’s duly authorized representative may do the following:

1. request a review upon written notice to the Administrator within 60 Days after receipt of a notice of the denial of a claim for benefits;

2. submit written comments, documents, records, and other information relating to the claim for benefits; and

3. examine the Plan and obtain, upon request and without charge, copies of all documents, records, and other information relevant to the Participating Employee’s claim for benefits.

The Administrator’s review shall take into account all comments, documents, records, and other information submitted by the Participating Employee relating to the claim, without regard to whether such information was submitted or considered by the Administrator in the initial benefit determination. A determination on review by the Administrator will be made not later than 60 Days after receipt of a request for review, unless the Administrator determines that an extension of time for processing is required. In the event that the Administrator determines that such an extension is required, written notice of the extension shall be furnished to the Participating Employee prior to the termination of the initial 60-Day period. The extension shall not exceed a period of 60 Days from the end of the initial period and the extension notice shall indicate the special circumstances requiring an extension of time and the date on which the Administrator expects to render the determination on review.

The written determination of the Administrator shall set forth, in a manner calculated to be understood by the terminated Participating Employee, the following:

1. the specific reason or reasons for the decision;

2. reference to the specific Plan provisions on which the decision is based;

3. the Participating Employee's right to receive, upon request and without charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits; and

4. a statement of the Participating Employee's right to bring a civil action under section 502(a) of ERISA.

A Participating Employee may not bring an action for any alleged wrongful denial of benefits under the Plan in a court of law unless the Claims Procedure set forth above is exhausted and a final determination is made by the Administrator. A Participating Employee wishing to seek judicial review of an adverse benefit determination under the Plan, whether in whole or in part, must file any suit or legal action, including, without limitation, a civil action under Section 502(a) of ERISA, no later than the earlier of (i) one year after the date the final decision on the adverse benefit determination on review is issued or should have been issued under this Claims Procedure, and (ii) the last Day on which such legal action could be commenced under the applicable statute of limitations under ERISA (including, for this purpose, any applicable state statute of limitations that applies under ERISA to such legal action). Failure to file a suit or legal action by the applicable deadline set forth in the prior sentence shall cause the Participating Employee to lose any rights to bring such action.

If the Participating Employee or other interested person challenges a decision of the Administrator, a review by the court of law will be limited to the facts, evidence, and issues presented to the Administrator during the Claims Procedure set forth above. Facts and evidence that become known to the Participating Employee or other interested person after having exhausted the Claims Procedure must be brought to the attention of the Administrator for reconsideration of the claims determination. Issues not raised with the Administrator will be deemed waived.

**APPENDIX C**

The following sets forth certain provisions applicable to the undersigned Participating Employee when alternatives could apply:

| | | |
|---|---|---|
| Section 4(a) | Salary continuation period: | 26 weeks |
| Section 5(a) | Salary continuation period in event of change in control | 52 weeks |
| Section 7 | Non-Competition period | six months |
| Section 8 | Non-Solicitation period | 12 months |

**Exhibit 10.15**

**INDEMNIFICATION AGREEMENT**

This INDEMNIFICATION AGREEMENT (as amended from time to time, this "Agreement"), is made and entered into this [●] day of [●], 2020 (the "Effective Date"), by and between American Outdoor Brands, Inc., a Delaware corporation (together with its successors and assigns, the "Corporation"), and the undersigned ("Indemnitee").

WHEREAS, it is essential to the Corporation that it be able to retain and attract as directors and officers the most capable individuals available;

WHEREAS, increased corporate litigation has subjected directors and officers to litigation risks and expenses, and the limitations on the availability and terms and conditions of directors and officers liability insurance have made it increasingly difficult for the Corporation to attract and retain as directors and officers the most capable individuals available;

WHEREAS, the Corporation's certificate of incorporation (as amended or amended and restated from time to time, the "Certificate of Incorporation"), provides that a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty except to the extent that such exemption from liability or limitation thereof is not permitted by the General Corporation Law of the State of Delaware (the "General Corporation Law");

WHEREAS, the Corporation's bylaws (as amended or amended and restated from time to time, the "Bylaws"), provide for the indemnification of and advancement of expenses to the Corporation's directors and officers under certain circumstances;

WHEREAS, under the General Corporation Law, the Certificate of Incorporation and the Bylaws are not exclusive and the Corporation is permitted to make other or additional indemnification and advancement agreements;

WHEREAS, to promote the Corporation's ability to attract and retain qualified individuals to serve as directors and officers of the Corporation, the Corporation maintains, and will continue to attempt to maintain, directors' and officers' liability insurance to protect the Corporation's directors and officers from certain liabilities;

WHEREAS, the Corporation desires that Indemnitee serve or continue to serve, as applicable, as a director and/or officer, as applicable, of the Corporation;

WHEREAS, to further promote the Corporation's ability to attract and retain qualified individuals to serve as directors and officers of the Corporation, the Corporation desires to provide Indemnitee with specific contractual assurance of Indemnitee's rights to indemnification and advancement of expenses to protect against litigation risks and expenses (regardless, among other things, of any change in the ownership of the Corporation or the composition of the Board of Directors); and

WHEREAS, Indemnitee is relying upon the rights afforded under this Agreement in accepting service or continuing to serve, as applicable, in Indemnitee's position as a director and/or officer, as applicable, of the Corporation.

NOW, THEREFORE, in consideration of the promises and the covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Corporation and Indemnitee do hereby covenant and agree as follows:

**1. Definitions**.

(a) "Board of Directors" shall mean the Board of Directors of the Corporation.

(b) "Change in Control" shall mean (i) any merger, consolidation, share exchange or business combination involving the Corporation or any Subsidiary (as defined below), (ii) any sale, lease, exchange, transfer or other disposition in a single transaction or a series of related transactions, of fifteen percent (15%) or more of the assets of the Corporation and the Subsidiaries, taken as a whole, (iii) any issuance, purchase or sale of shares of capital stock or other securities representing fifteen percent (15%) or more of the voting power of the capital stock or other securities of the Corporation or any Subsidiary, including, without limitation, by way of tender or exchange offer, in a single transaction or a series of related transactions, (iv) any liquidation, dissolution or winding up of the Corporation, or (v) any change in the composition of a majority of the Board of Directors in a single transaction or a series of related transactions, unless, in each case, such transaction described in subsections (i) - (v) hereof was adopted and approved by the members of the Board of Directors (or new or additional members of the Board of Directors nominated or approved by such directors) in office at the Effective Date.

(c) "Corporate Status" describes the status of an individual who is serving or has served (i) as a director or officer of the Corporation, (ii) in any capacity or service with respect to any employee benefit plan of the Corporation or any one or more of the Subsidiaries, (iii) as a director, officer, manager, general partner, trustee, employee, or agent of any Subsidiary at the request of the Corporation while a director or officer of the Corporation, or (iv) as a director, officer, manager, general partner, trustee, employee, or agent of any other Entity at the request of the Corporation while a director or officer of the Corporation.

(d) "Court of Chancery" shall mean the Court of Chancery of the State of Delaware.

(e) "Entity" (and more than one, "Entities") shall mean any corporation, limited liability company, partnership (including, without limitation, any general, limited or limited liability partnership), joint venture, trust, enterprise, non-profit entity, foundation, association, organization or other legal entity.

(f) "Expenses" shall mean all fees, costs and expenses reasonably incurred in connection with any Proceeding (as defined below) or any claim, issue or matter involved in any Proceeding, including, without limitation, reasonable attorneys' fees, disbursements and retainers, fees, costs, expenses and disbursements of experts or expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), court costs, transcript costs, travel expenses (including, without limitation, the travel expenses of experts or expert witnesses, private investigators and professional advisors), duplicating, printing and binding costs, telephone and fax transmission charges, postage, delivery services, secretarial services and other disbursements and expenses.

(g) "Liabilities" shall mean liabilities, judgments, damages, losses, penalties, excise taxes, fines and amounts paid in settlement.

(h) "Proceeding" shall mean any threatened, pending or completed claim, action, suit, proceeding, litigation, arbitration, mediation, alternate dispute resolution process, investigation, administrative hearing, or appeal, whether civil, criminal, administrative, arbitrative or investigative, whether formal or informal, including, without limitation, a judicial proceeding initiated by Indemnitee pursuant to Section 11 of this Agreement to enforce Indemnitee's rights under this Agreement.

(i) "Subsidiary" (and more than one, "Subsidiaries") shall mean any Entity in which the Corporation owns (beneficially or of record) at least fifty percent (50%) of the voting power of the capital stock or other securities of such Entity.

**2. Services of Indemnitee**. In consideration of the Corporation's covenants and obligations hereunder, Indemnitee agrees to serve or continue to serve, as applicable, as a director and/or officer, as applicable, of the Corporation. This Agreement, however, shall not impose any obligation on Indemnitee or the Corporation to continue Indemnitee's service to the Corporation beyond any period otherwise required by applicable law or by other agreements or commitments of Indemnitee or the Corporation, if any.

**3. Agreement to Indemnify and Hold Harmless**. Subject to the exceptions contained in Section 4 of this Agreement, if Indemnitee is or was a party to, or is or was threatened to be made a party to, or is or was otherwise involved (as a deponent, witness or otherwise) in, any Proceeding or any claim, issue or matter involved in any Proceeding by reason of Indemnitee's Corporate Status, Indemnitee shall, to the fullest extent permitted by applicable law, be indemnified and held harmless by the Corporation against all Expenses and Liabilities actually and reasonably incurred or paid by or on behalf of Indemnitee in connection with such Proceeding or such claim, issue or matter (referred to herein as "Indemnifiable Expenses" and "Indemnifiable Liabilities," respectively, and collectively as "Indemnifiable Amounts").

**4. Exceptions to Indemnification**. Indemnitee shall be entitled to the indemnification provided in Section 3 of this Agreement in all circumstances other than the following:

(a) If indemnification is sought by Indemnitee under Section 3 of this Agreement and it has been adjudicated finally by a court of competent jurisdiction evidenced by a final nonappealable order that, in connection with any Proceeding or any claim, issue or matter involved in any Proceeding out of which the claim for indemnification hereunder has arisen, (i) Indemnitee failed to act in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, or (ii) with respect to any criminal Proceeding, Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful, Indemnitee shall not be entitled to indemnification of Indemnifiable Amounts hereunder with respect to such Proceeding or such claim, issue or matter, as applicable;

(b) If indemnification is sought by Indemnitee under Section 3 of this Agreement and it has been adjudicated finally by a court of competent jurisdiction evidenced by a final nonappealable order that Indemnitee is liable to the Corporation with respect to any Proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of Indemnitee's Corporate Status or any claim, issue or matter involved in any such Proceeding out of which the claim for indemnification under this Agreement has arisen, Indemnitee shall not be entitled to Indemnifiable Amounts under this Agreement with respect to such Proceeding or such claim, issue or matter, as applicable, unless the Court of Chancery or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Indemnifiable Amounts which the Court of Chancery or such other court shall deem proper; and

(c) If indemnification is sought by Indemnitee under Section 3 of this Agreement and the Corporation reasonably determines that indemnification of Indemnitee would violate the securities laws of the United States.

For purposes of this Section 4, including, without limitation and to the fullest extent permitted by applicable law, in the court adjudication contemplated by this Section 4, Indemnitee shall be deemed to have acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, or with respect to any criminal Proceeding, without reasonable cause to believe that Indemnitee's conduct was unlawful, if Indemnitee's act or omission is based, in good faith, upon (i) the records of the Corporation, (ii) such information, opinions, reports or statements presented to the Corporation, the Board of Directors or any committee of the Board of Directors by any of the Corporation's officers, employees, directors, other committees of the Board of Directors, legal counsel, professional advisors, experts or any other person as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, and/or (iii) such information, opinions, reports or statements presented to an Entity for which Indemnitee has Corporate Status or such Entity's officers, employees, directors, committees of such Entity's board of directors, managers, general partners, trustees, legal counsel, professional advisors, experts or any other person as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of such Entity.

**5. Procedure for Indemnification of Indemnifiable Amounts**.

(a) Indemnitee shall, following the final adjudication by a court of competent jurisdiction evidenced by a final nonappealable order, submit to the Corporation a written claim specifying the Indemnifiable Amounts for which Indemnitee seeks indemnification under Section 3 of this Agreement and the basis for such claim. At the reasonable request of the Corporation, Indemnitee shall furnish such documentation and information as are reasonably available to Indemnitee and necessary to establish that Indemnitee is entitled to indemnification hereunder, and the Corporation shall pay any fees, costs and expenses, including, without limitation, reasonable attorneys' fees, disbursements and retainers, duplicating, printing and binding costs, telephone and facsimile transmission charges, postage, delivery services, secretarial services and other disbursements and expenses actually and reasonably incurred by Indemnitee in furnishing such documentation and information. Notwithstanding the foregoing, Indemnitee shall not be required to furnish documentation or information where the provision of such documentation or information by Indemnitee reasonably could be expected to (i) result in the loss of the attorney-client privilege or similar privilege or protection, (ii) be prohibited by applicable law, or (iii) be prohibited by the terms of any agreement to which Indemnitee is a party.

(b) Subject to Section 4 of this Agreement, the Corporation shall pay such Indemnifiable Amounts to Indemnitee within thirty (30) calendar days after receipt of such written claim.

**6. Indemnification for Expenses of a Participant**. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or was, by reason of his Corporate Status, a participant (as a deponent, witness or otherwise) in any Proceeding to which Indemnitee is or was not a party or is or was not threatened to be made a party, Indemnitee shall be indemnified as provided in Section 3 of this Agreement.

**7. Indemnification for Expenses of a Party Who is Wholly or Partly Successful**.

(a) Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee is or was, by reason of Indemnitee's Corporate Status, a party to and is or was successful, on the merits or otherwise, as to any Proceeding or any claim, issue or matter involved in any Proceeding, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred with respect to such Proceeding or such claim, issue or matter, as applicable. In furtherance and not in limitation of the foregoing, and by way of further explanation, if Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters involved in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses with respect to each successfully resolved claim, issue or matter.

(b) For purposes of this Section 7, "successful" shall, to the fullest extent permitted by applicable law, include, but not be limited to, (i) a termination, withdrawal or dismissal (with or without prejudice) of any Proceeding or any claim, issue or matter involved in any Proceeding, without any express finding of liability or guilt against Indemnitee, (ii) the expiration of one hundred twenty (120) days after the making of any claim or threat of any Proceeding without the institution of same and without the entering into of any settlement or compromise with respect to such claim or threat, or (iii) the entering into of any settlement or compromise with respect to any Proceeding or any claim, issue or matter involved in any Proceeding pursuant to which Indemnitee is obligated to pay or is found liable for an amount less than $15,000.

**8. Effect of Certain Resolutions; Waiver of Right of Contribution Against Indemnitee**. Neither the termination of any Proceeding or any claim, issue or matter involved in any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contedere* or its equivalent, nor the failure of the Corporation to award indemnification or to determine that indemnification is payable, shall create a presumption that Indemnitee is not entitled to indemnification under this Agreement. The Corporation hereby waives, to the fullest extent permitted by applicable law, any right of contribution that it may have against Indemnitee with respect to any Proceeding or any claim, issue or matter involved in any Proceeding in which the Corporation and Indemnitee are jointly liable.

**9. Agreement to Advance Expenses; Conditions**. The Corporation shall pay to Indemnitee, all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding or any claim, issue or matter involved in any Proceeding, including, without limitation, a Proceeding by or in the right of the Corporation and a Proceeding to enforce indemnification and advancement rights under this Agreement, in advance of the final disposition of such Proceeding or such claim, issue or matter, if Indemnitee furnishes the Corporation with a written undertaking to repay the amount of such Expenses advanced to Indemnitee if it is finally determined by a court of competent jurisdiction evidenced by a final nonappealable order that Indemnitee is not entitled under Section 3 of this Agreement to indemnification with respect to such Expenses. To the fullest extent permitted by applicable law, such undertaking shall be an unlimited general obligation of Indemnitee, shall be accepted by the Corporation without regard to the financial ability of Indemnitee to make repayment, and shall in no event be required to be secured.

**10. Procedure for Advancement of Expenses**. Indemnitee shall submit to the Corporation a written claim specifying the Expenses for which Indemnitee seeks advancement under Section 9 of this Agreement, and the basis for such claim, together with documentation evidencing that Indemnitee has actually and reasonably incurred such Expenses. Notwithstanding the foregoing, Indemnitee shall not be required to furnish documentation or information where the provision of such documentation or information by Indemnitee reasonably could be expected to (i) result in the loss of the attorney-client privilege or similar privilege or protection, (ii) be prohibited by applicable law, or (iii) be prohibited by the terms of any agreement to which Indemnitee is a party. The Corporation shall advance such Expenses to Indemnitee or on behalf of Indemnitee within thirty (30) calendar days after receipt of such written claim and documentation.

**11. Remedies of Indemnitee**.

(a) Right to Petition Court. In the event that Indemnitee submits to the Corporation a written claim for indemnification of Indemnifiable Amounts under Sections 3 and 5 of this Agreement or submits to the Corporation a written claim for advancement of Expenses under Sections 9 and 10 of this Agreement, and the Corporation fails to make such indemnification or advancement, as applicable, pursuant to the terms of this Agreement, Indemnitee may petition the Court of Chancery to enforce the Corporation's obligations under this Agreement.

(b) Burden of Proof. In any judicial proceeding brought under Section 11(a) of this Agreement, the Corporation shall have the burden of proving that Indemnitee is not entitled to indemnification of Indemnifiable Amounts or advancement of Expenses, as applicable, under Section 3 of this Agreement.

(c) Expenses. The Corporation agrees to reimburse Indemnitee in full for any Expenses actually and reasonably incurred by Indemnitee in connection with investigating, preparing for, litigating, defending, prosecuting or settling any judicial proceeding brought by Indemnitee under Section 11(a) of this Agreement, except where such judicial proceeding or any claim, issue or matter involved therein is adjudicated finally by a court of competent jurisdiction evidenced by a final nonappealable order in favor of the Corporation.

(d) Validity of Agreement. The Corporation shall be precluded from asserting in any Proceeding, including, without limitation, any judicial proceeding under Section 11(a) of this Agreement, that the provisions of this Agreement are not valid, binding and enforceable or that there is insufficient consideration for this Agreement and shall stipulate in such judicial proceeding that the Corporation is bound by all the provisions of this Agreement.

(e) Failure to Act Not a Defense. The failure of the Corporation (including, without limitation, the Board of Directors or any committee thereof, independent legal counsel, or the Corporation's stockholders) to make a determination concerning the permissibility of the indemnification of Indemnifiable Amounts shall not be a defense in any judicial proceeding brought under Section 11(a) of this Agreement, and shall not create a presumption that such indemnification is not permissible under this Agreement.

**12. Notice By Indemnitee; Defense of the Underlying Proceeding**.

(a) Notice by Indemnitee. Indemnitee agrees to notify the Corporation promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, information, or other document relating to any Proceeding or any claim, issue or matter involved in any Proceeding which may result in the indemnification of Indemnifiable Amounts or the advancement of Expenses under this Agreement; provided, however, that the failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to receive indemnification of Indemnifiable Amounts or advancement of Expenses under this Agreement, except to the extent the Corporation is materially prejudiced thereby.

(b) Defense by Corporation. Subject to the provisions of the last sentence of this Section 12(b) and of Section 12(c) of this Agreement, the Corporation shall have the right to defend Indemnitee in any Proceeding or any claim, issue or matter involved in any Proceeding which may give rise to the indemnification of Indemnifiable Amounts under this Agreement; provided, however, that the Corporation shall notify Indemnitee of any such decision to defend within ten (10) calendar days of the Corporation's receipt of notice of any such Proceeding or such claim, issue or matter under Section 12(a)

of this Agreement. The Corporation shall not, without the prior written consent of Indemnitee, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, or (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding or such claim, issue or matter, which release shall be in form and substance reasonably satisfactory to Indemnitee. This Section 12(b) shall not apply to a Proceeding or any claim, issue or matter involved in a Proceeding brought by Indemnitee under Section 11(a) of this Agreement or pursuant to Section 20 of this Agreement.

(c) Indemnitee's Right to Counsel. Notwithstanding the provisions of Section 12(b) of this Agreement, (i) if in a Proceeding or a claim, issue or matter involved in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (A) Indemnitee reasonably concludes that he or she may have separate defenses or counterclaims to assert with respect to such Proceeding or such claim, issue or matter which are inconsistent with the position of other defendants in such Proceeding or such claim, issue or matter, as applicable, or (B) a conflict of interest or potential conflict of interest exists between Indemnitee and the Corporation, or (ii) if the Corporation fails to assume the defense of such Proceeding or such claim, issue or matter in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel, which shall represent other persons similarly situated, of Indemnitee's and such other persons' choice and reasonably acceptable to the Corporation at the expense of the Corporation. In addition, if the Corporation fails to comply with any of its obligations under this Agreement or in the event that the Corporation or any other Entity or individual takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding or any claim, issue or matter involved in any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee under this Agreement, except with respect to any Proceeding or any claim, issue or matter involved in any Proceeding that is resolved in favor of the Corporation, Indemnitee shall have the right to retain counsel of Indemnitee's choice, at the expense of the Corporation, to represent Indemnitee in connection with any such matter.

(d) Consent to Judgment or Settlement or Compromise by Indemnitee. Indemnitee shall not, without the prior written consent of the Corporation (which consent shall not be unreasonably withheld or delayed), consent to the entry of any judgment against Indemnitee or consent to or enter into any settlement or compromise with respect to any Proceeding or any claim, issue or matter involved in any Proceeding with respect to which the Corporation may have indemnification or advancements obligations to Indemnitee under this Agreement. The Corporation shall have no obligation to indemnify Indemnitee under this Agreement with respect to any Proceeding or any claim, issue or matter involved in any Proceeding for which a judgment, settlement or compromise is consented to or entered into by Indemnitee without the prior written consent of the Corporation (which consent shall not be unreasonably withheld or delayed).

**13. Representations and Warranties of the Corporation**. The Corporation hereby represents and warrants to Indemnitee as follows:

(a) Authority. The Corporation has all necessary power and authority to enter into, and be bound by the terms of, this Agreement, and the execution, delivery and performance of the undertakings contemplated by this Agreement have been duly authorized by the Corporation.

(b) Enforceability. This Agreement, when executed and delivered by the Corporation in accordance with the provisions hereof, shall be a legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights generally or equitable principles.

**14.** **Insurance**. The Corporation shall, to the maximum extent available, cover Indemnitee under any insurance policy secured for the directors and officers of the Corporation or any other Entity for which Indemnitee has Corporate Status.

**15.** **Contract Rights Not Exclusive**. The rights to indemnification of Indemnifiable Amounts and advancement of Expenses provided by this Agreement shall be in addition to, but not exclusive of, any other rights which Indemnitee may have at any time under applicable law or the Certificate of Incorporation or Bylaws, or any other agreement, vote of stockholders or directors (or a committee of directors), or otherwise, both as to action (or inaction) in Indemnitee's official capacity and as to action (or inaction) in any other capacity as a result of Indemnitee's serving as a director and/or officer, as applicable, of the Corporation.

**16.** **Successors**. This Agreement shall be (a) binding upon all successors and assigns of the Corporation (including, without limitation, to the fullest extent permitted by applicable law, any transferee of all or a substantial portion of the business, stock and/or assets of the Corporation and any direct or indirect successor to the Corporation by merger or consolidation or otherwise by operation of law), and (b) binding on and shall inure to the benefit of the heirs, personal representatives, executors and administrators of Indemnitee. To the fullest extent permitted by applicable law, the Corporation shall cause any successor to the business, stock and/or assets of the Corporation or the direct or indirect successor to the Corporation by merger or consolidation or otherwise by operation of law to assume and agree to perform this Agreement in the same manner as if no such succession had taken place. This Agreement shall continue for the benefit of Indemnitee and the heirs, personal representatives, executors and administrators of Indemnitee after Indemnitee has ceased to have Corporate Status.

**17.** **Other Sources; Subrogation**. The Corporation's obligation to indemnify or advance expenses to Indemnitee, if any, under this Agreement shall be reduced by the amount Indemnitee may receive, as indemnification or advancement of expenses from any other Entities or individuals or any insurance policy. In the event of any indemnification of Indemnifiable Amounts or advancement of Expenses by the Corporation under this Agreement, the Corporation shall, to the fullest extent permitted by applicable law, be subrogated to the extent of such indemnification or advancement to all of the rights of contribution or recovery of Indemnitee against other Entities or individuals and have a right of contribution against such other Entities or individuals, and, in furtherance thereof, Indemnitee shall take, at the request of the Corporation, all reasonable action necessary to secure such rights, including, without limitation, securing the execution and delivery by such other Entities or individuals of an agreement as to the division of indemnification and advancement liabilities as between such other Entities or individuals and the Corporation, in a manner reasonably acceptable to the Corporation prior to the payment by the Corporation of any such Indemnifiable Amounts or Expenses and/or the execution and delivery of such documents as are reasonably necessary to enable the Corporation to bring any action, suit or proceeding to enforce such rights.

**18.** **Governing Law; Consent to Jurisdiction**. This Agreement shall be governed by and construed and enforced under the laws of the State of Delaware, without giving effect to the provisions thereof relating to conflicts of law. To the fullest extent permitted by applicable law, the Corporation and Indemnitee hereby (a) irrevocably consent and submit to the personal jurisdiction of the Court of Chancery, (b) waive any claim of improper venue or any claim that the Court of Chancery is an inconvenient forum and (c) appoint, to the extent that it or he/she is not otherwise subject to service of process in the State of Delaware, Registered Agent Solutions, Inc. (or such other registered agent at such other registered office in the State of Delaware listed in the records of the Secretary of State of the State of Delaware as the Corporation's agent for service of process in the State of Delaware), as agent for service of process in the State of Delaware. To the fullest extent permitted by applicable law, the Corporation and Indemnitee hereby agree that the mailing of process and other papers in connection with any such judicial proceeding in the manner provided in Section 22 of this Agreement or in such other manner as may be permitted by applicable law, shall be valid and sufficient service thereof.

**19.** **Severability**. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement, or any clause thereof, shall be determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, in whole or in part, such provision or clause shall be limited or modified in its application to the minimum extent necessary to make such provision or clause valid, legal and enforceable, and the remaining provisions and clauses of this Agreement shall remain fully enforceable and binding on the Corporation and Indemnitee.

**20.** **Indemnitee as Plaintiff**. Notwithstanding any other provision of this Agreement, but except as provided in Section 11 of this Agreement and in the next sentence, Indemnitee shall not be entitled to indemnification of Indemnifiable Amounts or advancement of Expenses with respect to any Proceeding or any claim, issue or matter involved in any Proceeding brought by Indemnitee against the Corporation, any Subsidiary, or any director, manager, general partner or officer of the Corporation or any such Subsidiary, prior to a Change in Control, unless the commencement of such Proceeding or such claim, issue or matter by Indemnitee was authorized in the specific case by the Board of Directors. This Section 20 shall not apply to (a) affirmative defenses asserted by Indemnitee or any compulsory counterclaims required to be made by Indemnitee in any Proceeding or with respect to any claim, issue or matter involved in any Proceeding brought against Indemnitee, or (b) any Proceeding or any claim, issue or matter involved in any Proceeding brought by Indemnitee against the Corporation, any Subsidiary, or any director, manager, general partner or officer of the Corporation or any such Subsidiary, from and after a Change in Control.

**21.** **Modification and Waiver**. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both the Corporation and Indemnitee. Notwithstanding any other provision of this Agreement or any provision of applicable law to the contrary, to the fullest extent permitted by applicable law, no supplement, modification or amendment of this Agreement shall adversely affect any right or protection of Indemnitee in respect of any act or omission occurring prior to the time of such supplement, modification or amendment. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement (whether or not similar), nor shall such waiver constitute a continuing waiver.

**22.** **General Notices**. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered by hand, (b) when transmitted by facsimile or email and receipt is acknowledged, or (c) if mailed by certified or registered mail with postage prepaid, on the third (3rd) business day after the date on which it is so mailed, in each case, to such address as may have been furnished by any party to the other party.

**23.** **Termination**. This Agreement shall terminate as of the later of (a) ten (10) years after Indemnitee ceases to serve as a director and/or officer, as applicable, of the Corporation, or (b) one (1) year after the final adjudication by a court of competent jurisdiction evidenced by a final non-appealable order with respect to any Proceeding or any claim, issue or matter involved in any Proceeding in respect of which Indemnitee is granted rights of indemnification of Indemnifiable Amounts or advancement of Expenses under this Agreement.

**24.** **Counterparts**. This Agreement may be executed in one or more counterparts (including, without limitation, by facsimile or email transmission that includes a copy of the sending party's signature), in which event, all of said counterparts shall be deemed to be originals of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have made and entered into this Indemnification Agreement as of the Effective Date.

**THE CORPORATION:**

AMERICAN OUTDOOR BRANDS, INC.

_____

Name:
Title:

**INDEMNITEE:**

_____

Name:

**Exhibit 21.1**

**Subsidiaries of the Registrant**

The following are the subsidiaries of the Registrant as of the separation from Smith & Wesson Brands, Inc.:

| Name | Jurisdiction of Incorporation |
|---|---|
| AOB Consulting (Shenzhen), Co., Ltd. | People's Republic of China |
| AOB Products Company | Missouri |
| AOBC Asia Consulting, LLC | Delaware |
| Battenfeld Acquisition Company Inc. | Delaware |
| BTI Tools, LLC | Delaware |
| Crimson Trace Corporation | Oregon |
| Ultimate Survival Technologies, LLC | Delaware |

**Exhibit 99.1**

[●], 2020

Dear Smith & Wesson Brands, Inc. Stockholder:

On November 13, 2019, Smith & Wesson Brands, Inc., or SWBI, (then called American Outdoor Brands Corporation), announced its plan to spin-off its outdoor products and accessories business, or the Separation, to American Outdoor Brands, Inc., or AOUT (then called American Outdoor Brands Spin Co.), a newly formed wholly owned subsidiary formed in anticipation of the Separation. In connection with the Separation, AOUT will become an independent, publicly traded company holding, directly or indirectly through its subsidiaries, the assets and legal entities, subject to any related liabilities, associated with the outdoor products and accessories business of SWBI. The Separation is expected to become effective on [●], 2020.

The Separation is subject to conditions described in the enclosed information statement. Subject to the satisfaction or waiver of these conditions, the Separation will be completed by way of a pro rata distribution, or the Distribution, of all the outstanding shares of AOUT common stock to the stockholders of record of SWBI as of the close of business on [●], 2020, the record date for the Distribution, or the Record Date. Each SWBI stockholder of record will receive [●] shares of AOUT common stock, $0.001 par value, for every [●] shares of SWBI common stock, $0.001 par value, held by such stockholder as of the close of business on the Record Date. The distribution of these shares will be made in book-entry form, which means that no physical share certificates will be delivered. At any time following the consummation of the Distribution, stockholders may request that their shares of AOUT common stock be transferred to a brokerage or other account. No fractional shares of AOUT common stock will be delivered. The Distribution Agent for the Distribution will, instead, aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing prices, and distribute the net cash proceeds from the sales pro rata to each stockholder that would otherwise have been entitled to receive a fractional share in connection with the Distribution.

SWBI expects to receive an opinion from counsel to the effect that, among other things, the transfer of the assets and legal entities, subject to any related liabilities, associated with the outdoor products and accessories business of SWBI to AOUT, or the Transfer, and the Distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes, except to the extent of any cash received in lieu of fractional shares. You should consult your own tax advisor as to the particular tax consequences of the Distribution, including potential tax consequences under state, local, and non-U.S. tax laws.

The Distribution does not require SWBI stockholder approval, and you do not need to take any action to receive your shares of AOUT common stock in connection with the Distribution. Following the consummation of the Distribution, you will own common stock in both SWBI and AOUT. SWBI common stock will continue to trade on the Nasdaq Global Select Market under the ticker symbol “SWBI,” and AOUT has applied to have its shares of common stock listed on the Nasdaq Global Market under the ticker symbol “AOUT.”

The enclosed information statement, which we are mailing to all SWBI stockholders as of the close of business on the Record Date, describes the Separation in detail and contains important information about AOUT, including its historical combined financial statements. We urge you to read this information statement carefully.

We want to thank you for your support of SWBI, and we look forward to your continued support in the future.

Sincerely,

Mark P. Smith
Co-President and Co-Chief Executive Officer
Smith & Wesson Brands, Inc.

Brian D. Murphy
Co-President and Co-Chief Executive Officer
Smith & Wesson Brands, Inc.

[●], 2020

Dear Future American Outdoor Brands, Inc. Stockholder:

On behalf of American Outdoor Brands, Inc., it is my great privilege to welcome you as a stockholder of our company. Following our separation from Smith & Wesson Brands, Inc., we will operate as an independent, publicly traded and growth-oriented provider of quality outdoor products and accessories for hunting, fishing, camping, shooting, personal security and defense, and rugged outdoor enthusiasts.

We strive every day to provide high-quality, innovative products and brands that resonate strongly with the activities and passions of our consumers. We focus intently on our brands and the operation of our business and have organized our creative, product development, sourcing, and e-commerce teams into four brand lanes, each of which focuses on one of four distinct consumer verticals: Marksman, Defender, Harvester, and Adventurer. These brand lanes are constructed around defined consumer types, and each brand lane is comprised of agile marketing, creative, and product teams that enable us to achieve a full spectrum of targeted growth initiatives by brand. Importantly, each brand lane is supported by professionals who are passionate, outdoor enthusiasts in their own rite. It is their significant expertise, combined with our experienced and entrepreneurial leadership team, that has fueled our ability to build a portfolio of 20 outdoor brands, many of which serve as lifestyle brands for our growing base of customers.

With this focused structure in place, we intend to pursue a growth strategy that includes the organic development of a stream of innovative new and differentiated rugged outdoor products that drive customer satisfaction and loyalty, accompanied by acquisitions that financially and strategically complement our business. We will focus on cultivating and enhancing our direct-to-consumer relationships through our digital platform, and we will support that customer experience with a robust supply chain capable of meeting our exacting efficiently, quality, cost, and delivery requirements. We believe this strategy will allow us to expand the size of our addressable market by appealing to new and larger consumer audiences in new product categories outside the rugged outdoor market.

We invite you to learn more about our company by reading the enclosed information statement, which details our strategy and plans for near and long-term growth to generate value for our stockholders. We are excited about our future as an independent company, and we look forward to your support as an American Outdoor Brands, Inc. stockholder as we begin this new and exciting chapter.

Sincerely,

Brian D. Murphy
President and Chief Executive Officer
American Outdoor Brands, Inc.

**Information contained herein is subject to completion or amendment. A registration statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.**

**Preliminary and Subject to Completion, dated June 5, 2020**

**INFORMATION STATEMENT**

# American Outdoor Brands, Inc.

## Common Stock, par value $0.001 per share

This information statement is being furnished to you as a holder of common stock of Smith & Wesson Brands, Inc., a Nevada corporation, or SWBI, in connection with the separation of its outdoor products and accessories business from its firearm business and the creation of an independent, publicly traded company now called American Outdoor Brands, Inc., a Delaware corporation. We have applied to have our common stock listed on the Nasdaq Global Market as of the effective date of the Distribution (as defined herein). We, directly or indirectly through our subsidiaries, will hold the assets and legal entities, subject to any related liabilities, associated with the outdoor products and accessories business of SWBI after their transfer to us, or the Transfer. All of the shares of our common stock owned by SWBI will be distributed to the stockholders of SWBI, or the Distribution, and, together with the Transfer, the Separation. We are currently a wholly owned subsidiary of SWBI.

Each holder of SWBI common stock will receive [●] shares of our common stock for every [●] shares of SWBI common stock held as of the close of business on [●], 2020, or the Record Date.

The Distribution is expected to be completed after the Nasdaq Global Market, or Nasdaq, closing on [●], 2020. Immediately after SWBI completes the Distribution, we will be an independent, publicly traded company. We expect that, for U.S. federal income tax purposes, no gain or loss will be recognized by you, and no amount will be included in your income in connection with the Distribution, except to the extent of any cash you receive in lieu of fractional shares.

No vote or other action is required by you to receive shares of our common stock in connection with the Separation. You will not be required to pay anything for the new shares or to surrender any of your shares of SWBI common stock. We are not asking you for a proxy, and you should not send us a proxy or your share certificates.

There currently is no trading market for our common stock. Assuming that Nasdaq authorizes our common stock for listing, we anticipate that a limited market, commonly known as a "when-issued" trading market, for our common stock will commence on [●], 2020 and will continue up to and including the Distribution Date (as defined herein). We expect the "regular-way" trading of our common stock will begin on the first trading day following the Distribution Date.

We are an "emerging growth company" as defined under the federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements. See "Information Statement Summary—Implications of Being an Emerging Growth Company."

**In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 17.**

Neither the Securities and Exchange Commission, nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is [●], 2020.

A Notice of Internet Availability of Information Statement Materials containing instructions describing how to access the information statement was first mailed to SWBI stockholders on or about [●], 2020.

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## ABOUT THIS INFORMATION STATEMENT

This information statement forms part of a registration statement on Form 10 (File No. [●]) filed with the Securities and Exchange Commission, or the SEC, with respect to the shares of our common stock, par value $0.001 per share, to be distributed to SWBI stockholders in connection with the Distribution.

We and SWBI have supplied all information contained in this information statement relating to our respective companies. We and SWBI have not authorized anyone to provide you with information other than the information that is contained in this information statement. We and SWBI take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give you. This information statement is dated [●], 2020, and you should not assume that the information contained in this information statement is accurate as of any date other than such date.

**Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about SWBI assumes the completion of all of the transactions referred to in this information statement in connection with the Separation.**

Unless otherwise indicated or as the context otherwise requires, all references in this information statement to the following terms will have the meanings set forth below:

- "AOUT," "we," "us," "our," and "our company," unless the context otherwise requires, means American Outdoor Brands, Inc., the Delaware corporation that is, and at all times prior to the consummation of the Distribution will be, a wholly owned subsidiary of SWBI and will hold, directly or indirectly through its subsidiaries, the assets and legal entities, subject to any related liabilities, associated with the outdoor products and accessories business of SWBI, and whose shares SWBI will distribute in connection with the Distribution. When appropriate in the context, the foregoing terms also include the subsidiaries of this entity. These terms may be used to describe the outdoor products and accessories business prior to completion of the Separation;
- "Distribution" means the distribution of all of the shares of our common stock owned by SWBI to stockholders of SWBI as of the close of business on the Record Date;
- "Distribution Date" means the date on which the Distribution is consummated;
- "firearm business" means the business, operations, products, services, and activities of SWBI's firearm business;
- "Nasdaq" means the Nasdaq Global Market;
- "outdoor products and accessories business" means the business, operations, products, services, and activities of SWBI's outdoor products and accessories business. See "Business" for more information;
- "Related Transactions" means any transaction other than the Transfer and the Distribution consummated or to be consummated to effect the Separation, including those related to the various name changes, stock listings, and contractual arrangements between us and SWBI;
- "SWBI" means Smith & Wesson Brands, Inc., the Nevada corporation that owns our company prior to the Separation and that after the Separation will be a separately traded public company consisting of the firearm business. When appropriate in the context, the foregoing term also includes the subsidiaries of this entity;
- "Separation," except where the context otherwise requires, means the separation of the outdoor products and accessories business from SWBI and the creation of an independent, publicly traded company, AOUT, through the consummation of (1) the Transfer and (2) the Distribution and (3) the Related Transactions; and
- "Transfer" means the contribution by SWBI to us of the assets, including the various legal entities that are subsidiaries of SWBI, subject to any related liabilities, associated with the outdoor products and accessories business of SWBI.

**Trademarks and Trade Names**

1st Response®, 24/7®, Accumax®, Ammo Vault®, Black Ops®, BOG®, Boneyard®, Bubba®, Caldwell®, Deadshot®, Deathgrip®, Delta Series®, Delta Force®, E-MAX®, Extreme Ops®, F.A.T. Wrench®, Fieldpod®, Flexware®, Frankford Arsenal®, Frontier®, Galaxy®, Golden Rod®, Great Divide®, Grip A Legend®, Gun Butler®, Homeland Security®, Hooyman®, H.R.T.®, Hydrosled®, Imperial®, Intellidropper®, Key Gear®, Jolt®, Lead Sled®, Lockdown®, M-Press®, M.A,G.I.C.®, Mag Charger®, Magnum Rifle Gong®, Night Guard®, Night Terror®, Nitro®, Non-Typical Wildlife Solutions®, Old Timer®, One Cut and You're Through®, Orange Peel®, Outback®, Pico Light®, S.W.A.T.®, Safe-T-Lock®, Schrade®, Schrade Tough®, Search & Rescue®, Sharpfinger®, Special Ops®, Special Tactical®, Spright®, Stable Table®, Sure-Lock®, Switcheroo®, Switch-it®, Tack Driver®, Tipton®, U-Dig-It®, Ultra Glide®, Uncle Henry®, Wheeler®, XLA Bipod®, ®, Zinx®, 10,000 Rounds in Your Pocket®, Color Guard®, Complete Focus®, Crimson Trace®, Kryptonyte®, Lasergrips®, Laserguard®, Laserlyte®, Lightguard®, LINQ®, Quick Tyme®, Rail Master®, Reaction Tyme®, Rumble Tyme®, Score Tyme®, Shockstop®, Steel Tyme®, Trigger Tyme®, and Triple Tyme® are some of the registered U.S. trademarks of our company or one of our subsidiaries. Adrenaline™, Bloodmoon™, Built for Generations™, Clandestine™, Dominion™, Don't Settle for Average. Demand Perfection™, Duro™, Engineered for the Unknown™, Field General™, Flex Change™, It's not protected unless it's on LOCKDOWN™, Learn and Live™, Lockdown Puck™, Magnum Magnet™, MEAT!™, MEAT Your Maker!™, Officer™, On the Edge of Adventure™, Pile Driver™, Stinger™, Survival Born, Adventure Ready™, Secure Your Lifestyle™, The Ultimate Lifestyle™, Triple Play™, Tunnel Vision™, Turkinator™, Unmatched Accuracy at the Bench and in the Field™, UST™, Velociradar™, Water to Plate™, Your Land. Your Legacy™, Accu-Guard™, Accu-Grips™, Dart Tyme™, Defender Series™, Instant Activation™, Instinctive Activation™, Lasersaddle™, Master Series™, and Popper Tyme™ are some of the unregistered trademarks of our company or one of our subsidiaries. Trademarks licensed to us by SWBI in connection with the manufacture, distribution, marketing, advertising, promotion, merchandising, shipping, and sale of certain licensed accessory product categories include Gemtech®, M&P®, Performance Center®, Smith & Wesson®, T/C®, and Thompson/Center Arms™, among others. This information statement also may contain trademarks and trade names of other companies.

**Market and Industry Data**

This information statement includes market and industry data that we obtained from industry publications, third-party studies and surveys, government agency sources, filings of public companies in our industry, and internal company surveys. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the foregoing industry and market data to be reliable at the date of this information statement, this information could prove to be inaccurate as a result of a variety of matters.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this information statement that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts contained or incorporated herein by reference in this information statement, 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,” “will,” “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. Specific forward-looking statements in this information statement, include statements regarding our expectations regarding the methodology, effects, timing, and tax-free nature (except to the extent of any cash received in lieu of fractional shares) of the Transfer and the Distribution; our belief that no other material governmental or regulatory filings or approvals will be necessary to consummate the Distribution, other than registration under the federal securities laws of our common stock and completion of the applicable listing requirements on Nasdaq for such shares; our expectation that our common stock will be listed on the Nasdaq Global Market under the ticker symbol “AOUT”; our expectation that after the Separation, SWBI common stock will continue to be traded on the Nasdaq Global Select Market under the ticker symbol “SWBI”; our expectations regarding a “regular-way” market, an “ex-distribution” market, and a “when-issued” market in our shares of common stock between the Record Date and the Distribution Date; our belief that separating SWBI’s outdoor products and accessories business from SWBI’s firearm business is in the best interests of SWBI and its stockholders; our expectation to take advantage of certain of the reduced reporting and other requirements of the JOBS Act with respect to the periodic reports we will file with the SEC and proxy statements that we use to solicit proxies from our stockholders; our intention to enter into certain agreements with SWBI in connection with the Separation to effect the Separation and provide a framework for our relationship with SWBI after the Separation, including a Separation and Distribution Agreement, a Tax Matters Agreement, a Transition Services Agreement, an Employee Matters Agreement, a Trademark License Agreement, a Sublease Agreement, and certain commercial agreements, and the proposed terms thereof; our expectations regarding the number of shares of our outstanding common stock, the number of such shares held by our affiliates, and the number of stockholders of record following the Separation; our anticipation regarding the adverse effects of COVID-19 on our business; our belief that maintaining and further enhancing the brand recognition and reputation of our brands is critical to retaining existing customers and attracting new customers and that the importance of our brand recognition and reputation will increase; our anticipation that our advertising, marketing, and promotional efforts will increase in the foreseeable future; our anticipation that we will increasingly rely on other forms of media advertising; our plan to continue to expand our brand recognition and product loyalty through social media and our websites with generation of original content; our anticipation that we will enter into new strategic alliances; our expectation that the various claims and lawsuits, arising in the ordinary course of business, we are involved in will not have a material adverse effect on our results of operations or financial condition; our plan to introduce a continuing stream of new and differentiated high-quality rugged outdoor products that drive customer satisfaction and loyalty; our plan to expand our addressable market by appealing to new and larger audiences in new product categories outside the rugged outdoor market; our plan to cultivate and enhance our direct-to-consumer relationships through our digital platforms; our plan to expand and enhance our supply chain; our intent to pursue acquisitions that financially and strategically complement our business; our belief that we will drive customer satisfaction and loyalty by offering high-quality, innovative products on a timely and cost-effective basis; our intent to pursue and challenge infringements of our intellectual property; our expectation to have certain insurance policies in place as of the date of the Separation; our anticipation that most contract assignments and new agreements will be obtained prior to the Separation; our belief that none of the contracts or other assets requiring consent to transfer or the contracts requiring a new agreement are individually material to our business; our expectation that the increasing expenses incurred by public companies generally for reporting and corporate governance purposes will increase our legal and financial compliance costs; our anticipation that, to comply with reporting and other requirements of the Exchange Act, we will need to duplicate information technology infrastructure, implement additional financial and management controls, reporting systems, and procedures, hire additional accounting, finance, tax, treasury, and information technology staff; our expected executive officers, directors, and other key employees; our expected corporate governance policies, guidelines, and practices; our anticipated compensation and benefit plans; our anticipation that we will enter into indemnification agreements with each of our directors and executive officers; our belief that several provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated

Bylaws, and Delaware law that may discourage, delay, or prevent a merger or acquisition that stockholders may consider favorable and will protect our stockholders from coercive or otherwise unfair takeover tactics; our intention to enter into a new financing arrangement; our expectation to have $25 million of cash on hand and no third-party indebtedness as of the consummation of the Distribution; our current intention to retain all available funds and future earnings, if any, to fund the development and expansion of our business; our anticipation to not pay any cash dividends on our common stock in the foreseeable future; our expectations of costs and expenses associated with becoming an independent, publicly traded company; our expectation to incur expenditures to establish certain standalone functions, information technology systems, and other one-time costs subsequent to the completion of the Separation; our expectation that nonrecurring amounts, related to the Separation that are incurred prior to the completion of the Separation and SWBI to pay, will include costs to separate and/or duplicate information technology systems, investment banker fees (other than fees and expenses in connection with the debt financing), third-party legal and accounting fees, and similar costs; our belief we will meet known or reasonably likely future cash requirements through the combination of cash flows from operating activities, available cash balances, and available borrowings through the issuance of third-party debt; and our expectation to utilize our cash flows to continue to invest in our brands, including research and development of new product initiatives, talent and capabilities, and growth strategies, including any potential acquisitions, and to repay any indebtedness we may incur over time. All forward-looking statements included herein are based on information available to us as of the date hereof and speak only as of such date. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. The forward-looking statements contained in or incorporated by reference into this information statement reflect our views as of the date of this information statement about future events and are subject to risks, uncertainties, assumptions, and changes in circumstances that may cause our actual results, performance, or achievements to differ significantly from those expressed or implied in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, performance, or achievements. A number of factors could cause actual results to differ materially from those indicated by 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 raw materials necessary for the production of our products, disruptions and delays in the manufacture of our products, difficulties encumbered 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 inability to expand our e-commerce business; our inability to compete in a highly competitive market; our dependence on large customers; an increase in private label products by our customers; pricing pressures by our customers; our ability to collect our account to receivable the risk of earthquakes, fire, power outages, power losses, and telecommunication failures; our abilities to identify acquisition candidates, to complete acquisitions of potential acquisition candidates, our ability to integrate their businesses with our business, and the success of acquired companies; our ability to protect our intellectual property; the risk of complying with any applicable foreign laws or regulations and the effect of increased protective tariffs; the performance and security of our information systems; the potential for product recalls, product liability, and other claims against us; our dependable on key personnel; economic, social, political, legislative, and regulatory factors; the potential for increased regulation of firearms and firearms-related products; the state of the U.S. economy; risks associated with of our new principal facility, including the expected benefits; and other factors detailed from time to time in our reports that will be filed with the Securities and Exchange Commission, or the SEC.

## INFORMATION STATEMENT SUMMARY

*This summary highlights information contained in this information statement relating to us and shares of our common stock being distributed by SWBI in connection with the Distribution. This summary may not contain all details concerning the Separation or other information that may be important to you. To better understand the Separation and our business and financial position, you should carefully review this entire information statement, including the risk factors, our historical combined financial statements, our unaudited pro forma combined financial statements, and the respective notes to those historical and pro forma financial statements.*

*Unless otherwise indicated, references in this information statement to fiscal 2020, fiscal 2019, and fiscal 2018 are to the fiscal years ended April 30, 2020, 2019, and 2018, respectively. Our historical combined financial statements have been prepared on a "carve-out" basis to reflect the operations, financial condition, and cash flows of the outdoor products and accessories business of SWBI during all periods shown. Our unaudited pro forma combined financial statements adjust our historical combined financial statements to give effect to our Separation from SWBI and our anticipated post-Separation capital structure.*

### Our Company

We are a leading provider of outdoor products and accessories encompassing hunting, fishing, camping, shooting, and personal security and defense products for rugged outdoor enthusiasts. We conceive, design, produce or source, and sell products and accessories, including shooting supplies, rests, vaults, and other related accessories; premium sportsman knives and tools for fishing and hunting; land management tools for hunting preparedness; harvesting products for post-hunt or post-fishing activities; electro-optical devices, including hunting optics, firearm aiming devices, flashlights, and laser grips; reloading, gunsmithing, and firearm cleaning supplies; and survival, camping, and emergency preparedness products. We develop and market our products at our facility in Columbia, Missouri and contract for the manufacture and assembly of most of our products with third-parties located in Asia. We also manufacture some of our electro-optics products in our facility in Wilsonville, Oregon.

We focus on our brands and the establishment of product categories in which we believe our brands will resonate strongly with the activities and passions of consumers and enable us to capture an increasing share of our overall addressable markets. Our owned brands include Caldwell, Wheeler, Tipton, Frankford Arsenal, Hooyman, BOG, MEAT!, Uncle Henry, Old Timer, Imperial, Crimson Trace, LaserLyte, Lockdown, UST, BUBBA, and Schrade, and we license for use in association with certain products we sell additional brands, including M&P, Smith & Wesson, Performance Center by Smith & Wesson, and Thompson/Center Arms. In focusing on the growth of our brands, we organize our creative, product development, sourcing, and e-commerce teams into four brand lanes, each of which focuses on one of four distinct consumer verticals – Marksman, Defender, Harvester, and Adventurer – with each of our brands included in one of the brand lanes. Our sales activities focus on our various distribution channels, which we refer to as classes of trade, such as online retailers, specialty retailers, dealers, distributors, and direct to consumer.

Our Marksman brands address product needs arising from consumer activities that take place primarily at the shooting range and where firearms are cleaned, maintained, and worked on. Our Defender brands include products that help consumers aim their firearms more accurately, including situations that require self-defense, and products that help secure, store, and maintain connectivity to those possessions that some consumers would consider to be high value or high consequence. Our Harvester brands focus on the activities hunters typically engage in, including hunting preparation, the hunt itself, and the activities that follow a hunt, such as meat processing. Our Adventurer brands include products that help enhance consumers' fishing and camping experiences.

We are headquartered in Columbia, Missouri. Upon our separation from SWBI, we expect to trade under the ticker symbol "AOUT" on Nasdaq.

**Our Strategy**

Our objective is to enhance our position as a leading provider of high-quality and innovative outdoor products and accessories for the hunting, fishing, camping, shooting, personal security and defense, and other rugged outdoor markets and to expand our addressable market into carefully selected new product arenas. Key elements of our strategy to achieve this objective and deliver long-term stockholder value are as follows:

- introduce a continuing stream of innovative new and differentiated rugged outdoor products and product extensions that appeal to consumers and achieve market acceptance and that drive customer satisfaction and loyalty;
- expand the size of our addressable market by appealing to new and larger consumer audiences in new product categories outside the rugged outdoor market;
- cultivate and enhance direct-to-consumer relationships through our digital platforms;
- expand and enhance our supply chain; and
- pursue acquisitions that financially and strategically complement our current business.

**Risks Associated with the Proposed Transaction and Our Business**

An investment in our company is subject to a number of risks. You should carefully consider the matters discussed under the heading “Risk Factors” of this information statement.

**The Separation**

On November 13, 2019, SWBI announced that it was proceeding with a plan to spin-off its outdoor products and accessories business. We are currently a wholly owned subsidiary of SWBI and we will hold, directly or indirectly through our subsidiaries, all of the assets and legal entities, subject to any related liabilities, associated with SWBI’s outdoor products and accessories business. The Separation will be achieved through the transfer of all the assets and legal entities, subject to any related liabilities, of the outdoor products and accessories business to our company or our subsidiaries, which we refer to as the Transfer, and the distribution of 100% of our outstanding capital stock to holders of SWBI common stock as of the close of business on the Record Date, which we refer to as the Distribution. In connection with the Distribution, SWBI stockholders will receive [●] shares of our common stock for every [●] shares of SWBI common stock held as of the close of business on the Record Date. The Separation is expected to be completed on [●], 2020. Following the Separation, SWBI stockholders as of the close of business on the Record Date will own 100% of the outstanding shares of our common stock; we will be an independent, publicly traded company, and SWBI will retain no ownership interest in our company.

In connection with the Separation, we will enter into a Separation and Distribution Agreement and several other agreements with SWBI to effect the Separation and provide a framework for our relationship with SWBI after the Separation. These agreements will provide for the allocation between us and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, of the assets, liabilities, legal entities, and obligations associated with the outdoor products and accessories business, on the one hand, and the firearm business, on the other hand, and will govern the relationship between our company and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, subsequent to the Separation. In addition to the Separation and Distribution Agreement, the other principal agreements to be entered into with SWBI include a Tax Matters Agreement, a Transition Services Agreement, an Employee Matters Agreement, a Trademark License Agreement, a Sublease, and certain commercial agreements.

The Separation, as described in this information statement, is subject to the satisfaction or waiver of certain conditions. For more information, see “The Separation—Conditions to the Distribution” included elsewhere in this information statement. We cannot provide any assurances that SWBI will complete the Separation.

Following a strategic review, it was determined that separating SWBI's outdoor products and accessories business from SWBI's firearm business would be in the best interests of SWBI and its stockholders and that the Separation would create two industry-leading companies with attributes that best position each company for long-term success, including the following:

- ***Distinct Focus***. Each company will benefit from a distinct strategic and management focus on its specific operational and growth priorities.
- ***Differentiated Investment Theses***. Each company will offer differentiated and compelling investment opportunities based on its particular operating and financial model, allowing it to more closely align with its natural investor type.
- ***Optimized Balance Sheet and Capital Allocation Priorities***. Each company will operate with a capital structure and capital deployment strategy tailored to its specific business model and growth strategies without having to compete with the other for investment capital.
- ***Direct Access to Capital Markets***. Each company will have its own equity structure that will afford it direct access to the capital markets and allow it to capitalize on its unique growth opportunities appropriate to its business.
- ***Alignment of Incentives with Performance Objectives***. Each company will be able to offer incentive compensation arrangements for employees that are more directly tied to the performance of its business and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.
- ***Incremental Stockholder Value***. Each company will benefit from the investment community's ability to value its businesses independently within the context of its particular industry with the anticipation that, over time, the aggregate market value of the companies will be higher, on a fully distributed basis and assuming the same market conditions, than if SWBI were to remain under its current configuration.

Neither we nor SWBI can assure you that, following the Separation, any of the benefits described above or otherwise in this information statement will be realized to the extent anticipated or at all. For more information, see "Risk Factors."

**Regulatory Approvals and Appraisal Rights**

We must complete the necessary registration under the federal securities laws of our common stock to be issued in connection with the Distribution. We must also complete the applicable listing requirements on Nasdaq for such shares. Other than these requirements, we do not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the Distribution.

SWBI stockholders will not have any appraisal rights in connection with the Distribution.

**Corporate Information**

We were incorporated in Delaware on January 28, 2020. We maintain our principal executive offices at 1800 North Route Z, Columbia, Missouri 65202. Our telephone number is (800) 338-9585. Our website will be located at *www.AOB.com*. Our website and the information contained therein or connected thereto is not incorporated into this information statement or the registration statement of which it forms a part.

**Implications of Being an Emerging Growth Company**

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We will continue to be an emerging growth company until the earliest to occur of the following:

- the last day of the fiscal year following the fifth anniversary of the Distribution;
- the last day of the fiscal year with at least $1.07 billion in annual revenue;

- the last day of the fiscal year in which we are deemed to be a large accelerated filer, which means that we have been public for at least 12 months, have filed at least one annual report, and the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last day of our then-most recently completed second fiscal quarter; or
- the date on which we have issued more than $1 billion of non-convertible debt during the prior three-year period.

Until we cease to be an emerging growth company, we may take advantage of reduced reporting requirements generally unavailable to other public companies. Those provisions allow us to do the following:

- provide reduced disclosure regarding our executive compensation arrangements pursuant to the rules applicable to smaller reporting companies, which means we do not have to include a compensation discussion and analysis and certain other disclosures regarding our executive compensation;
- not provide an auditor attestation of our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or Sarbanes-Oxley; and
- not hold a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have elected to adopt the reduced disclosure requirements described above for purposes of this information statement. In addition, for so long as we qualify as an emerging growth company, we expect to take advantage of certain of the reduced reporting and other requirements of the JOBS Act with respect to the periodic reports we will file with the SEC and proxy statements that we use to solicit proxies from our stockholders. As a result of these elections, the information that we provide in this information statement may be different than the information you may receive from other public companies in which you hold equity interests. In addition, it is possible that some investors will find our common stock less attractive as a result of these elections, which may result in a less active trading market for our common stock and higher volatility in our stock price.

In addition, the JOBS Act permits an emerging growth company to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to not take advantage of the extended transition period that allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies, which means that the financial statements included in this information statement, as well as financial statements we file in the future, will be subject to all new or revised accounting standards generally applicable to public companies. Our election not to take advantage of the extended transition period is irrevocable.

## SUMMARY OF THE SEPARATION

The following is a summary of the material terms of the Separation and other related transactions.

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| ***Distributing Company*** | Smith & Wesson Brands, Inc., a Nevada corporation. Following the Distribution, SWBI will not own any shares of our common stock. |
| ***Distributed Company*** | American Outdoor Brands, Inc., a Delaware corporation, currently is a wholly owned subsidiary of SWBI and will hold, directly or indirectly through its subsidiaries, all of the assets and legal entities, subject to any related liabilities, associated with the outdoor products and accessories business of SWBI. Following the consummation of the Separation, we will be an independent, publicly traded company. |
| ***Distribution Ratio*** | Each holder of SWBI common stock will receive [●] shares of our common stock for every [●] shares of SWBI common stock held as of the close of business on the Record Date. |
| ***Distributed Securities*** | SWBI will distribute 100% of the shares of our common stock in the Distribution. Based on the approximately [ ● ] shares of SWBI common stock outstanding on [ ● ], 2020, and applying the distribution ratio of [●] shares of our common stock for every [●] shares of SWBI common stock, SWBI will distribute approximately [●] shares of our common stock to SWBI stockholders that hold SWBI common stock as of the close of business on the Record Date. |
| ***Fractional Shares*** | Issuer Direct Corporation, acting as the Distribution Agent, will not distribute any fractional shares of our common stock to SWBI stockholders. As soon as practicable on or after the Distribution Date, the Distribution Agent will, instead, aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices, and distribute the net cash proceeds from the sales, net of brokerage fees and commissions, transfer taxes, and other costs, and after making appropriate deductions of the amounts required to be withheld for U.S. federal income tax purposes, if any, pro rata to each stockholder that would otherwise have been entitled to receive a fractional share in connection with the Distribution. The Distribution Agent will determine when, how, through which broker-dealers, and at what prices to sell the aggregated fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any minimum sale price for the fractional shares or to any interest on the amounts of payments made in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient stockholders for U.S. federal income tax purposes as described in “Material U.S. Federal Income Tax Consequences of the Distribution—The Distribution.” |
| ***Record Date*** | The Record Date will be the close of business on [●], 2020. |
| ***Distribution Date*** | The Distribution Date will be [●], 2020. |

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| ***Distribution*** | On the Distribution Date, SWBI will distribute 100% of the shares of our common stock to all SWBI stockholders as of the close of business on the Record Date based on the distribution ratio. The shares of our common stock will be distributed electronically in direct registration or book-entry form, and no certificates will be distributed.<br><br>On or shortly following the Distribution Date, the Distribution Agent will mail to stockholders that hold their shares directly with SWBI, and are<br><br>therefore registered holders, a direct registration account statement that reflects the number of shares of our common stock that have been registered in book-entry form in their name.<br><br>For shares of SWBI stock that are held through a bank or brokerage firm, the bank or brokerage firm will credit the stockholder's account with the shares of our common stock that they are entitled to receive in connection with the Distribution.<br><br>SWBI stockholders will not be required to make any payment, to surrender or exchange their shares of SWBI common stock, or to take any other action to receive their shares of our common stock in connection with the Distribution.<br><br>If you are a SWBI stockholder as of the close of business on the Record Date and decide to sell your shares on or before the Distribution Date, you may choose to sell your SWBI common stock with or without your entitlement to receive our common stock in connection with the Distribution. Beginning on the close of business on the Record Date and continuing up to and including the Distribution Date, we expect that there will be two markets in SWBI common stock: a "regular-way" market and an "ex-distribution" market. Shares of SWBI common stock that trade on the "regular-way" market will trade with an entitlement to receive shares of our common stock in connection with the Distribution. Shares of SWBI common stock that trade on the "ex-distribution" market will trade without an entitlement to receive shares of our common stock in connection with the Distribution. Therefore, if you sell shares of SWBI common stock on the "regular-way" market after the close of business on the Record Date and up to and including through the Distribution Date, you will be selling your right to receive shares of our common stock in connection with the Distribution. If you own shares of SWBI common stock as of the close of business on the Record Date and sell those shares on the "ex-distribution" market, up to and including through the Distribution Date, you will still receive the shares of our common stock that you would be entitled to receive in respect of your ownership, as of the Record Date, of the shares of SWBI common stock that you sold. |
| ***Conditions to the Distribution*** | The consummation of the Distribution is subject to the satisfaction or waiver of the following conditions, among other conditions described in this information statement:<br>• the SEC will have declared effective our registration statement on Form 10, of which this information statement is a part, under the Securities Exchange Act of 1934, as amended, or the Exchange Act; no stop order suspending the effectiveness of our registration statement on Form 10 will be in effect; no proceedings for such purpose will be pending or threatened by the SEC; and this information statement, or a notice of Internet availability thereof, will have been mailed to the holders of SWBI common stock as of the close of business on the Record Date;<br>• our common stock to be delivered in connection with the Distribution will have been approved for listing on Nasdaq, subject to official notice of issuance; |

- SWBI will have received of an opinion of Greenberg Traurig, LLP (which will not have been revoked or modified in any material respect) in the form and substance satisfactory to SWBI (in its sole discretion), or the Tax Opinion, substantially to the effect that, among other things, the Transfer and the Distribution will qualify as a tax-free transaction under Section 355 and Section 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended, or the Code, for U.S. federal income tax purposes;
- any material governmental approvals and consents and any material permits, registrations, and consents from third parties, in each case, necessary to effect the Distribution and to permit the operation of the outdoor products and accessories business after the Distribution Date substantially as conducted as of the date of the Separation and Distribution Agreement will have been obtained; and
- no event or development will have occurred or exists that, in the judgment of the SWBI Board of Directors, in its sole discretion, makes it inadvisable to effect the Distribution or other transactions contemplated by the Separation and Distribution Agreement.

The fulfillment of these conditions will not create any obligations on SWBI's part to effect the Separation, and the SWBI Board of Directors has reserved the right, in its sole discretion, to abandon, modify, or change the terms of the Separation, including by accelerating or delaying the timing of the consummation of all or part of the Distribution, at any time prior to the Distribution Date.

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| ***Stock Exchange Listing*** | We have applied to have our common stock listed on Nasdaq under the ticker symbol "AOUT." |
| ***Dividend Policy*** | We currently intend to retain all available funds and any future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. See the section entitled "Dividend Policy." |
| ***Transfer Agent*** | Issuer Direct Corporation |
| ***U.S. Federal Income Tax Consequences*** | A condition to the closing of the Separation is SWBI's receipt of the Tax Opinion substantially to the effect that, among other things, the Transfer and the Distribution will qualify under the Code as a transaction that is tax-free to SWBI and to its stockholders. You should review the section entitled "Material U.S. Federal Income Tax Consequences of the Distribution—The Distribution" for a discussion of the material U.S. federal income tax consequences of the Distribution. You should consult your own tax advisor as to the particular tax consequences to you of the Distribution, including potential tax consequences under state, local, and non-U.S. tax laws. |

## QUESTIONS AND ANSWERS ABOUT THE SEPARATION

**Please see "The Separation" for a more detailed description of the matters summarized below**.

**Why am I receiving this document?**

You are receiving this document because you are a SWBI stockholder as of the close of business on the Record Date and, as such, will be entitled to receive shares of our common stock upon completion of the transactions described in this information statement. We are sending you this document to inform you about the Separation and to provide you with information about our company and our business and operations upon completion of the Separation.

**What do I have to do to participate in the Separation?**

Nothing. You will not be required to pay any cash or deliver any other consideration in order to receive the shares of our common stock that you will be entitled to receive in connection with the Distribution. In addition, no stockholder approval will be required for the Separation, you are not being asked to provide a proxy with respect to any of your shares of SWBI common stock in connection with the Separation, and you should not send us a proxy.

**Why is SWBI separating its outdoor products and accessories business from its firearm business?**

The SWBI Board of Directors believes that separating SWBI's outdoor products and accessories business from its firearm business and forming a new company to conduct the outdoor products and accessories business will enable the management team of each company to focus on its specific strategies, including, among others, (1) structuring its business to take advantage of growth opportunities in its specific markets, (2) tailoring its business operation and financial model to its specific long-term strategies, and (3) aligning its external financial resources, such as stock, access to markets, credit, and insurance factors, with its particular type of business. The Separation is intended to enhance the long-term performance of each business for the reasons discussed in the section entitled "The Separation—Reasons for the Separation."

**What is AOUT?**

We are a newly formed Delaware corporation that will hold, directly or indirectly through our subsidiaries, all of the assets and legal entities, subject to any related liabilities, of the outdoor products and accessories business of SWBI and will be publicly traded following the Separation.

**How will SWBI accomplish the Separation of its outdoor products and accessories business?**

The Separation involves the Transfer (i.e., the contribution of the assets and legal entities, subject to any related liabilities, associated with SWBI's outdoor products and accessories business to our company or our subsidiaries) and the Distribution (i.e., SWBI's distribution to its stockholders of all the shares of our common stock). Following this Transfer and Distribution, we will be a publicly traded company independent from SWBI, and SWBI will not retain any ownership interest in our company.

**What will I receive in the Distribution?**

In connection with the Distribution, you will be entitled to receive [●] shares of our common stock for every [●] shares of SWBI common stock held by you as of the close of business on the Record Date as well as a cash payment in lieu of any fractional shares, as discussed herein.

**How does my ownership in SWBI change as a result of the Separation?**

Your ownership of SWBI stock will not be affected by the Separation.

**What is the Record Date?**

The Record Date for determining holders of record of SWBI common stock entitled to participate in the Distribution will be the close of business on [●], 2020. When we refer to the Record Date in this information statement, we are referring to that time and date.

**When will the Distribution occur?**

The Distribution is expected to occur on [●], 2020.

**As a SWBI stockholder as of the Record Date, how will shares of common stock be distributed to me?**

At the effective time of the Distribution, we will instruct our transfer agent and Distribution Agent to make book-entry credits for the shares of our common stock that you are entitled to receive as a stockholder of SWBI as of the close of business on the Record Date. Since shares of our common stock will be in uncertificated book-entry form, you will receive share ownership statements in place of physical share certificates.

**What if I hold my shares through a broker, bank, or other nominee?**

SWBI stockholders that hold their shares through a broker, bank, or other nominee will have their bank, brokerage, or other account credited with our common stock. For additional information, those stockholders should contact their broker or bank directly.

**How will fractional shares be treated in the Distribution?**

You will not receive fractional shares of our common stock in connection with the Distribution. The Distribution Agent will, instead, aggregate and sell on the open market any fractional shares of our common stock that would otherwise be issued in connection with the Distribution, and, if you would otherwise be entitled to receive a fractional share of our common stock in connection with the Distribution, you will instead receive the net cash proceeds of the sale attributable to such fractional share after payment of brokerage fees and commissions, transfer taxes, and other costs, and after making appropriate deductions of the amounts required to be withheld for U.S. federal income tax purposes, if any.

**What are the U.S. federal income tax consequences to me of the Distribution?**

A condition to the closing of the Separation is SWBI's receipt of the Tax Opinion to the effect that the Distribution will qualify under the Code, as a transaction that is tax-free to SWBI and to its stockholders. On the basis that the Distribution so qualifies for U.S. federal income tax purposes, you will not recognize any gain or loss, and no amount will be included in your income in connection with the Distribution, except with respect to any cash received in lieu of fractional shares. You should review the section entitled "Material U.S. Federal Income Tax Consequences of the Distribution—The Distribution" for a discussion of the material U.S. federal income tax consequences of the Distribution.

**How will I determine the tax basis I will have in my SWBI shares after the Distribution and the AOUT shares I receive in connection with the Distribution?**

Generally, for U.S. federal income tax purposes, your aggregate basis in your shares of SWBI common stock and the shares of our common stock that you receive in connection with the Distribution (including any fractional shares for which cash is received) will equal the aggregate basis of SWBI common stock held by you immediately before the consummation of the Distribution. This aggregate basis should be allocated between your shares of SWBI common stock and the shares of our common stock that you receive in connection with the Distribution (including any fractional shares for which cash is received) in proportion to the relative fair market value of each immediately following the consummation of the Distribution. See "Material U.S. Federal Income Tax Consequences of the Distribution—The Distribution."

**How will SWBI's common stock and AOUT's common stock trade after the Separation?**

There is currently no public market for our common stock. We have applied to have our common stock listed on Nasdaq under the ticker symbol "AOUT." SWBI common stock will continue to trade on the Nasdaq Global Select Market under the ticker symbol "SWBI."

**If I sell my shares of SWBI common stock on or before the Distribution Date, will I still be entitled to receive AOUT shares in the Distribution with respect to the sold shares?**

Beginning on the Record Date and continuing up to and including the Distribution Date, we expect that there will be two markets in SWBI common stock: a "regular-way" market and an "ex-distribution" market. Shares of SWBI common stock that trade on the "regular-way" market will trade with the entitlement to receive shares of our common stock in connection with the Distribution. Shares of SWBI common stock that trade on the "ex-distribution" market will trade without the entitlement to receive shares of our common stock in connection with the Distribution. Therefore, if you sell shares of SWBI common stock on the "regular-way" market after the close of business on the Record Date and up to and including through the Distribution Date, you will be selling your right to receive shares of our common stock in connection with the Distribution. If you own shares of SWBI common stock as of the close of business on the Record Date and sell these shares on the "ex-distribution" market, up to and including through the Distribution Date, you will still receive the shares of our common stock that you would be entitled to receive in respect of your ownership, as of the Record Date, of the shares of SWBI common stock that you sold. You are encouraged to consult with your financial advisor regarding the specific implications of selling your SWBI common stock prior to or on the Distribution Date.

**Will I receive a stock certificate for AOUT shares distributed as a result of the Distribution?**

No. Registered holders of SWBI common stock that are entitled to receive the Distribution will receive a book-entry account statement reflecting their ownership of our common stock. For additional information, registered stockholders in the United States, Canada, or Puerto Rico should contact SWBI's transfer agent, Issuer Direct Corporation, in writing at 1981 Murray Holladay Road, Suite 100, Salt Lake City, UT 84117, toll free at 1-800-481-4000 or through its website at www.issuerdirect.com. Stockholders from outside the United States, Canada, and Puerto Rico may call 1-919-481-4000. See "The Separation—When and How You Will Receive the Distribution of AOUT Shares."

**Can SWBI decide to cancel the Distribution even if all the conditions have been met?**

Yes. SWBI has the right to terminate, or modify the terms of, the Separation at any time prior to the Distribution Date, even if all of the conditions to the Distribution are satisfied.

**Do I have appraisal rights?**

No. SWBI stockholders do not have any appraisal rights in connection with the Separation.

**Will AOUT have any outstanding indebtedness immediately following the Separation?**

No. In addition to being capitalized with $25 million of cash as of the Distribution Date, we are in the final stages of negotiating a $50 million revolving line of credit to fund general corporate purposes; however, we have no outstanding borrowing on this line. See "The Separation—Incurrence of Debt" and "Description of Material Indebtedness."

**Does AOUT intend to pay cash dividends on its common stock?**

No. We do not currently intend to pay cash dividends on our common stock. See "Dividend Policy."

**Will the Separation affect the trading price of my SWBI stock?**

Yes. The trading price of shares of SWBI common stock immediately following the consummation of the Distribution may be expected to be lower than immediately prior to that time because the trading price will no longer reflect the value of the outdoor products and accessories business. We cannot provide you with any assurance regarding the price at which the SWBI shares will trade following the Separation.

**What will happen to outstanding SWBI equity compensation awards?**

Outstanding SWBI equity compensation awards will be equitably adjusted simultaneously with the Distribution. These equitable adjustments are intended to maintain, immediately following the consummation of the Distribution, the intrinsic value of the award immediately prior to the consummation of the Distribution. For a more detailed description of how such awards will be adjusted, see "The Separation—Treatment of Outstanding Equity Compensation Awards."

**What will the relationship between SWBI and AOUT be following the Separation?**

Following the Separation, SWBI will not own any shares of our common stock, and SWBI and we each will be independent, publicly traded companies with our own management teams. In connection with the Separation, we will enter into a Separation and Distribution Agreement and several other agreements with SWBI to effect the Separation and provide a framework for our relationship with SWBI after the Separation. These agreements will provide for the allocation between us and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, of the assets, liabilities, legal entities, and obligations associated with the outdoor products and accessories business, on the one hand, and the firearm business, on the other hand, and will govern the relationship between our company and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, subsequent to the Separation. In addition to the Separation and Distribution Agreement, the other principal agreements to be entered into with SWBI include a Tax Matters Agreement, a Transition Services Agreement, an Employee Matters Agreement, a Trademark License Agreement, a Sublease, and certain commercial agreements. See "The Separation—Agreements with SWBI."

**Who is the transfer agent for our common stock?**

Issuer Direct Corporation will be the transfer agent for our common stock. Issuer Direct Corporation's mailing address is 1981 Murray Holladay Road, Suite 100, Salt Lake City, UT 84117 and Issuer Direct Corporation's phone number for stockholders in the United States, Canada, or Puerto Rico is Toll Free 1-800-481-4000 and for stockholders from outside the United States, Canada, and Puerto Rico is 1-919-481-4000.

**Who is the Distribution Agent for the Distribution?**

Issuer Direct Corporation.

**Who can I contact for more information?**

If you have questions relating to the mechanics of the distribution of our shares, you should contact the Distribution Agent as set forth below:

Issuer Direct Corporation
C/O: Julie Felix
1981 Murray Holladay Road, Suite 100
Salt Lake City, UT 84117
Toll Free: 1-800-481-4000
International: 1-919-481-4000

Before the Separation, if you have questions relating to the transactions described herein, you should contact SWBI as set forth below:

Smith & Wesson Brands, Inc.
2100 Roosevelt Avenue
Springfield, Massachusetts 01104
Attention: Investor Relations
Phone: 413-747-6284

After the Separation, if you have questions relating to SWBI, you should contact SWBI as set forth below:

Smith & Wesson Brands, Inc.
2100 Roosevelt Avenue
Springfield, Massachusetts 01104
Attention: Investor Relations
Phone: 413-747-6284

After the Separation, if you have questions relating to our company, you should contact us as set forth below:

American Outdoor Brands, Inc.
1800 North Route Z
Columbia, Missouri 65202
Attention: Investor Relations
Phone: 413-747-6284

## RISK FACTORS

*You should carefully consider each of the following risks and all of the other information contained in this information statement. Some of these risks relate principally to our separation from SWBI, while others relate principally to our business and the industry in which we operate or to the securities markets generally and ownership of our common stock. Our business, prospects, operating results, financial condition, and cash flows could be materially and adversely affected by any of these risks, and, as a result, the trading price of our common stock could decline.*

### Risks Related to Our Business

***We are dependent on the proper functioning of our critical facilities, our supply chain, and distribution networks as well as the financial stability of our customers, all of which could be negatively impacted by the coronavirus, or COVID-19 in a manner that could materially adversely affect our business, financial condition or results of operations.***

COVID-19 is impacting worldwide economic activity. Estimates for economic growth have been reduced as a result of COVID-19, which may have a corresponding effect on our sales activity. The virus continues to spread globally and has been declared a pandemic by the World Health Organization. The impact of this pandemic has been, and will likely continue to be, extensive in many aspects of society, which has resulted in, and will likely continue to result in, significant disruptions to the global economy, as well as businesses and capital markets around the world. With the spread of COVID-19 to the United States and other countries, it is unclear how economic activity and work flows might be impacted on a worldwide basis. Many employers in the United States have curtailed or closed their operations and others are requiring their employees to work from home or not come into their offices or facilities. In addition, the facilities of certain of our contract manufacturers and other suppliers are subject to the same and additional risks, especially since some of them are located in parts of Asia. For example, most of our third-party contract manufacturers and suppliers are located in Asia, primarily China, the place of origin of COVID-19, and, to a lesser extent, Taiwan and Japan, and, at this point, the extent to which COVID-19 may impact our results is uncertain, but it could negatively impact our business. A reduction or interruption in any of our manufacturing processes could have a material adverse effect on our business, results of operations, financial condition, and cash flows. We may also experience significant and unpredictable reductions in demand for certain products as our customers and vendors may experience financial difficulties or be unable to borrow money to fund their operations, which may adversely impact their ability to purchase our products or pay for our products on a timely basis, if at all. The impact of COVID-19 on economic activity, and its effect on our production, supply chain, distribution networks, and our customers is uncertain at this time and could have a material adverse effect on our results, especially to the extent these effects continue and/or increase in severity over an extended period of time.

A significant portion of our assets consists of goodwill, intangible assets, and fixed assets, the carrying value of which may be reduced if we determine that those assets are impaired. Most of our intangible and fixed assets have finite useful lives and are amortized or depreciated over their useful lives on either a straight-line basis or over the expected period of benefit or as revenues are earned from the sales of the related products. The underlying assumptions regarding the estimated useful lives of these intangible assets are reviewed annually and more often if an event or circumstance occurs making it likely that the carrying value of the assets may not be recoverable and are adjusted through accelerated amortization, if necessary. Whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable, and at least annually, we test intangible assets for impairment based on estimates of future cash flows. During our fourth fiscal quarter ending April 30, 2020, we recognized an impairment of $[●] million, which included certain impacts associated with COVID-19 that we were aware of at the time of the impairment. Based upon the ultimate scope and scale of the COVID-19 global pandemic, there may be additional materially negative impacts to the assumptions made with respect to our goodwill and other long-lived intangible assets that could result in an additional impairment of such assets.

***We must continue to introduce new products that are successful in the marketplace.***

Our success depends on our ability to continue to conceive, design, produce or source, and market in a timely manner a continuing stream of innovative new products that appeal to consumers and achieve market acceptance and drive customer satisfaction and loyalty. The development of new products is a lengthy and costly process. Any new products that we develop and introduce to the marketplace may be unsuccessful in achieving customer or market acceptance or may achieve success that does not meet our expectations for a variety of reasons, including delays in introduction, unfavorable cost comparisons with alternative products, unfavorable customer or consumer acceptance, and unfavorable performance. Our business, operating results, and financial condition could be adversely affected if we fail to introduce new products that consumers want to buy or we incur significant expenses related to proposed new products that prove to be unsuccessful for any reason.

***We rely to a significant extent on outsourcing for a substantial portion of our production, and any interruptions in these arrangements could disrupt our ability to fill our customers' orders.***

We source a significant portion of our made-to-order finished products and product components from third-party contract manufacturers and other suppliers located primarily in Asia. We depend on our contract manufacturers and other suppliers to maintain high levels of productivity and satisfactory delivery schedules. Our ability to secure qualified suppliers that meet our quality and other standards and to receive from them these products and components in a timely and efficient manner represents a challenge, especially with suppliers located and products and product components sourced outside of the United States. The ability of our suppliers to effectively satisfy our production requirements could also be impacted by their financial difficulty or damage to their operations caused by fire, pandemic, such as the current coronavirus pandemic, terrorist attack, natural disaster, or other events. The failure of any supplier to perform to our expectations could result in supply shortages or delays for certain products and product components and harm our business. If we experience significantly increased demand, or if we need to replace an existing supplier as a result of a lack of performance, we may be unable to supplement or replace our production capacity on a timely basis or on terms that are acceptable to us, which may increase our costs, reduce our margins, and harm our ability to deliver our products on time. For certain of our products, it may take a significant amount of time to identify and qualify a supplier that has the capability and resources to meet our product specifications in sufficient volume and satisfy our service and quality control standards. Political and economic instability in countries in which foreign suppliers are located, the financial and managerial instability of suppliers, the failure by suppliers to meet our standards, failure to meet production deadlines, insufficient quality control, problems with production capacity, labor problems experienced by our suppliers, the availability of raw materials to our suppliers, product quality issues, currency exchange rates, transport availability and cost, inflation, and other factors relating to suppliers and the countries in which they are located are beyond our control.

The U.S. foreign trade policies, tariffs, and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain types of materials from other countries, and other factors relating to foreign trade also are beyond our control. These and a majority of other factors affecting our suppliers and our access to products could adversely affect our business.

We do not have long-term agreements with any of our contract manufacturers or other suppliers that guarantee production capacity, prices, lead times, or delivery schedules. Our contract manufacturers and other suppliers serve other customers, a number of which may have greater production requirements than we do. As a result, our contract manufacturers and other suppliers could determine to prioritize production capacity for other customers or reduce or eliminate deliveries to us on short notice. Lower than expected manufacturing efficiencies could increase our cost and disrupt or delay our supplies. Any of these problems could result in our inability to deliver our products in a timely manner or adversely affect our business, operating results, and financial condition.

The capacity of our contract manufacturers to produce our products also depends upon the cost and availability of raw materials. Our contract manufacturers and other suppliers may not be able to obtain sufficient supply of raw materials, which could result in delays in deliveries of our products by our manufacturers or increased costs. Any shortage of raw materials or inability of a manufacturer to produce or ship our products in a timely manner, or at all, could impair our ability to ship orders of our products in a cost-efficient, timely manner and could cause us to miss the delivery requirements of our customers. As a result, we could experience cancellations of orders, refusals to accept deliveries, or reductions in our prices and margins, any of which could harm our financial performance, reputation, and operating results.

We may receive product deliveries from suppliers that fail to conform to our quality control standards. In such circumstances, our inability to sell those products could have a negative effect on our net sales and increase our administrative and shipping costs if we are unable to obtain replacement products in a timely manner.

Damage or disruption to manufacturing and distribution capabilities of, or the disruption of deliveries from, our suppliers because of severe or catastrophic events, including weather, natural disaster, fire or explosion, terrorism, pandemics, or labor disruptions, including at ports or at our suppliers, could impair our product sales. Although we have insurance to cover potential loss from most of our suppliers for these events, we could experience losses in excess of our insured limits and any claims for various losses could be denied. In addition, failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could have a material adverse effect on us, as well as require additional resources to restore our supply chain.

***The costs and availability of finished products, product components, and raw materials could affect our business and operating results.***

The costs and availability of the finished products, product components, and raw materials that we need can be volatile as a result of numerous factors beyond our control, including general, domestic, and international economic conditions; labor costs; production levels; competition; consumer demand; import duties; tariffs; and currency exchange rates. This volatility can significantly affect the availability and cost of these items for us and may therefore have a material adverse effect on our business, operating results, and financial condition.

Our contract manufacturers are also subject to price volatility and labor cost and other inflationary pressures, which may, in turn, result in an increase in the amount we pay for sourced products, components, and raw materials. During periods of rising prices, there can be no assurance that we will be able to pass any portion of such increases on to customers. Conversely, when prices decline, customer demands for lower prices could result in lower sale prices and, to the extent that we have existing inventory, lower margins. As a result, fluctuations in finished products, components, or raw material prices could have a material adverse effect on our business, operating results, and financial condition.

We also use numerous raw materials, including steel, wood, lead, brass, and plastics, that we purchase from third-party suppliers to produce and test our products. Uncertainties related to governmental fiscal policies, including increased duties, tariffs, or other trade restrictions, could increase the prices of finished products, components, and raw materials we purchase from third-party suppliers.

Our inability to obtain sufficient quantities of finished products and product components, raw materials, and other supplies from independent sources could result in reduced or delayed sales or lost orders. Any delay in or loss of sales could adversely impact our operating results. Many of the finished products, product components, raw materials, and other supplies that we require are available only from a limited number of suppliers.

Since we do not have long-term supply contracts with our contract manufacturers or other suppliers, we could be subject to increased costs, supply interruptions, and difficulties in obtaining finished products, product components, and raw materials. Our suppliers also may encounter difficulties and other issues in obtaining the materials necessary to produce the components and parts that we use in our products. Although we continue to expand our supply chain and seek to utilize multiple sourcing whenever possible, the time lost in seeking and acquiring new sources of supply or the inability to locate alternative sources of supply of comparable capabilities at an acceptable price, or at all, could negatively impact our net sales and profitability.

***Our business depends to a significant extent upon the brand recognition and reputation of our many brands, and the failure to maintain or strengthen our brand recognition and reputation could have a material adverse effect on our business.***

The recognition and reputation of our many brands are critical aspects of our business. We believe that maintaining and further enhancing the brand recognition and reputation of our brands is critical to retaining existing customers and attracting new customers. We also believe that the importance of our brand recognition and reputation will increase as competition in our markets continues to develop.

We anticipate that our advertising, marketing, and promotional efforts will increase in the foreseeable future as we continue to seek to enhance our brand recognition and the consumer demand for our products. Historically, we have relied on print and electronic media advertising to increase consumer awareness of our brands to increase purchasing intent and conversation. We anticipate that we will increasingly rely on other forms of media advertising, including social media and digital marketing. Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our advertising, promotion, public relations, and marketing programs. These brand promotion activities may not yield increased revenue and the efficacy of these activities will depend on a number of factors, including our ability to do the following:

- determine the appropriate creative message and media mix and markets for advertising, marketing, and promotional expenditures;
- select the right markets, media, and specific media vehicles in which to advertise;
- identify the most effective and efficient level of spending in each market, media, and specific media vehicle; and
- effectively manage marketing costs, including creative and media expenses, in order to maintain acceptable customer acquisition costs.

Increases in the pricing of one or more of our marketing and advertising channels could increase our marketing and advertising expenses or cause us to choose less expensive but possibly less effective marketing and advertising channels. If we implement new marketing and advertising strategies, we may incur significantly higher costs than our current costs, which in turn could adversely affect our operating results. Implementing new marketing and advertising strategies also could increase the risk of devoting significant capital and other resources to endeavors that do not prove to be cost effective. We also may incur marketing and advertising expenses significantly in advance of the time we anticipate recognizing revenue associated with such expenses, and our marketing and advertising expenditures may not generate sufficient levels of brand awareness and conversation or result in increased revenue. Even if our marketing and advertising expenses result in increased revenue, the increase might not offset our related expenditures. If we are unable to maintain our marketing and advertising channels on cost-effective terms or replace or supplement existing marketing and advertising channels with similarly or more effective channels, our marketing and advertising expenses could increase substantially, our customer base could be adversely affected, and our business, operating results, financial condition, and reputation could suffer.

In addition, we may determine that certain of our products and brands benefit from endorsements and support from particular sporting enthusiasts, athletes, or other celebrities, and those products and brands may become personally associated with those individuals. As a result, sales of the endorsed products could be materially and adversely affected if any of those individuals' images, reputations, or popularity were to be negatively impacted.

***We often rely on third parties, including product sourcing intermediaries, independent sales representatives and agents, that act on our behalf.***

We often rely on third parties, including product sourcing intermediaries, independent sales representatives and agents. These representatives and agents sometimes have the actual or apparent authority to enter into agreements on our behalf. The actions of these third parties could adversely affect our business if they agree to low margin contracts or conduct themselves in a manner that damages our reputation in the marketplace. We also face a risk that these third parties could violate domestic or foreign laws, which could put us at risk for prosecution in the United States or internationally.

***Our operating results could be materially harmed if we are unable to forecast demand for our products accurately.***

We often schedule internal production and place orders for finished products, product components, and raw materials with third-party suppliers before receiving firm orders from our customers. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products to deliver to our customers. Factors that could affect our ability to accurately forecast demand for our products include the following:

- our failure to accurately forecast customer acceptance of new products;
- an increase or decrease in consumer demand for our products or for the products of our competitors;
- new product introductions by competitors;
- our relationships with customers;
- general market conditions and other factors, which may result in cancellations of orders or a reduction or increase in the rate of reorders placed by customers;
- general market conditions, economic conditions, and consumer confidence levels, which could reduce demand for discretionary items, such as our products; and
- the domestic political environment, including debates over the regulation of various consumer products, such as firearms.

Inventory levels in excess of customer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have an adverse effect on our business, operating results, and financial condition. If we underestimate demand for our products, we and our third-party suppliers may not be able to produce products to meet customer demand, and this could result in delays in the shipment of products and lost revenues, as well as damage to our reputation and customer relationships. We may not be able to manage inventory levels successfully to meet future order and reorder requirements.

***An inability to expand our e-commerce business could reduce our future growth.***

Consumers are increasingly shopping online via e-commerce retailers, and we face intense pressure to make our products readily and conveniently available via e-commerce services. Our success in participating in e-commerce depends on our ability to effectively use our marketing resources to communicate with existing and potential customers. To increase our e-commerce sales, we may have to be more promotional to compete, which could impact our gross margin and increase our marketing expenses. We recently developed and continue to enhance our direct-to-consumer e-commerce platform, but rely to an extent on third party e-commerce websites to sell our products, which could lead to our e-commerce customers being able to have control over the pricing of our products. This in turn could lead to adverse relationship consequences with our customers that operate brick and mortar locations as they may perceive themselves to be at a disadvantage based on the e-commerce pricing to end consumers. There is no assurance that we will be able to successfully expand our e-commerce business and respond to shifting consumer traffic patterns and direct-to-consumer buying trends.

In addition, e-commerce and direct-to-consumer operations are subject to numerous risks, including implementing and maintaining appropriate technology to support business strategies; reliance on third-party computer hardware/software and service providers; data breaches; violations of federal, state, and international laws, including those relating to online privacy, credit card fraud, telecommunication failures, electronic break-ins, and similar disruptions; and disruptions of Internet service. Our inability to adequately respond to these risks and uncertainties or to successfully maintain and expand our direct-to-consumer business may have an adverse impact on our operating results.

We plan to continue to expand our brand recognition and product loyalty through social media and our websites, with generation of original content. These efforts are intended to yield greater traffic to our websites and increase our direct-to-consumer revenue. By doing so, we will become to an extent a competitor to our customers, reducing their revenue in the process. This could lead to adverse relationships with our online and brick and mortar retail customers, which could have an adverse impact on our operating results.

***We compete in highly competitive markets with numerous large and small competitors and with limited barriers to entry.***

We operate in highly competitive markets that are characterized by competition from major and small domestic and international companies. Our competitors include Vista Outdoor and a large number of small private companies that directly compete with a limited number of our brands.

Competition in the markets in which we operate is based on a number of factors, including innovation, performance, price, quality, reliability, durability, consumer brand awareness, and customer service and support. Competition could cause price reductions, loss of market share, reduced profits, or operating losses, any of which could have a material adverse effect on our business, operating results, and financial condition. Certain of our competitors may have more established brand names and stronger market partners than we do, be more diversified than we are, or have available financial and marketing resources that are substantially greater than ours, which may allow them to invest more heavily in intellectual property, product development, and advertising. In addition, the proliferation of private labels and exclusive brands offered by department stores, chain stores, and mass channel retailers could lead to reduced sales and prices of our products.

Certain of our competitors may be willing to reduce prices and accept lower profit margins to compete with us. Further, customers often demand that suppliers reduce their prices on mature products, which could lead to lower margins.

In addition, our products compete with many other sporting and recreational products and activities for the discretionary spending of consumers. Failure to effectively compete with these activities or alternative products could have a material adverse effect on our performance.

***A substantial portion of our revenue depends on a small number of large customers.***

We sell our products through online retailers, sport specialty stores, sporting goods stores, dealers and distributors, and mass market home and auto retailers. Our three largest customers accounted for an aggregate of [•]% of our revenue for fiscal 2020. Of these customers, the world's largest e-commerce retailer accounted for [•]% through its very extensive customer base of end consumers; SWBI accounted for [•]% through our long-standing license agreements with it; and a very large national sport specialty chain accounted for [•]% through its retail locations. Of our total revenue, sales pursuant to SWBI licenses accounted for an aggregate of [•]% of our revenue for fiscal 2020 from our various sales channels.

Although we have long-established relationships with many of our customers, we generally do not have any long-term supply or binding contracts or guarantees of minimum purchases with our customers. Purchases by our customers are generally made through individual purchase orders. As a result, these customers may cancel their orders, change purchase quantities from forecast volumes, delay purchases for a number of reasons beyond our control, or change other terms of the business relationship. Significant or numerous cancellations, reductions, or delays in purchases or changes in business practices by our customers could have a material adverse effect on our business, operating results, and financial condition. In addition, because many of our costs are fixed, a reduction in customer demand could have an adverse effect on our gross profit margins and operating income.

A significant deterioration in the financial condition of our major customers could have a material adverse effect on our sales and profitability. We regularly monitor and evaluate the credit status of our customers and attempt to adjust sales terms as appropriate. Despite these efforts, substantial financial issues or a bankruptcy filing by a key customer could have a material adverse effect on our business, operating results, and financial condition.

***An increase in the offering of "private label" products by our customers could negatively impact demand for our products.***

Some of our large retail customers have started to directly source products similar to ours under their own private label brands. By doing so, they effectively become a competitor to our brand by eliminating our products from their supply chain, causing declines in our product demand. Furthermore, they are able to offer their private label products at a significantly reduced price and still retain profitability, therefore putting a greater amount of pricing

pressure for our products to compete. If we choose to source these private label goods on behalf of our customers, our profitability on those sales is significantly reduced. As such, any additional private label activity within our customer base could have a negative impact on our business, operating results, and financial condition.

***Retail pricing decisions made by certain of our customers could negatively impact pricing for our products in certain online marketplaces.***

Many of our customers have manual or automated processes to match retail prices in the marketplace. We have a policy that requires our customers to maintain minimum advertised pricing on certain of our products, unless we allow otherwise. This policy serves to help stabilize the pricing for our products at retail. If a customer decreases its retail prices below our minimum threshold, other retailers could also reduce pricing on the same product, thus devaluing that product in the marketplace. This practice could cause us to lower our prices to customers or to compensate them financially for the loss in their inventory value, and, therefore, this could yield an adverse effect on our business, operating results, and financial condition.

***Changes in the retail industry and the markets for consumer products could negatively impact existing customer relationships and our operating results.***

In recent years, the retail industry has experienced consolidation and other ownership changes. In the future, retailers may further consolidate, undergo restructurings or reorganizations, realign their affiliations, or reposition the target markets for their stores. These developments could result in a reduction in the number of retailers that carry our products, increased ownership concentration within the retail industry, increased credit exposure, and increased retailer leverage over their suppliers, such as us. These changes could impact our opportunities in the market and increase our reliance on a smaller number of large customers.

We depend on a continuous flow of new orders from large, high-volume retail customers, but we may be unable to continually meet the needs of these customers. Retailers are increasing their demands on suppliers to take various actions, including the following:

- reduce lead times for product delivery, which may require us to increase inventories and could impact the timing of reported sales;
- require us to fulfill their direct-to-consumer website orders, or drop shipping, which could increase our cost per unit, lead to higher inventory levels, and increase freight costs;
- improve customer service in which products are supplied directly to retailers from third-party suppliers; and
- adopt technologies related to inventory management that may have substantial implementation costs.

We cannot provide any assurance that we can continue to successfully meet the needs of our customers. A substantial decrease in sales to any of our major customers could have a material adverse effect on our business, operating results, and financial condition.

As a result of the desire of retailers to more closely manage inventory levels, there is a growing trend among retailers to make purchases on a “just-in-time” basis. This requires us to shorten our lead times for production in certain cases and more closely anticipate demand, which could, in the future, require us to carry additional inventories. We also may be negatively affected by changes in the policies of our retail customers, such as inventory destocking, limitations on access to and time on shelf space, use of private label brands, price demands, payment terms, and other conditions, which could negatively impact our business, operating results, and financial condition.

These foregoing factors could result in a shift of bargaining power to the retail industry and in fewer outlets for our products. Further consolidations could result in price and other competition that could reduce our margins and our net sales.

***We may have difficulty collecting amounts owed to us.***

Certain of our customers may experience credit-related issues. We perform ongoing credit evaluations of customers, but these evaluations may not be completely effective. We grant payment terms to most customers ranging

from 30 to 90 days and do not generally require collateral. However, in some instances, we provide longer payment terms. Should more customers than we anticipate experience liquidity issues, or if payments are not received on a timely basis, we may have difficulty collecting amounts owed to us by such customers and our business, operating results, and financial condition could be adversely impacted.

Through our growth strategy, our sales could become increasingly dependent on purchases by several large customers. Consolidation in the retail industry could also adversely affect our business. If our sales were to become increasingly dependent on business with several large customers, we could experience more concentrated credit-related risks and be adversely affected by the loss or a significant decline in sales to one or more of these customers. In addition, our dependence on a smaller group of customers could result in their increased bargaining position and pressures on the prices we charge.

***We are subject to payment-related risks.***

We accept a variety of payment methods, including credit cards, debit cards, electronic funds transfers, electronic payment systems, and gift cards. Accordingly, we are subject to significant and evolving regulations and compliance requirements, including obligations to implement enhanced authentication processes that could result in increased costs and liability and reduce the ease of use of certain payment methods. For certain payment methods, including credit and debit cards, as well as electronic payment systems, we pay interchange and other fees, which may increase over time. We rely on independent service providers for payment processing, including credit and debit cards. If these independent service providers become unwilling or unable to provide these services to us or if the cost of using these providers increases, our business could be harmed. We are also subject to payment card association operating rules and agreements, including data security rules and agreements, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, or if there is a breach or compromise of our data security systems, we may be liable for losses incurred by card issuing banks or customers, subject to fines and higher transaction fees, or the loss of our ability to accept credit or debit card payments from our customers or process electronic fund transfers or facilitate other types of payments. Any failure to comply could significantly harm our brand, reputation, business, operating results, and financial condition.

***Our performance is influenced by a variety of economic, social, political, legislative, and regulatory factors.***

Our performance is influenced by a variety of economic, social, political, legislative, and regulatory factors. General economic conditions and consumer spending patterns can negatively impact our operating results. Economic uncertainty, unfavorable employment levels, declines in consumer confidence, increases in consumer debt levels, increased commodity prices, and other economic factors may affect consumer spending on discretionary items and adversely affect the demand for our products.

In addition, sluggish economies and consumer uncertainty regarding future economic prospects in our key markets may have an adverse effect on the financial health of certain of our customers, which may in turn have a material adverse effect on our operating results. We extend credit to our customers for periods of varying duration based on an assessment of the customer’s financial condition, generally without requiring collateral, which increases our exposure to the risk of uncollectable receivables. In addition, we face increased risk of order reduction or cancellation when dealing with financially ailing customers or customers struggling with economic uncertainty. We may reduce our level of business with customers and distributors experiencing financial difficulties and may not be able to replace that business with other customers, which could have a material adverse effect on our financial condition, operating results, or cash flows. In times of uncertain market conditions, there is also increased risk of inventories which cannot be liquidated in an efficient manner and may result in excess levels of inventory.

Social, political, and other factors also can affect our performance. Concerns about presidential, congressional, and state elections and legislature and policy shifts resulting from those elections can affect the demand for our products. In addition, speculation surrounding increased gun control and hunting regulations at the federal, state, and local level can affect consumer demand for our products since a significant amount of our products find applications in shooting and hunting activities. Often, such concerns result in an increase in near-term consumer demand and subsequent softening of demand when such concerns subside. Inventory levels in excess of customer demand may negatively impact our business, operating results, and financial condition.

Federal and state legislatures frequently consider legislation relating to the regulation of firearms, including amendment or repeal of existing legislation. Existing laws may also be affected by future judicial rulings and interpretations. These possible changes to existing legislation or the enactment of new legislation may seek to restrict the makeup of a firearm, including limitations on magazine capacity; mandate the use of certain technologies in a firearm; remove existing legal defenses in lawsuits; or ban the sale and in some cases, the ownership of various types of firearms and accessories. Such restrictive changes to legislation could reduce the demand for certain of our products that relate to firearms. In addition, gun-control activists may succeed in imposing restrictions or an outright ban on private gun ownership. Such restrictions or bans could have a material adverse effect on our business, operating results, and financial condition.

***Our revenue and profits depend upon the level of consumer spending, which is sensitive to global economic conditions and other factors.***

The success of our business depends on consumer spending, and there are a number of factors that influence consumer spending, including actual and perceived economic conditions; disposable consumer income; interest rates; consumer credit availability; employment levels; stock market performance; weather conditions; energy prices; consumer discretionary spending patterns; and tax rates in the international, national, regional, and local markets where our products are produced or sold. The current global economic environment is unpredictable, and adverse economic trends or other factors could negatively impact the level of consumer spending, which could have a material adverse impact on us.

***We depend on our new distribution facility, which may not produce the benefits expected.***

We are extremely dependent on our new distribution facility in Columbia, Missouri, which just recently became fully operational. The facility houses our principal executive, administrative, financial, sales, marketing, research and development, assembly, and quality inspection operations. We will have the exclusive right to utilize approximately 361,000 square feet of the approximately 613,000 rentable square feet in the facility, as well as access to the facility's common areas, under a sublease from SWBI. See "The Separation—Agreements with SWBI—Sublease."

The facility includes computer controlled and automated equipment. As a result, the operations of the facility are complicated and may be subject to a number of risks related to security or computer viruses, the proper operation of software and hardware, electronic or power interruptions, and other system failures. Our ability to successfully operate the facility depends on numerous factors, including the proper design of the facility, the ability to employ an adequate number of skilled workers to operate the facility, the design and operation of computer controlled and automated systems, the design of software systems to operate the facility, and the integration of the facility into our ERP system. Difficulties or delays in performing any of these critical tasks could negatively impact our operating results.

Our ability to meet customer expectations, manage inventory, complete sales, and achieve objectives for operating profits will depend on our proper operation of the facility.

***Our business is subject to the risk of earthquakes, fire, power outages, floods, and other catastrophic events and to interruption by problems such as terrorism, cyberattacks, or failure of key information technology systems.***

Our business is vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, criminal acts, public health crises, such as pandemics and epidemics, and other similar events. These risks are particularly substantial because we conduct substantially all of our operations from one location. We maintain casualty and business interruption insurance, but it may not adequately protect us from the types and amounts of losses we may incur or from the adverse effect that may be caused by significant disruptions in our product distribution, such as the long-term loss of customers or an erosion of our brand image. In addition, the facilities of certain of our contract manufacturers and other suppliers are subject to the same and additional risks, especially since some of them are located in parts of Asia that experience typhoons, earthquakes, other natural disasters, and public health crises. For example, most of our third-party contract manufacturers and suppliers are located in Asia, primarily China, and, to a lesser extent, Taiwan and Japan, and, at this point, the extent to which COVID-19 may impact our results is uncertain, but it could negatively impact our business.

Our computer systems may also be vulnerable to computer viruses, criminal acts, denial-of-service attacks, ransomware, and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, or loss of critical data. As we rely heavily on our information technology and communications systems and the Internet to conduct our business and provide high-quality customer service, these disruptions could harm our ability to run our business and either directly or indirectly disrupt our suppliers' or manufacturers' businesses, which could harm our business, operating results, and financial condition.

***Acquisitions involve significant risks, and any acquisitions that we undertake in the future could be difficult to integrate, disrupt our business, dilute stockholder value, and harm our operating results.***

We have a plan to expand our operations through acquisitions to enhance our existing products and offer new products, enter new markets and businesses, strengthen and avoid interruption from our supply chain, and improve our position in current markets and businesses. Acquisitions involve significant risks and uncertainties. We cannot accurately predict the timing, size, and success of any future acquisitions. We may be unable to identify suitable acquisition candidates or to complete the acquisitions of candidates that we identify. Increased competition for acquisition candidates or increased asking prices by acquisition candidates may increase purchase prices for acquisitions to levels beyond our financial capability or to levels that would not result in the returns required by our acquisition criteria. Acquisitions also may become more difficult in the future as we or others acquire the most attractive candidates. Unforeseen expenses, difficulties, and delays frequently encountered in connection with expansion through acquisitions could inhibit our growth and negatively impact our business, operating results, and financial condition.

Our ability to complete acquisitions that we desire to make in the future will depend upon various factors, including the following:

- the availability of suitable acquisition candidates at attractive purchase prices;
- the ability to compete effectively for available acquisition opportunities;
- the availability of cash resources, borrowing capacity, or other forms of consideration at favorable pricing that would enable us to offer the required acquisition purchase prices;
- the ability of management to devote sufficient attention to acquisition efforts; and
- the ability to obtain any requisite governmental or other approvals.

We plan to pursue acquisitions of companies involved in what we consider the rugged outdoor market (which may include shooting, hunting, fishing, camping, hiking, personal security and defense, and a variety of other outdoor recreational and leisure activities), companies that perform manufacturing services for us or supply us with components or materials, and other businesses that we regard as complementary to our business. We may have little or no experience with certain acquired businesses, which could involve significantly different supply chains, production techniques, customers, and competitive factors than our current business. This lack of experience would require us to rely to a great extent on the management teams of these acquired businesses. These acquisitions also could require us to make significant investments in systems, equipment, facilities, and personnel in anticipation of growth. These costs could be essential to implement our growth strategy in supporting our expanded activities and resulting corporate structure changes. We may be unable to achieve some or all of the benefits that we expect to achieve as we expand into these new markets within the time frames we expect, if at all. If we fail to achieve some or all of the benefits that we expect to achieve as we expand into these new markets, or do not achieve them within the time frames we expect, our business, operating results, and financial condition could be adversely affected.

As a part of any potential acquisition, we may engage in discussions with various acquisition candidates. In connection with these discussions, we and each potential acquisition candidate may exchange confidential operational and financial information, conduct due diligence inquiries, and consider the structure, terms, and conditions of the potential acquisition. In certain cases, the prospective acquisition candidate may agree not to discuss a potential acquisition with any other party for a specific period of time and agree to take other actions designed to enhance the possibility of the acquisition, such as preparing audited financial information. Potential acquisition discussions frequently take place over a long period of time and involve difficult business integration and other issues. As a result of these and other factors, a number of potential acquisitions that from time-to-time appear likely to occur do not result in binding legal agreements and are not consummated, but may result in increased legal, consulting, and other costs.

Unforeseen expenses, difficulties, and delays frequently encountered in connection with future acquisitions could inhibit our growth and negatively impact our profitability. Any future acquisitions may not meet our strategic objectives or perform as anticipated. In addition, the size, timing, and success of any future acquisitions may cause substantial fluctuations in our operating results from quarter to quarter. These interim fluctuations could adversely affect the market price of our common stock.

If we finance any future acquisitions in whole or in part through the issuance of common stock or securities convertible into or exercisable for common stock, existing stockholders will experience dilution in the voting power of their common stock and earnings per share could be negatively impacted. The extent to which we will be able or willing to use our common stock for acquisitions will depend on the market price of our common stock from time-to-time and the willingness of potential acquisition candidates to accept our common stock as full or partial consideration for the sale of their businesses. Our inability to use our common stock as consideration, to generate cash from operations, or to obtain additional funding through debt or equity financings in order to pursue an acquisition could limit our growth.

***Any acquisitions that we undertake in the future could be difficult to integrate, disrupt our business, and harm our operations.***

We may be unable to effectively complete an integration of the management, operations, facilities, accounting, and information systems of acquired businesses with our own; to implement effective controls to mitigate legal and business risks with which we have no prior experience; to manage efficiently the combined operations of the acquired businesses with our operations; to achieve our operating, growth, and performance goals for acquired businesses; to achieve additional sales as a result of our expanded operations; or to achieve operating efficiencies or otherwise realize cost savings as a result of anticipated acquisition synergies. The integration of acquired businesses involves numerous risks and uncertainties, including the following:

- the failure of acquired businesses to achieve expected results;
- the potential disruption of our core businesses;
- risks associated with entering markets and businesses in which we have little or no prior experience;
- diversion of management’s attention from our core businesses;
- adverse effects on existing business relationships with suppliers and customers;
- risks associated with increased regulatory or compliance matters;
- failure to retain key customers, suppliers, or personnel of acquired businesses;
- the potential strain on our financial and managerial controls and reporting systems and procedures;
- greater than anticipated costs and expenses related to the integration of the acquired businesses with our business;
- potential unknown liabilities associated with the acquired businesses;
- risks associated with weak internal controls over information technology systems and associated cyber security risks;
- meeting the challenges inherent in effectively managing an increased number of employees in diverse locations;
- the risk of impairment charges related to potential write-downs of acquired assets; and
- the challenge of creating uniform standards, controls, procedures, policies, and information systems.

***Potential strategic alliances may not achieve their objectives, which could impede our growth.***

We anticipate that we will enter into new strategic alliances in the future. We continue to explore strategic alliances designed to enhance our supply chain, expand our product offerings, enter new markets, and improve our distribution channels. Our existing strategic alliances and any new strategic alliances may not achieve their intended objectives, and parties to our strategic alliances may not perform as contemplated. The failure of these alliances may impede our ability to introduce new products and enter new markets.

***Our inability to protect our intellectual property or obtain the right to use intellectual property from third parties could impair our competitive advantage, reduce our sales, and increase our costs.***

Our success and ability to compete depend in part on our ability to protect our intellectual property. We rely on a combination of patents, copyrights, trade secrets, trademarks, trade dress, customer records, monitoring, brand protection services, confidentiality agreements, and other contractual provisions to protect our intellectual property, but these measures may provide only limited protection. Our failure to enforce and protect our intellectual property rights or obtain the right to use necessary intellectual property from third parties may lead to our loss of trademark and service mark rights, brand loyalty, and notoriety among our customers and prospective customers. The scope of any intellectual property to which we have or may obtain rights may not prevent others from developing and selling competing products. In addition, our intellectual property may be held invalid upon challenge, or others may claim rights in, or ownership of, our intellectual property. Moreover, we may become subject to litigation with parties that claim, among other matters, that we infringed their patents or other intellectual property rights. The defense and prosecution of patent and other intellectual property claims are both costly and time-consuming and could result in a material adverse effect on our business, operating results, and financial condition.

Patents may not be issued for the patent applications that we have filed or may file in the future. Our issued patents may be challenged, invalidated, or circumvented, and claims of our patents may not be of sufficient scope or strength, or issued in the proper geographic regions, to provide meaningful protection or any commercial advantage. We have registered certain of our trademarks and trade dress in the United States and other countries. We have also recorded certain of our registered trademarks with customs officials in the United States and other countries. We may be unable to enforce existing or obtain new registrations of principle or other trademarks in key markets. Failure to obtain or enforce such registrations could compromise our ability to protect fully our trademarks and brands and could increase the risk of challenges from third parties to our use of our trademarks and brands.

In the past, we did not consistently require our employees and consultants to enter into confidentiality agreements, employment agreements, or proprietary information and invention agreements; however, we now require such agreements. As a result, these employees and consultants may try to claim some ownership interest in our intellectual property and may use our intellectual property competitively and without appropriate limitations. In addition, our acquired businesses may not have consistently required their employees and consultants to enter into confidentiality agreements, employment agreements, or proprietary information and invention agreements. Claims by such individuals may affect our business, operating results, and financial condition.

***We may incur substantial expenses and devote significant resources in prosecuting others for their unauthorized use of our intellectual property rights.***

We may become involved in litigation regarding patents and other intellectual property rights. Other companies, including our competitors, may develop intellectual property that is similar or superior to our intellectual property, duplicate our intellectual property, or design around our patents and proprietary rights. Other companies also may have or obtain patents or other proprietary rights that would prevent, limit, or interfere with our ability to make, use, or sell our products. Effective intellectual property protection may be unavailable or limited in some foreign countries in which we sell or source products or components or from which competing products may be sold. Unauthorized parties may attempt to copy or otherwise use aspects of our intellectual property and products that we regard as proprietary. Our means of protecting our proprietary rights in the United States or abroad may prove to be inadequate, and competitors may be able to independently develop similar intellectual property. If our intellectual property protection is insufficient to protect our intellectual property rights, we could face increased competition in the markets for our products.

Should any of our competitors file patent applications or obtain patents that claim inventions also claimed by us, we may choose to participate in an interference proceeding to determine the right to a patent for these inventions because our business would be harmed if we fail to enforce and protect our intellectual property rights. Even if the outcome is favorable, this proceeding could result in substantial cost to us and disrupt our business.

In the future, we also may need to file lawsuits to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of the proprietary rights of others. This type of litigation, whether successful or unsuccessful, could result in substantial costs and diversion of resources, which could have a material adverse effect on us.

***We face risks relating to our international business that could adversely affect our business, operating results, and financial condition.***

Our ability to conduct operations in our existing international markets and to capitalize on growth in new international markets is subject to risks associated with our doing business internationally, including the following:

- issues related to managing international operations;
- potentially adverse tax developments;
- greater difficulty enforcing intellectual property rights and weaker laws protecting intellectual property rights;
- currency exchange issues;
- import and export controls;
- social, political, and economic instability in the countries in which we operate;
- local laws and regulations, including those governing labor, product safety, and environmental protection;
- changes to international treaties and regulations;
- changes in tariffs, import duties, or import or export restrictions;
- limitations on our ability to efficiently repatriate cash from our foreign operations;
- restrictive actions by foreign governments;
- complications in complying with the laws and policies of the United States affecting the importation of goods, including tariffs, duties, quotas, and taxes;
- required compliance with U.S. laws that impact our operations in foreign jurisdictions that do not impact local operating companies; and
- complications in complying with trade and foreign tax laws.

As we source finished products, product components, and raw materials in Asia, a significant disruption of the political or financial systems in countries in that region could put these operations at risk, which could ultimately adversely affect our profitability or operating results.

***We face risks associated with international activities, including those related to compliance with the Foreign Corrupt Practices Act and other applicable anti-corruption legislation.***

Political and economic conditions abroad may result in a reduction of or inhibition of our growth in our sales in numerous foreign countries and our purchase of certain finished products and product components from certain countries in Asia and Europe, including China and, to a lesser extent, Taiwan and Japan. Our efforts to comply with the Foreign Corrupt Practices Act, or other applicable anti-corruption laws and regulations, may limit our international business activities, necessitate the implementation of certain processes and compliance programs, and subject us to enforcement actions or penalties for noncompliance. Both the United States and foreign governments have increased their oversight and enforcement activities in this area in recent years, and we expect applicable agencies to continue to increase such activities in the future.

***Increased protectionist tariffs and trade wars could further harm our business.***

The federal government has recently put into place tariffs and other trade restrictions and signaled that it may additionally alter trade agreements and terms between the United States and China, the European Union, Canada, and Mexico, among others, including limiting trade and/or imposing tariffs on imports from such countries. In addition, China, the European Union, Canada, and Mexico, among others, have either threatened or put into place retaliatory tariffs of their own.

We are currently subject to tariffs on a significant number of our products. Increases in protectionist trade legislation in either the United States or foreign countries, such as a change in the current tariff structures, export or import compliance laws, or other trade policies, could reduce our ability to sell our products in foreign markets, the ability of foreign customers to purchase our products, and our ability to import products, components, and raw materials from foreign suppliers. The United States has imposed and threatened to impose further tariffs on a variety of products and materials imported from various foreign countries. Tariff policies of the United States may result in retaliatory actions by affected countries, potentially resulting in trade wars and increased costs for goods imported into the United States. Any tariffs that result in increased costs or unavailability of imported products or components that we obtain for resale from foreign suppliers or raw materials used in the production of our products could require us to increase the prices of the products we sell or result in lower gross margins on such products if we are unable to increase the price of such products to our customers. Furthermore, increased pricing on these products could lead to lower consumer demand.

These tariffs have the potential to significantly increase the cost of our products. In such a case, there can be no assurance that we will be able to shift manufacturing and supply agreements to non-impacted countries, including the United States, to reduce the effects of the tariffs. As a result, we may suffer margin erosion or be required to raise our prices, which may result in the loss of customers, negatively impact our operating results, or otherwise harm our business. In addition, the imposition of tariffs on products that we export to international markets could make such products more expensive compared to those of our competitors if we pass related additional costs on to our customers, which may also result in the loss of customers, negatively impact our operating results, or otherwise harm our business.

***Interruptions in the proper functioning of our information systems or other issues with our ERP systems could cause disruption to our operations.***

We rely extensively on our information systems to manage our business, data, communications, supply chain, ordering, pricing, billing, inventory replenishment, accounting functions, and other processes. Our systems are subject to damage or interruption from various sources, including power outages, computer and telecommunications failures, computer viruses, cyber security breaches, vandalism, severe weather conditions, catastrophic events, terrorism, and human error, and our disaster recovery planning cannot account for all eventualities. Our current, and any future, disaster recovery measures cannot address all potential contingencies. If our systems are damaged, fail to function properly, or otherwise become compromised or unavailable, we may incur substantial costs to repair or replace them, and we may experience loss of critical data and interruptions or delays in our ability to perform critical functions, which could adversely affect our business, operating results, and financial condition.

Our information technology systems require periodic modifications, upgrades, and replacements that subject us to costs and risks, including potential disruption to our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel or outside firms to implement and operate existing or new systems, and other risks and costs of delays or difficulties in transitioning to new or modified systems or of integrating new or modified systems into our current systems. In addition, challenges implementing new or modified technology systems may cause disruptions in our business operations and have an adverse effect on our business operations if not anticipated and appropriately mitigated.

In conjunction with the Transition Services Agreement that we are entering into with SWBI as part of the Separation, we will continue to utilize the fully integrated ERP system, SAP, that we have been using for several years and which is administered by SWBI. Any significant change to SAP could result in a major disruption to our business, and any disruption could have a negative effect on our business, operating results, and financial condition.

Upon conclusion of the Transition Services Agreement, we intend to implement a new fully integrated ERP system. This implementation could result in a major disruption to our business, and any disruption could have a negative effect on our business, operating results, and financial condition. In addition, implementing a new ERP system may require significant resources and refinement to fully realize the expected benefits of the system.

***Breaches of our information systems could adversely affect our reputation, disrupt our operations, and result in increased costs and loss of revenue.***

There have been an increasing number of cyber security incidents affecting companies around the world, which have caused operational failures or compromised sensitive or confidential corporate data. Although we do not believe our systems are at a greater risk of cyber security incidents than other similar organizations, such cyber security incidents may result in the loss or compromise of customer, financial, or operational data; loss of assets; disruption of billing, collections, or normal operating activities; disruption of electronic monitoring and control of operational systems; and delays in financial reporting and other management functions. In addition, acquisitions of smaller, closely held companies could increase our risk as they often lack the systems, policies, procedures, and controls of larger companies. Possible impacts associated with cyber security incidents (which generally are increasing in sophistication as well as frequency) may include, among others, remediation costs related to lost, stolen, or compromised data; repairs to data processing systems; increased cyber security protection costs; reputational damage; lawsuits seeking damages; regulatory actions; and adverse effects on our compliance with applicable privacy and other laws and regulations. Such occurrences could have an adverse effect on our business, operating results, and financial condition.

***If our efforts to protect the security of personal information related to any of our customers, consumers, vendors, or employees are unsuccessful and unauthorized access to that personal information is obtained, or we experience a significant disruption in our computer systems or a cyber security breach, we could experience an adverse effect on our operations, we could be subject to costly government enforcement action and private litigation, and our reputation could suffer.***

Our operations involve the storage and transmission of proprietary information related to customers, consumers, vendors, and employees, such as credit card and bank account numbers, and security breaches could expose us to a risk of loss of this information, government enforcement action and litigation, and possible liability. Our payment services may be susceptible to credit card and other payment fraud schemes, including unauthorized use of credit cards, debit cards, bank account information, identity theft, and merchant fraud.

If our security measures are breached as a result of third-party action, employee error, malfeasance, or otherwise, and as a result, someone obtains unauthorized access to data of our customers, consumers, vendors, or employees, our reputation may be damaged, our business may suffer, and we could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security occurs, the public perception of the effectiveness of our security measures could be harmed and we could lose customers and consumers, which could adversely affect our business.

Any breach of our data security or that of our service providers could result in an unauthorized release or transfer of customer, consumer, vendor, user, or employee information; cause the loss of valuable business data; or cause a disruption in our business. These events could give rise to unwanted media attention; damage our reputation; damage our customer, consumer, employee, vendor, or user relationships; and result in lost sales, fines, or lawsuits. We may also be required to expend significant capital and other resources to protect against or respond to or alleviate problems caused by a security breach, which could harm our operating results. If we or our independent service providers or business partners experience a breach of systems compromising our customers' sensitive data, our brand could be harmed, sales of our products could decrease, and we could be exposed to losses, litigation, or regulatory proceedings. Depending on the nature of the information compromised, we may also have obligations to notify users, law enforcement, or payment companies about the incident and may need to provide some form of remedy, such as refunds, for the individuals affected by the incident.

***Our performance is influenced by a variety of economic, social, political, legislative, and regulatory factors.***

Our performance is influenced by a variety of economic, social, political, legislative, and regulatory factors. General economic conditions and consumer spending patterns can negatively impact our operating results. Economic uncertainty, unfavorable employment levels, declines in consumer confidence, increases in consumer debt levels, increased commodity prices, and other economic factors may affect consumer spending on discretionary items and adversely affect the demand for our products. Economic conditions also affect governmental, political, and budgetary policies. As a result, economic conditions also can have an effect on the sale of our products to law enforcement, government, and military customers.

Social, political, and other factors also can affect our performance. Concerns about presidential, congressional, and state elections and legislature and policy shifts resulting from those elections can affect the demand for our products. In addition, speculation surrounding increased gun control at the federal, state, and local level and heightened fears of terrorism and crime can affect consumer demand for our firearm-related products. Often, such concerns result in an increase in near-term consumer demand and subsequent softening of demand when such concerns subside. Inventory levels in excess of customer demand may negatively impact operating results.

Our hunting and shooting products are used in association with firearms. Federal and state legislatures frequently consider legislation relating to the regulation of firearms, including amendment or repeal of existing legislation. Existing laws may also be affected by future judicial rulings and interpretations. These possible changes to existing legislation or the enactment of new legislation may seek to restrict the makeup of a firearm, including limitations on magazine capacity; mandate the use of certain technologies in a firearm; remove existing legal defenses in lawsuits; or ban the sale and, in some cases, the ownership of various types of firearms and accessories. If such restrictive changes to legislation develop, we could find it difficult, expensive, or even impossible to comply with them, impeding new product development and distribution of existing products. In addition, gun-control activists may succeed in imposing restrictions or an outright ban on private gun ownership. Such restrictions or bans could have a material adverse effect on our business, operating results, and financial condition.

***We are subject to extensive regulation and could incur fines, penalties, and other costs and liabilities under such requirements.***

Like other producers and sellers of consumer products, we are required to comply with a wide variety of federal, state, local, and international laws, rules, and regulations, including those related to consumer products and consumer protection, advertising and marketing, labor and employment, data protection and privacy, intellectual property, workplace safety, the environment, the import and export of products, and taxes. Our failure to comply with applicable federal, state, local, or international laws, rules, and regulations may result in our being subject to claims, lawsuits, fines, and adverse publicity that could have a material adverse effect on our business, operating results, and financial condition. These laws, rules, and regulations currently impose significant compliance requirements on our business, and more restrictive laws, rules, and regulations may be adopted in the future.

***Our business involves the potential for product recalls, product liability, and other claims against us, which could affect our earnings and financial condition.***

As a distributor of consumer products, we are subject to the U.S. Consumer Products Safety Act of 1972, as amended by the Consumer Product Safety Improvement Act of 2008, which empowers the Consumer Products Safety Commission to exclude from the market products that are found to be unsafe or hazardous, and similar laws under foreign jurisdictions. Under certain circumstances, the Consumer Products Safety Commission or comparable foreign agency could require us to repurchase or recall one or more of our products. Additionally, other laws and agencies regulate certain consumer products sold by us and more restrictive laws and regulations may be adopted in the future. Any repurchase or recall of our products could be costly and damage our reputation. If we were required to remove, or we voluntarily remove, our products from the market, our reputation could be tarnished and we might have large quantities of finished products that we could not sell. We also face exposure to product liability claims in the event that one of our products is alleged to have resulted in property damage, bodily injury, or other adverse effects. In addition to the risk of substantial monetary judgments, fines, or penalties that may result from any governmental investigations, product liability claims, or regulatory actions, such events could result in negative publicity that could harm our reputation in the marketplace, adversely impact the value of our brands, and result in an increase in the cost of producing our products. Similar to product liability claims, we face exposure to class action lawsuits related to the performance, safety, or advertising of our products. Such class action lawsuits could result in substantial monetary judgments, injunctions related to the sale of products, and potentially tarnish our reputation.

Although we maintain product liability insurance in amounts that we believe are reasonable, that insurance is, in most cases, subject to large self-insured retentions for which we are responsible, and we cannot assure you that we will be able to maintain such insurance on acceptable terms, if at all, in the future or that product liability claims will not exceed the amount of insurance coverage. As a result, product recalls or product liability claims could have a material adverse effect on our business, operating results, and financial condition. In addition, we face potential other types of litigation arising out of alleged defects in our products or otherwise, such as class action lawsuits. We do not maintain insurance against many types of claims involving alleged defects in our products that do not involve personal injury or property damage. We spend substantial resources ensuring compliance with governmental and other applicable standards.

Our product liability insurance program is an occurrence-based program based on our current and historical claims experience and the availability and cost of insurance. Under SWBI, we had substantial, self-insurance for product liability risk. We are now covered under a fully-insured program for product liability risks. We cannot assure you, however, that our future product liability experience will be consistent with our past experience or that claims and awards will not substantially impact the costs of our insurance programs in the future.

***We produce or source and sell products that create exposure to potential product liability, warranty liability, or personal injury claims and litigation.***

Some of our products are used in applications and situations that involve risk of personal injury and death. Our products expose us to potential product liability, warranty liability, personal injury claims, and litigation relating to the use or misuse of our products, including allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product or activities associated with the product, negligence, and strict liability. If successful, such claims could have a material adverse effect on our business. In addition, defects in our products could reduce demand for our products and result in a decrease in sales and market acceptance and damage to our reputation.

Components used in our products may contain undetected defects that are subsequently discovered at any point in the life of the product. In addition, we obtain many of our finished products and product components from third-party suppliers and may not be able to detect defects in such products or components until after they are sold. Defects in our products may result in a loss of sales, recall expenses, delay in market acceptance, damage to our reputation, and increased warranty costs, which could have a material adverse effect on our business, operating results, and financial condition.

***Environmental laws and regulations may impact our business.***

We are subject to numerous federal, state, and local laws that regulate or otherwise relate to the protection of the environment, including the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, and the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, or RCRA. CERCLA, RCRA, and related state laws subject us to the potential obligation to remove or mitigate the environmental effects of the disposal or release of certain pollutants at our manufacturing facilities and at third-party or formerly owned sites at which contaminants generated by us may be located. This requires us to make expenditures of both a capital and expense nature.

In our efforts to satisfy our environmental, health, and safety responsibilities and to comply with all applicable laws and regulations, we maintain policies relating to the environmental, health, and safety standards for our operations and conduct programs to monitor compliance with various environmental regulations. However, in the normal course of our operations, we may become subject to governmental proceedings and orders pertaining to waste disposal, air emissions, and water discharges into the environment. We believe, based on the information available to us, that we are in substantial compliance with applicable environmental regulations.

We could have contamination on our properties, and we cannot predict whether our operations will cause contamination in the future. As a result, we could incur costs to clean up contamination. Furthermore, it is not possible to predict with certainty the impact on us of future environmental, health, and safety compliance requirements or of the cost of resolution of future regulatory proceedings and claims, in part because the scope of the remedies that may be required is not certain, liability under federal environmental laws is joint and several in nature, and environmental health and safety laws and regulations are subject to modification and changes in interpretation. Additional or changing environmental health and safety regulation may become burdensome in the future, and any such development could have an adverse effect on us.

***We depend on key personnel, and our business may be harmed if we fail to retain and attract skilled management and other key personnel.***

Our success depends to a significant extent upon the continued services of our current senior management team, including Brian D. Murphy, our President and Chief Executive Officer. The loss of Mr. Murphy or one or more of our other key executives or employees could have a material adverse effect on our business. We do not maintain "key person" insurance policies on the lives of any of our executive officers or any of our other employees. Except in the case of Mr. Murphy with whom we have an employment agreement, we employ all of our executive officers and key employees on an at-will basis, and their employment can be terminated by us or by them at any time, for any reason, and without advance notice, subject to certain severance obligations upon termination. In order to retain valuable employees, in addition to salary and cash incentives, we regard our ability as a public company to grant stock-based compensation as an important component of our ability to attract and retain key personnel. The value to employees of stock-based compensation over time will be significantly affected by movements in our stock price that are beyond our control and may at any time be insufficient to counteract offers from other companies.

Our success also depends on our ability to attract, retain, and motivate additional skilled non-management personnel. We plan to continue to expand our work force to continue to improve our business and operating results. We believe that there is significant competition for qualified personnel with the skills and knowledge that we require. Other companies with which we compete for qualified personnel may have or have access to greater financial and other resources than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than those which we have to offer. If we are not able to retain our current key personnel, or attract the necessary qualified key personnel, to accomplish our business objectives, we may experience constraints that will impede the achievement of our business objectives and our ability to pursue our business strategy. New hires require significant training and, in most cases, take significant time before they achieve full productivity. New employees may not become as productive as we expect and we may be unable to hire or retain sufficient numbers of qualified individuals. If our recruiting, training, and retention efforts are not successful or do not generate a corresponding increase in revenue, our business may be harmed.

***Seasonality and weather conditions may cause our operating results to vary from quarter to quarter.***

Our business is seasonal. Our sales have typically been highest between August and October due to shipments around the fall hunting and holiday seasons. The seasonality of our sales may change in the future. Seasonal variations in our operating results may reduce our cash on hand, increase our inventory levels, and extend our accounts receivable collection periods. This in turn may cause us to increase our debt levels and interest expense to fund our working capital requirements.

Our annual and quarterly operating results may also fluctuate significantly as a result of a variety of other factors, including, among other things, the timing of the introduction of and advertising for our new products and those of our competitors and changes in our product mix. Variations in weather conditions may also affect our quarterly operating results as certain of our products are primarily for outdoor use. In addition, we may not be able to adjust our spending in a timely manner to compensate for any unexpected shortfall in our sales. As a result of these seasonal and quarterly fluctuations, we believe that comparisons of our operating results between different quarters within a single fiscal year, or across different fiscal years, are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance, including the performance for the full year based on quarterly performance. In the event that any seasonal or quarterly fluctuations in our net sales and operating results result in our failure to meet our forecasts or the forecasts of the research analysts that may cover us in the future, the market price of our common stock could fluctuate or decline.

***We may incur higher medical benefit costs in the future.***

We are fully-insured for our employee medical plan. While our medical costs in recent years have generally increased at the same level as the regional average, we could experience an increase in our medical costs beyond what we have experienced or expect.

We cannot assess the effect that legislation will have on our healthcare costs and structure or our ability to provide healthcare benefits to our employees. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or ACA, became effective in calendar 2015 with other provisions to become effective over succeeding years.

There have been recent legislative and regulatory efforts to repeal and replace the ACA. The Tax Cuts and Jobs Act of 2017, which was adopted in December 2017, effectively eliminated certain provisions of the ACA, including the individual mandate that was scheduled to start in 2019, which would have required consumers to buy insurance or pay a penalty, subject to a limited number of exceptions. Any additional effort to repeal and replace the ACA, or the adoption by certain states, including states in which we conduct operations, of their own health care legislation, could cause us to face increased costs to cover our own employees. Changes to the healthcare requirements in the future may have an adverse effect on our business, operating results, and financial condition.

***Our growth strategy may require significant additional funds, the amount of which will depend upon our working capital and general corporate needs.***

Any substantial borrowings made to finance operations or future acquisitions could make us more vulnerable to a downturn in our operating results, a downturn in economic conditions, or increases in interest rates on borrowings. If our cash flow from operations is insufficient to meet our debt service requirements, we could be required to sell additional equity securities, refinance our obligations, or dispose of assets in order to meet our debt service requirements. Adequate financing may not be available if and when we need it or may not be available on terms acceptable to us. The failure to obtain sufficient financing on favorable terms and conditions could have a material adverse effect on us.

From time to time, we may seek additional equity or debt financing to provide funds for the expansion of our business. We cannot predict the timing or amount of any such financing requirements at this time. If such financing is not available on satisfactory terms, we may be unable to expand our business or to develop new business at the rate desired, and our operating results may suffer. Debt financing increases expenses and must be repaid regardless of operating results. Equity financing could result in additional dilution to existing stockholders.

***We may issue a substantial amount of our common stock in the future, which could cause dilution to current investors and otherwise adversely affect our stock price.***

We may issue additional shares of common stock to fund our operations, to provide competitive compensation packages to our employees, or for acquisitions. These issuances could be significant. To the extent that we issue our shares of common stock, your equity interest in us will be diluted. Any such issuance will also increase the number of outstanding shares of common stock that will be eligible for re-sale in the future. Persons receiving shares of our common stock in connection with acquisitions may be more likely to sell their common stock, which may influence the price of our common stock. In addition, the potential issuance of additional shares in connection with anticipated acquisitions could lessen demand for our common stock and result in a lower price than might otherwise be obtained.

***The failure to manage our growth could adversely affect our operations.***

To continue to expand our business and strengthen our competitive position, we must make significant investments in systems, equipment, facilities, product development, and personnel. In addition, we may commit significant funds to increase our sales, marketing, information technology, and research and development efforts in order to expand our business. A failure to sufficiently increase our revenue to offset those potential increased costs could adversely affect our business, operating results, and financial condition.

The failure to manage our growth effectively could adversely affect our operations. Managing our planned growth effectively will require us to take various actions, including the following:

- enhance our operational, financial, and management systems;
- achieve the anticipated benefits of our Columbia, Missouri facility; and

- successfully hire, train, and motivate additional employees, including additional personnel for our product development, sales, and marketing efforts.

The expansion of our products and customer base may result in increases in our overhead and selling expenses. We also may be required to increase staffing and other expenses as well as our expenditures on capital equipment and leasehold improvements in order to meet the demand for our products. Any increase in expenditures in anticipation of future sales that do not materialize would adversely affect our profitability.

***Our operating results may involve significant fluctuations.***

Various factors contribute to significant periodic and seasonal fluctuations in our operating results. These factors include the following:

- market acceptance of our products, including new products;
- market acceptance and new product introductions by our competitors;
- the timing of large domestic and international orders;
- cancellation of existing orders;
- changes in our sales mix;
- the cost of new product introductions;
- problems with our supply chain;
- the volume of customer orders relative to our capacity;
- timing of expenditures in anticipation of future customer orders;
- effectiveness in managing production processes and costs;
- changes in cost and availability of labor and finished products, product components, and raw materials;
- ability to manage inventory and inventory obsolescence;
- pricing and other competitive pressures;
- changes or anticipated changes in economic, social, political, legislative, and regulatory factors;
- the outcome of any litigation;
- adverse publicity surrounding our products, the safety of our products, or the use of our products;
- changes in amount and or timing of our operating expenses; and
- changes in laws and regulations that may affect the marketability of our products.

As a result of these and other factors, we believe that period-to-period comparisons of our operating results may not be meaningful in the short term, and our performance in a particular period may not be indicative of our performance in any future period.

***Liability insurance is expensive and may be difficult to obtain.***

Liability insurance coverage is expensive and from time to time may be difficult or impossible to obtain, particularly as a result of the intended use of certain of our product offerings. Our insurance policies are subject to periodic review by our insurers and may not be renewed at all or on similar or favorable terms.

***Compensation awards to our management may not be tied to or correspond with our improved financial results or share price.***

The Compensation Committee of our Board of Directors is responsible for overseeing our compensation and employee benefit plans and practices, including our executive compensation plans and our incentive compensation and equity-based compensation plans. Our Compensation Committee has significant discretion in structuring compensation packages and may make compensation decisions based on any number of factors. As a result, compensation awards may not be tied to or correspond with our financial results or the share price of our common stock.

***Our Board of Directors may change significant corporate policies without stockholder approval.***

Our investment, financing, borrowing, and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization, and operations, will be determined by our Board of Directors. These policies may be amended or revised at any time and from time to time at the discretion of the Board of Directors without a vote of our stockholders. In addition, our Board of Directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements. A change in these policies could have an adverse effect on our business, operating results, financial condition, cash flow, per share trading price of our common stock, and ability to satisfy any debt service obligations.

**Risks Related to the Separation**

***We may not realize the anticipated benefits from the Separation, and the Separation could harm our business.***

We may not be able to achieve the full strategic and financial benefits expected to result from the Separation and such benefits may be delayed or not occur at all. The Separation is designed to enhance strategic and management focus, provide a distinct investment identity, and allow us to efficiently allocate resources and deploy capital. We may not achieve these and other anticipated benefits for a variety of reasons, including the following:

- the Separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business;
- following the Separation, we may be more susceptible to economic downturns and other adverse events than if we were still a part of SWBI;
- following the Separation, our business will be less diversified than SWBI's business prior to the Separation;
- following the Separation, our business will experience a loss of scale and access to certain financial, managerial, and professional resources as well as product and brand power influence and recognition with some customers from which we have benefited in the past; and
- actions required to separate the respective businesses could disrupt our operations.

If we fail to achieve some or all of the benefits expected to result from the Separation, or if such benefits are delayed, our business could be harmed.

***We have no history operating as an independent company, and our historical financial information is not necessarily representative of the results that we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results.***

Our historical financial information included in this information statement has been derived from SWBI's consolidated financial statements and accounting records and are not necessarily indicative of our future operating results, financial condition, or cash flows, nor do they reflect what our operating results, financial condition, or cash flows would have been as an independent public company during the periods presented. In particular, the historical financial information included in this information statement is not necessarily indicative of our future operating results, financial condition, or cash flows primarily because of the following factors:

- prior to the Separation, our business was operated by SWBI as part of its broader corporate organization rather than as an independent company, and SWBI or one of its affiliates provided support for various corporate functions for us, such as information technology, medical insurance, procurement, logistics, marketing, human resources, compliance, legal, finance, and internal audit;

- our historical financial results reflect the direct, indirect, and allocated costs for such services historically provided by SWBI, and these costs may significantly differ from the comparable expenses we would have incurred as an independent company;
- our working capital requirements and capital expenditures historically have been satisfied as part of SWBI's corporate-wide cash management and centralized funding programs, and our cost of debt and other capital may significantly differ from that which is reflected in our historical combined financial statements;
- the historical financial information may not fully reflect the costs associated with the Separation, including the costs related to being an independent company;
- our historical financial information does not reflect our obligations under the various transitional and other agreements we will enter into with SWBI in connection with the Separation, though costs under such agreements are expected to be broadly similar to what was charged to the business in the past; and
- our business currently is integrated with that of SWBI and we benefit from SWBI's size and scale in costs, employees, and vendor and customer relationships and the costs we will incur as an independent company may significantly exceed comparable costs we would have incurred as part of SWBI and some of our customer relationships may be weakened or lost.

We based the pro forma adjustments included in this information statement on available information and assumptions that we believe are reasonable and factually supportable. Actual results, however, may vary. In addition, our unaudited pro forma financial information included in this information statement may not give effect to various ongoing additional costs that we may incur in connection with being an independent public company. Accordingly, our unaudited pro forma combined financial statements do not reflect what our operating results, financial condition, or cash flows would have been as an independent public company and are not necessarily indicative of our future financial condition or future operating results.

See "Unaudited Pro Forma Combined Financial Statements" and the notes thereto, "Selected Historical Combined Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement.

***We have historically operated within SWBI, and there are risks associated with our separation from SWBI.***

We have historically operated within SWBI, and a number of aspects of our current relationship with SWBI will change as a result of our separation from SWBI. For example, if the IP Licensing Agreement with SWBI is not renewed after its five-year term, we will not be able to use certain SWBI trademarks in connection with our business, including on our products or promotional materials. In addition, some of our customers, landlords, vendors, and other contract counterparties may have contracted with us because we were part of SWBI and we may have difficulty marketing our products or obtaining favorable terms in our leases and other contractual arrangements in the future as a result of our separation from SWBI. As part of our separation from SWBI, we will own and sell SWBI's former outdoor products and accessories products under our Caldwell®; Crimson Trace®; Wheeler®; Tipton®; Frankford Arsenal®; Lockdown®; BOG®; Hooyman®; Schrade®; Old Timer®; Uncle Henry®; Imperial®; BUBBA®; UST®; MEAT!, and LaserLyte® brands. We will license Smith & Wesson®, M&P®, Thompson/Center Arms™, and Performance Center®, all of which will be owned by SWBI.

***We are an "emerging growth company" under the JOBS Act, and any decision on our part to comply with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.***

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we currently intend to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including, not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of Sarbanes-Oxley, reduced disclosure obligations regarding executive compensation in our registration statements, periodic reports, and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive

compensation and stockholder approval of any golden parachute payments not previously approved. We will cease to be an emerging growth company upon the earliest to occur of the following: (i) the last day of the fiscal year following the fifth anniversary of the Distribution; (ii) the last day of the fiscal year with at least $1.07 billion in annual revenue; (iii) the last day of the fiscal year in which we are deemed to be a large accelerated filer, which means that we have been public for at least 12 months, have filed at least one annual report, and the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last day of our then-most recently completed second fiscal quarter; or (iv) the date on which we have issued more than $1 billion of non-convertible debt during the prior three-year period. We cannot predict if investors will find our common stock less attractive if we choose to rely on exemptions from certain disclosure requirements. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and the price of our common stock may be more volatile.

In addition, as our business grows, we may cease to satisfy the conditions of an "emerging growth company." Under the JOBS Act, "emerging growth companies" can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not "emerging growth companies."

We are currently evaluating and monitoring developments with respect to these rules, and we may not be able to take advantage of all of the benefits from the JOBS Act.

***We will incur increased costs as a result of becoming an independent public company, particularly after we are no longer an "emerging growth company."***

As an independent public company, we will incur significant legal, accounting, insurance, and other expenses that we have not incurred as a subsidiary of a public company, including costs associated with public company reporting requirements. As a result of the Separation, we will become obligated to file with the SEC annual and quarterly reports and other reports that are specified in Section 13 and other sections of the Exchange Act. We will also be required to ensure that we have the ability to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. In addition, we will become subject to other reporting and corporate governance requirements, including certain requirements of Nasdaq, and certain provisions of Sarbanes-Oxley and the regulations promulgated thereunder, which will impose significant compliance obligations upon us.

The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costlier. These laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, our board committees, or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions, and other regulatory action and potentially civil litigation. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our operating results on a timely and accurate basis could be impaired. If we do not implement such requirements in a timely manner or with adequate compliance, we might be subject to sanctions or investigation by regulatory authorities, such as the SEC and Nasdaq. Any such action could harm our reputation and the confidence of investors and customers in us and could materially adversely affect our business and cause our share price to fall.

After we are no longer an "emerging growth company," we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of Sarbanes-Oxley.

***We will incur significant costs to create the independent corporate infrastructure necessary to operate as an independent public company.***

SWBI currently performs many important corporate functions for us, including internal audit, finance, accounting, tax, human resources, information technology, litigation management, real estate, environmental, and public affairs. The costs of these services have been allocated to us based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net sales, costs of goods sold, or square footage, as applicable. Following the Separation, SWBI will continue to provide some of these services to us on a transitional basis, for a period of up to two years following the Distribution Date pursuant to a Transition Services Agreement that we will enter into with SWBI. See "The Separation—Agreements with SWBI—Transition Services Agreement." SWBI may not successfully perform all of these functions during the transition period, and we may have to expend significant efforts or costs materially in excess of those estimated under the Transition Services Agreement. Any interruption in these services could have a material adverse effect on our business, operating results, and financial condition.

In addition, at the end of this transition period, we will need to perform these functions ourselves or hire third parties to perform these functions on our behalf. The costs associated with performing or outsourcing these functions may exceed the amounts reflected in our historical financial statements that were incurred as a business segment of SWBI. We expect to incur costs immediately following the Separation to establish the necessary infrastructure. A significant increase in the cost of performing or outsourcing these functions could materially and adversely affect our business, operating results, and financial condition.

***The obligations associated with being a public company will require significant resources and management attention.***

We are not currently subject to the reporting and other requirements of the Exchange Act. Following the effectiveness of the registration statement of which this information statement forms a part, we will be directly subject to such reporting and other obligations under the Exchange Act and the rules of Nasdaq. As an independent public company, we will be required, among other things, to do the following:

- prepare and distribute annual, quarterly, and periodic reports; proxy statements; press releases; and other stockholder communications in compliance with the federal securities laws and Nasdaq rules;
- have our own Board of Directors and committees thereof, which comply with federal securities laws and Nasdaq rules;
- institute our own financial reporting and disclosure compliance functions;
- establish an investor relations function;
- establish internal policies, including those relating to trading in our securities and disclosure controls and procedures; and
- comply with the rules and regulations implemented by the SEC, Sarbanes-Oxley, the Dodd-Frank Act, the Public Company Accounting Oversight Board, and Nasdaq.

These reporting and other obligations will place significant demands on our management and our administrative and operational resources, including accounting resources, and we expect to face increased legal, accounting, administrative, and other costs and expenses relating to these demands that we had not incurred as a business segment of SWBI. Our compliance with existing and evolving regulatory requirements will result in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, which could have a material adverse effect on our business, operating results, financial condition, and cash flows.

***If we fail to maintain effective internal controls, we may not be able to report our financial results accurately or timely or prevent or detect fraud, which would have a material adverse effect on our business or the market price of our securities.***

In accordance with Section 404 of Sarbanes-Oxley, our management will eventually be required to conduct an annual assessment of the effectiveness of our internal control over financial reporting and include a report on these internal controls in the annual reports we will file with the SEC on Form 10-K. Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal controls while we remain an emerging growth company. When applicable, this process will require significant documentation of policies, procedures, and systems; review of that documentation by our internal auditing and accounting staff and our outside independent registered public accounting firm; and testing of our internal controls over financial reporting by our internal auditing and accounting staff and our outside independent registered public accounting firm. This process will involve considerable time and attention, may strain our internal resources, and will increase our operating costs. We may experience higher than anticipated operating expenses and outside auditor fees during the implementation of these changes and thereafter. If management or our independent registered public accounting firm determines that our internal control over financial reporting is not effective, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be negatively affected, and we could become subject to investigations by Nasdaq, the SEC, or other regulatory authorities, which could require additional financial and management resources. In addition, if our controls are not effective, our ability to accurately and timely report our financial position could be impaired, which could result in late filings of our annual and quarterly reports under the Exchange Act, restatements of our financial statements, a decline in our stock price, suspension or delisting of our common stock from Nasdaq, and a material adverse effect on our business, operating results, and financial condition.

***Until the Separation occurs, SWBI will have sole discretion to change the terms of the Separation in ways that may be unfavorable to us.***

Until the Separation occurs, our outdoor products and accessories business will be a business segment of SWBI. Completion of the Separation remains subject to the satisfaction or waiver of certain conditions, some of which are in the sole and absolute discretion of SWBI, including final approval by the Board of Directors of SWBI. Additionally, SWBI has the sole and absolute discretion to change certain terms of the Separation, including the amount of any cash transfer between us, the amount of our indebtedness, and the allocation of contingent liabilities, which changes could be unfavorable to us. In addition, SWBI may decide at any time prior to the completion of the Separation not to proceed with the Separation.

***In connection with the Separation, we and SWBI will indemnify each other for certain liabilities, we may need to divert cash to meet those obligations if we are required to act under these indemnities to SWBI, and* SWBI *may not be able to satisfy its indemnification obligations to us in the future.***

Pursuant to the Separation and Distribution Agreement and other agreements with SWBI, SWBI will agree to indemnify us for certain liabilities and we will agree to indemnify SWBI for certain liabilities, as discussed further in “The Separation—Agreements with SWBI.” Payments that we may be required to provide under indemnities to SWBI are not subject to any cap, may be significant, and could negatively affect our business, particularly under indemnities relating to our actions that could affect the tax-free nature of the Separation. Third parties could also seek to hold us responsible for the liabilities that SWBI has agreed to retain and, under certain circumstances, we may be subject to continuing contingent liabilities of SWBI following the Separation that arise relating to the operations of the outdoor products and accessories business during the time that it was a business segment of SWBI prior to the Separation, such as certain tax liabilities that relate to periods during which taxes of the outdoor products and accessories business were reported as a part of SWBI; liabilities retained by SWBI that relate to contracts or other obligations entered into jointly by the outdoor products and accessories business and SWBI’s firearm business; post-employment liabilities, including unfunded liabilities, that apply to SWBI, including the outdoor products and accessories business; environmental liabilities related to sites at which both SWBI and the outdoor products and accessories business operated; and liabilities arising from third-party claims in respect of contracts in which both SWBI and the outdoor products and accessories business supply goods or provide services.

SWBI has agreed to indemnify us for such contingent liabilities. While we have no reason to expect that SWBI will not be able to support its indemnification obligations to us, we can provide no assurance that SWBI will be able to fully satisfy its indemnification obligations or that such indemnity obligations will be sufficient to cover our liabilities for matters which SWBI has agreed to retain, including such contingent liabilities. Moreover, even if we ultimately succeed in recovering from SWBI any amounts for which we are indemnified, we may be temporarily required to bear these losses ourselves. Each of these risks could have a material adverse effect on our business, operating results, and financial condition.

***After the Separation, we will only have limited access to the insurance policies maintained by SWBI for events occurring prior to the Separation, SWBI's insurers may deny or attempt to deny coverage to us under such policies, there can be no assurance that we will be able to obtain insurance coverage following the Separation on terms that justify its purchase, and any such insurance may not be adequate to offset costs associated with certain events.***

In connection with the Separation, we will enter into agreements with SWBI to address various matters associated with the Separation, including insurance coverage. The Separation and Distribution Agreement will provide that following the Separation, we will no longer have insurance coverage under SWBI insurance policies in connection with events occurring before, as of, or after the Separation, other than coverage for (i) events occurring prior to the Separation and covered by occurrence-based policies of SWBI as in effect as of the Separation and (ii) events or acts occurring prior to the Separation and covered by claims-made policies of SWBI for which a claim was received prior to the Separation. However, after the Separation, SWBI's insurers may deny or attempt to deny coverage to us for losses associated with occurrences or claims made prior to the Separation. Accordingly, we may be required to temporarily or permanently bear the costs of such lost coverage. In addition, we will have to obtain our own insurance policies after the Separation is complete. Although we expect to have insurance policies in place as of the date of the Separation that cover certain, but not all, hazards that could arise from our operations, we can provide no assurance that we will be able to obtain or maintain such coverage, that the cost of such coverage will be similar to that incurred by SWBI, or that such coverage will be adequate to protect us from costs incurred with certain events. The occurrence of an event that is not insured or not fully insured could have a material adverse effect on our business, operating results, and financial condition. See "The Separation—Agreements with SWBI."

***The transfer or assignment to us of some contracts and other assets may require the consent of a third-party, and we may not be entitled to the benefit of such contracts, investments, and other assets in the future if such consent is not given.***

The transfer or assignment of some of the contracts and other assets in connection with the Separation will require the consent of a third party to the transfer or assignment. Similarly, in some circumstances, we are joint beneficiaries of contracts and we will need to enter into a new agreement with the third party to replicate the existing contract or assign the portion of the existing contract related to our business. While we anticipate that most of these contract assignments and new agreements will be obtained prior to the Separation, we may not be able to obtain all required consents or enter into all such new agreements, as applicable, until after the Separation. Some parties may use the requirement of a consent to seek more favorable contractual terms from us, which could include our having to obtain letters of credit or other forms of credit support. If we are unable to obtain such consents or such credit support on commercially reasonable and satisfactory terms, we may be unable to obtain some of the benefits, assets, and contractual commitments that are intended to be allocated to us as part of the Separation. In addition, when we do not intend to obtain consent from third-party counterparties based on our belief that no consent is required, the third-party counterparties may challenge the transaction on the basis that the terms of the applicable commercial arrangements require their consent. We may incur substantial litigation and other costs in connection with any such claims and, if we do not prevail, our ability to use these contracts and other assets could be adversely impacted.

Although we do not believe that any of the contracts or other assets requiring consent to transfer or the contracts requiring a new agreement are individually material to our business, we cannot provide assurance that all such required third-party consents and new agreements will be procured or put in place, as applicable, prior to or after the date of the Separation. Consequently, we may not realize certain of the benefits that are intended to be allocated to us as part of the Separation.

***After the Separation, some of our directors and officers may have actual or potential conflicts of interest because of their equity ownership in SWBI.***

Because of their current or former positions with SWBI, following the Separation, some of our directors and executive officers may own shares of SWBI common stock or have options or other rights to acquire shares of SWBI common stock, and the individual holdings may be significant for some of these individuals compared to their total assets. This ownership may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for SWBI or us. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between SWBI and us regarding the terms of the agreements governing the Separation and the relationship thereafter between the companies.

***The combined post-Separation value of SWBI and AOUT shares may not equal or exceed the pre-Separation value of SWBI shares.***

After the Separation, we expect that SWBI common stock will continue to be traded on the Nasdaq Global Select Market. We have applied to list the shares of our common stock on Nasdaq. We cannot assure you that the combined trading prices of SWBI common stock and our common stock after the Separation, as adjusted for any changes in the combined capitalization of both companies, will be equal to or greater than the trading price of SWBI common stock prior to the Separation. Until the market has fully evaluated the business of SWBI without our business and potentially thereafter, the price at which SWBI common stock trades may fluctuate significantly. Similarly, until the market has fully evaluated our business and potentially thereafter, the price at which our common stock trades may fluctuate significantly.

***We potentially could have received better terms from unaffiliated third parties than the terms we received in our agreements with SWBI.***

The agreements we entered into with SWBI in connection with the Separation were negotiated while we were still part of SWBI's business. See "The Separation—Agreements with SWBI." Accordingly, during the period in which the terms of those agreements will have been negotiated, we did not have a Board of Directors or a management team independent of SWBI. The terms of the agreements negotiated in the context of the Separation relate to, among other things, the allocation of assets, license agreements, intellectual property, liabilities, rights, and other obligations between SWBI and us as well as services to be provided to us by SWBI on an interim basis. Arm's-length negotiations between SWBI and an unaffiliated third-party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third-party.

***If the Transfer and the Distribution do not qualify as a transaction that is tax-free for U.S. federal income tax purposes, SWBI and/or holders of SWBI common stock could be subject to significant tax liability.***

It is intended that the Transfer and the Distribution will qualify as a tax-free transaction under Section 368(a)(1)(D) and Section 355 of the Code. The consummation of the Separation and the related transactions is conditioned upon the receipt of an opinion of Greenberg Traurig, LLP substantially to the effect that such transactions will qualify for this intended tax treatment. The opinion will rely on certain representations, assumptions, and undertakings, including those relating to the past and future conduct of our business, and the opinion would not be valid if such representations, assumptions, and undertakings were incorrect. Despite the opinion, the Internal Revenue Service, or the IRS, could determine that the Transfer or the Distribution should be treated as a taxable transaction for U.S. federal income tax purposes if it determines that any of the representations, assumptions, or undertakings that were relied upon for the opinion are false or have been violated, if it disagrees with the conclusions in the opinion, or for other reasons, including as a result of significant changes in the stock ownership of SWBI or us after the Distribution Date. For more information regarding the opinion see "Material U.S. Federal Income Tax Consequences of the Distribution—Tax Opinion."

Even if the Transfer and the Distribution otherwise qualify under Section 368(a)(1)(D) and Section 355 of the Code, the Distribution could result in a material U.S. federal income tax liability to SWBI (but not to holders of SWBI common stock) under Section 355(e) of the Code if one or more persons acquire, directly or indirectly, a 50% or greater interest (measured by either vote or value) in the stock of SWBI or in the stock of our company (or any successor corporation) as part of a plan or series of related transactions that includes the Distribution. Any acquisition

of the stock of SWBI or our company (or any successor corporation) within two years before or after the Distribution would generally be presumed to be part of a plan that includes the Distribution, although the parties may be able to rebut that presumption under certain circumstances. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual in nature, and subject to a comprehensive analysis of the facts and circumstances of the particular case. Notwithstanding the opinion of Greenberg Traurig, LLP described above, SWBI or we might inadvertently cause or permit a prohibited change in ownership of SWBI or us, thereby triggering tax liability to SWBI.

If the Transfer or the Distribution fail to qualify for tax-free treatment for any reason, SWBI and/or holders of SWBI common stock could be subject to substantial U.S. taxes as a result of the Transfer and the Distribution and we could incur significant liabilities under applicable law or as a result of the Tax Matters Agreement. See "Material U.S. Federal Income Tax Consequences of the Distribution."

***If the Distribution is taxable to SWBI as a result of a breach by us of any covenant or representation made by us in the Tax Matters Agreement, we will generally be required to indemnify SWBI, and the obligation to make a payment on this indemnification obligation could have a material adverse effect on us.***

As described above, it is intended that the Transfer and the Distribution will qualify as tax-free transactions to SWBI and to holders of SWBI common stock, except with respect to any cash received in lieu of fractional shares. If the Transfer and/or the Distribution are not so treated or are taxable to SWBI (see "Material U.S. Federal Income Tax Consequences of the Distribution—The Distribution") due to a breach by us (or any of our subsidiaries) of any covenant or representation made by us in the Tax Matters Agreement, we will generally be required to indemnify SWBI for all tax-related losses suffered by SWBI. In addition, we will not control the resolution of any tax contest relating to taxes suffered by SWBI in connection with the Separation and we may not control the resolution of tax contests relating to any other taxes for which we may ultimately have an indemnity obligation under the Tax Matters Agreement. In the event that SWBI suffers tax-related losses in connection with the Separation that must be indemnified by us under the Tax Matters Agreement, the indemnification liability could have a material adverse effect on our business, operating results, and financial condition.

***We will be subject to significant restrictions on our actions following the Separation in order to avoid triggering significant tax-related liabilities.***

The Tax Matters Agreement generally will prohibit us from taking certain actions that could cause the Transfer and the Distribution to fail to qualify as tax-free transactions, including the following:

- during the two-year period following the Distribution Date (or otherwise pursuant to a "plan" within the meaning of Section 355(e) of the Code), we may not cause or permit certain business combinations or transactions to occur;
- during the two-year period following the Distribution Date, we may not discontinue the active conduct of our business (within the meaning of Section 355(b)(2) of the Code);
- during the two-year period following the Distribution Date, we may not liquidate or merge, consolidate, or amalgamate with any other person;
- during the two-year period following the Distribution Date, we may not sell or otherwise dispose of more than 30% of our consolidated gross assets or more than 30% of the gross assets of the outdoor products and accessories business;
- during the two-year period following the Distribution Date, we may not purchase any of our common stock, other than pursuant to certain open-market repurchases of less than 20% of our common stock (in the aggregate);
- during the two-year period following the Distribution Date, we may not amend our certificate of incorporation (or other organizational documents) or take any other action affecting the voting rights of our common stock; and
- more generally, we may not take any action that could reasonably be expected to cause the Transfer and the Distribution to fail to qualify as tax-free transactions for U.S. federal income tax purposes.

If we take any of the actions above and such actions result in tax-related losses to SWBI, we generally will be required to indemnify SWBI for such tax-related losses under the Tax Matters Agreement. See "The Separation—Agreements with SWBI—Tax Matters Agreement." Due to these restrictions and indemnification obligations under the Tax Matters Agreement, we may be limited in our ability to pursue strategic transactions, equity or convertible debt financings, or other transactions that may otherwise be in our best interests. In addition, our potential indemnity obligation to SWBI might discourage, delay, or prevent a change of control that our stockholders may consider favorable.

***Our accounting and other management systems and resources may not be robust enough to meet the financial reporting and other requirements to which we will be subject following the Separation.***

Prior to the Separation, our financial results were included within the consolidated results of SWBI, and we were not directly subject to reporting and other requirements of the Exchange Act. These and other obligations will place significant demands on our management, administrative, and operational resources, including accounting and information technology resources. To comply with these requirements, we anticipate that we will need to duplicate information technology infrastructure; implement additional financial and management controls, reporting systems, and procedures; and hire additional accounting, finance, tax, treasury, and information technology staff. If we are unable to do this in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to independent public companies could be impaired and our business could be harmed.

**Risks Related to Our Common Stock**

***Because there has not been any public market for our common stock, the market price and trading volume of our common stock may be volatile and you may not be able to resell your shares at or above the initial market price of our common stock following the Separation.***

Prior to the Separation, there will not have been a trading market for shares of our common stock. An active trading market may not develop or be sustained for our common stock after the Separation, and we cannot predict the prices at which our common stock will trade after the Separation. The market price of our common stock could fluctuate significantly as a result of a number of factors, many of which are beyond our control, including the following:

- fluctuations in our quarterly or annual earnings results or those of other companies in our industry;
- failures of our operating results to meet the estimates of securities analysts or the expectations of our stockholders;
- changes by securities analysts in their estimates of our future earnings;
- changes in market valuations or earnings of other companies in our industry;
- introductions of new products by us or our competitors;
- announcements by us or our customers, suppliers, or competitors;
- factors relating to our suppliers, customers, or competitors;
- consumer spending patterns;
- changes in laws or regulations that adversely or are perceived to adversely affect our industry or us;
- general economic, social, political, industry, and stock market conditions;
- future significant sales of our common stock by our stockholders or the perception in the market of such sales;
- government policies and recommendations, including tariffs;
- future issuances of our common stock by us;
- the size of the public float of our common stock; and
- the other factors described in these "Risk Factors" and elsewhere in this information statement.

These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought such a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

The trading market for our common stock may also be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade our stock, or if our operating results do not meet their expectations, our stock price could decline.

***A large number of our shares are or will be eligible for future sale, which may cause the market price of our common stock to decline.***

Upon completion of the Separation, we estimate that we will have outstanding an aggregate of approximately [•] shares of our common stock (based on shares of SWBI common stock outstanding on [•], 2020). All of those shares (other than those held by our "affiliates") will be freely tradable without restriction or registration under the Securities Act of 1933, or the Securities Act. Shares held by our affiliates, which include our directors and executive officers, can be sold subject to volume, manner of sale, and notice provisions of Rule 144 under the Securities Act. We believe that our directors and executive officers, who may be considered "affiliates" for purposes of Rule 144, will beneficially own approximately [•] shares of our common stock immediately following the Separation. We are unable to predict whether large amounts of our common stock will be sold in the open market following the Separation. We are also unable to predict whether a sufficient number of buyers will be in the market for our shares at that time. As discussed in the immediately following risk factor, certain index funds will likely be required to sell shares of our common stock that they receive in the Separation. In addition, other SWBI stockholders may sell the shares of our common stock they receive in the Separation for various reasons. For example, such stockholders may not believe that our business profile or level of market capitalization as an independent company fits their investment objectives.

***Because our common stock may not be included in stock indices, significant amounts of our common stock will likely need to be sold in the open market where there may not be offsetting demand.***

A portion of SWBI's outstanding common stock is held by passive index funds tied to the various stock indices. Based on a review of publicly available information as of [•], 2020, we believe approximately [•]% of SWBI's outstanding common stock is held by passive index funds. Because our common stock may not be included in any stock index and it may not be included in other stock indices at the time of the Separation, index funds currently holding shares of SWBI common stock will likely be required to sell the shares of our common stock that they receive in the Separation. There may not be sufficient buying interest to offset sales by those index funds. Accordingly, our common stock could experience a high level of volatility immediately following the Separation and, as a result, the price of our common stock could be adversely affected.

***Provisions of our Amended and Restated Certificate of Incorporation, our Amended and Restated Bylaws, and Delaware law may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock.***

Several provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and Delaware law may discourage, delay, or prevent a merger or acquisition of our company that our stockholders may consider favorable. These include provisions that provide for the following:

- the ability of our Board of Directors to create and issue, without stockholder approval, one or more series of preferred stock having such powers, preferences, and rights, if any, and such qualifications, limitations, and restrictions, if any, as established our Board of Directors;
- the ability of our Board of Directors to issue a large number of shares of our common stock that are authorized by our Amended and Restated Certificate of Incorporation, but that are not yet issued;

- the directors elected by the holders of our common stock to be classified;
- the removal of directors elected by holders of our common stock solely for cause;
- the removal of any director elected by holders of our common stock solely by 66 2/3% of the voting power of such holders;
- the filling of vacancies resulting from the death, resignation, disqualification, removal, or other cause of directors elected by the holders of our common stock and newly created directorships created from an increase in the number of such directors solely by our Board of Directors;
- the amendment of our Amended and Restated Bylaws by our Board of Directors;
- the amendment of our Amended and Restated Bylaws by our stockholders solely by a vote of 66 2/3% of the voting power thereof;
- the calling of special meetings of our holders of common stock solely by the Chairperson of our Board of Directors, our President, or our Board of Directors;
- the taking of action by the holders of our common stock solely at a duly called annual or special meeting of such holders;
- the amendment of the provisions of our Amended and Restated Certificate of Incorporation providing for (i) the directors elected by the holders of our common stock to be classified (and therefore for the removal of such directors solely for cause), (ii) the removal of directors elected by the holders of our common stock solely by 66 2/3% of the voting power of such holders, (iii) the filling of vacancies with respect to directors elected by the holders of our common stock and newly created directorships created from an increase in the number of such directors solely by our Board of Directors, (iv) the amendment of our Amended and Restated Bylaws by 66 2/3% of the voting power of our stockholders, (v) the calling of special meetings solely by the Chairperson of our Board of Directors, our President, or our Board of Directors, and (vi) the prohibition on the ability of holders of our common stock to act by written consent in lieu of a meeting, in each case, by a vote of 66 2/3% of the voting power of our stockholders;
- advance notice and other requirements for nominations of candidates for election to our Board of Directors by the holders of our common stock or for proposing matters that can be acted on at annual meetings of the holders of our common stock; and
- limit our ability to enter into business combinations with interested stockholders, subject to certain exceptions enumerated by Delaware law.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions apply even if a takeover offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in our stockholders' best interests. See "Description of Capital Stock." These and other provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and Delaware law may, however, discourage, delay, or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of us, including unsolicited takeover attempts, even though the transaction may offer our stockholders the opportunity to sell their shares of our common stock at a price above the prevailing market price.

***We do not anticipate paying dividends on our common stock in the foreseeable future.***

We currently intend to retain all available funds and any future earnings, if any, to fund the development and expansion of our business rather than to pay cash dividends on our common stock. The declaration and payment of dividends on our common stock, if any, will always be subject to the discretion of our Board of Directors. The timing and amount of any dividends declared on our common stock will depend upon, among other things, applicable laws, our results of operations, financial condition, future prospects, the terms of our outstanding indebtedness, and any other factors deemed relevant by our Board of Directors. We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution of dividends on our common stock, including as a result of the risks described herein.

***Our Amended and Restated Bylaws designate Delaware as the exclusive forum for certain litigation, which may limit our stockholders' ability to choose a judicial forum for disputes with us.***

Pursuant to our Amended and Restated Bylaws, as will be in effect upon the completion of the Separation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the state of Delaware will be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or employees or our stockholders; (c) any civil action to interpret, apply, or enforce any provision of the General Corporation Law of the state of Delaware, or the DGCL; (d) any civil action to interpret, apply, enforce, or determine the validity of the provisions of our Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws; or (e) any action asserting a claim governed by the internal affairs doctrine. However, if the Court of Chancery of the state of Delaware lacks jurisdiction over such action, our Amended and Restated Bylaws, provide that the sole and exclusive forum for such action will be another state or federal court located within the state of Delaware, in all cases, subject to such court having personal jurisdiction over the indispensable parties named as defendants. Our Amended and Restated Bylaws also provide that any person purchasing or otherwise acquiring any interest in our stock will be deemed to have notice of and consented to these Delaware exclusive forum provisions. These Delaware exclusive forum provisions will require our stockholders to bring certain types of actions or proceedings relating to Delaware law in the Court of Chancery of the state of Delaware or another state or federal court in the state of Delaware and therefore may prevent our stockholders from bringing such actions or proceedings in another court that a stockholder may view as more convenient, cost-effective, or advantageous to the stockholder or the claims made in such action or proceeding, and may discourage the actions or proceedings covered by the Delaware exclusive forum provisions. These Delaware exclusive forum provisions are not intended by us to limit the forums available to our stockholders for actions or proceedings asserting claims arising under the Exchange Act or the Securities Act. See "Description of Capital Stock—Exclusive Forum."

***Your percentage ownership in our company may be diluted in the future.***

In the future, your percentage ownership in our company may be diluted because of equity issuances for acquisitions, strategic investments, capital market transactions, or otherwise, including equity compensation awards that we grant to our directors, officers and employees. Our Compensation Committee can be expected to grant additional equity compensation awards to our employees after the Separation. These awards would have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we may issue additional equity compensation awards to our employees under our employee benefits plans.

In addition, our Amended and Restated Certificate of Incorporation authorizes our Board of Directors to create and issue, without the approval of our stockholders, one or more series of preferred stock having such powers, preferences, and rights, if any, and such qualifications, limitations, and restrictions, if any, as established by our Board of Directors. The terms of one or more series of preferred stock that is so created and issued by our Board of Directors may dilute the voting power or reduce the value of our common stock. For example, our Board of Directors could create and issue one or more series of preferred stock having the right to elect one or more of our directors (in all events or on the happening of specified events) and/or the right to veto specified transactions. Similarly, the repurchase or redemption rights or dividend, distribution, or liquidation rights of a series of preferred stock created and issued by our Board of Directors could affect the residual value of the common stock. See "Description of Capital Stock—Preferred Stock."

***Our common stock is and will be subordinate to all of our future indebtedness and any series of preferred stock, and effectively subordinated to all indebtedness and preferred equity claims against our subsidiaries.***

Shares of our common stock are common equity interests in us and, as such, will rank junior to all of our future indebtedness and other liabilities. Additionally, holders of our common stock may become subject to the prior dividend and liquidation rights of holders of any series of preferred stock that our Board of Directors may designate and issue without any action on the part of the holders of our common stock. Furthermore, our right to participate in a distribution of assets upon any of our subsidiaries' liquidation or reorganization is subject to the prior claims of that subsidiary's creditors.

# THE SEPARATION

## General

On November 13, 2019, SWBI announced that it was proceeding with a plan to spin-off its outdoor products and accessories business. We are currently a wholly owned subsidiary of SWBI and, as a result of the Separation, we will hold, directly or indirectly through our subsidiaries, all of the assets and legal entities, subject to any related liabilities, associated with SWBI's outdoor products and accessories business. The Separation will be achieved through the transfer of all the assets and legal entities, subject to any related liabilities, associated with the outdoor products and accessories business of SWBI to our company or our subsidiaries, which we refer to as the Transfer, and the distribution of 100% of our outstanding capital stock to holders of SWBI common stock as of the close of business on the Record Date, which we refer to as the Distribution. In connection with the Distribution, SWBI stockholders will receive [•] shares of our common stock for every [•] shares of SWBI common stock held as of the close of business on the Record Date. The Separation is expected to be completed on [•], 2020. Following the Separation, SWBI stockholders as of the close of business on the Record Date will own 100% of the outstanding shares of our common stock; we will be an independent, publicly traded company; and SWBI will retain no ownership interest in our company.

In connection with the Separation, we will enter into a Separation and Distribution Agreement and several other agreements with SWBI to effect the Separation and provide a framework for our relationship with SWBI after the Separation. These agreements will provide for the allocation between us and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, of the assets, liabilities, legal entities, and obligations associated with the outdoor products and accessories business, on the one hand, and the firearm business, on the other hand, and will govern the relationship between our company and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, subsequent to the Separation. In addition to the Separation and Distribution Agreement, the other principal agreements to be entered into with SWBI include a Tax Matters Agreement, a Transition Services Agreement, an Employee Matters Agreement, a Trademark License Agreement, a Sublease, and certain commercial agreements.

The Separation as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Distribution." We cannot provide any assurances that SWBI will complete the Separation.

## Reasons for the Separation

The SWBI Board of Directors and its various committees have met regularly; engaged in an extensive evaluation and analysis of the firearm business and the outdoor products and accessories business; explored opportunities to drive enhanced performance and stockholder value; consulted with financial, legal, tax, and accounting advisors; and engaged in a strategic review of the growth prospects, enterprise value, end-markets, customers, financial market considerations, credit and insurance factors, and business operations in the current market for each business.

Following a strategic review, it was determined that separating SWBI's outdoor products and accessories business from SWBI's firearm business would be in the best interests of SWBI and its stockholders and that the Separation would create two industry-leading companies with attributes that best position each company for long-term success, including the following:

- ***Distinct Focus***. Each company will benefit from a distinct strategic and management focus on its specific operational and growth priorities.
- ***Differentiated Investment Theses***. Each company will offer differentiated and compelling investment opportunities based on its particular operating and financial model, allowing it to more closely align with its natural investor type.
- ***Optimized Balance Sheet and Capital Allocation Priorities***. Each company will operate with a capital structure and capital deployment strategy tailored to its specific business model and growth strategies without having to compete with the other for investment capital.

- ***Direct Access to Capital Markets***. Each company will have its own equity structure that will afford it direct access to the capital markets and allow it to capitalize on its unique growth opportunities appropriate to its business.
- ***Alignment of Incentives with Performance Objectives***. Each company will be able to offer incentive compensation arrangements for employees that are more directly tied to the performance of its business and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.
- ***Incremental Stockholder Value***. Each company will benefit from the investment community's ability to value its businesses independently within the context of its particular industry with the anticipation that, over time, the aggregate market value of the companies will be higher, on a fully distributed basis and assuming the same market conditions, than if SWBI were to remain under its current configuration.

While a number of potentially negative factors were also considered, including, among others, risks relating to the creation of a new public company, such as increased costs from operating as a separate public company, potential disruptions to each business, the loss of synergies and joint purchasing power, increased administrative costs, one-time separation costs, the fact that each company will be less diversified following the Separation, and the potential inability to realize the anticipated benefits of the Separation, it was nevertheless determined that the potential benefits of the Separation outweighed the potential negative factors in connection therewith. However, neither we nor SWBI can assure you that, following the Separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all. For more information see "Risk Factors."

**The Number of Shares You Will Receive**

For every [•] shares of SWBI common stock you own as of the close of business on the Record Date, you will receive [•] shares of our common stock on the Distribution Date.

**Treatment of Fractional Shares**

Issuer Direct Corporation, acting as the Distribution Agent, will not distribute any fractional shares of our common stock to SWBI stockholders. As soon as practicable on or after the Distribution Date, the Distribution Agent will, instead, aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing prices, and distribute the net cash proceeds from the sales, net of brokerage fees and commissions, transfer taxes, and other costs, and after making appropriate deductions of the amounts required to be withheld for U.S. federal income tax purposes, if any, pro rata to each stockholder that would otherwise have been entitled to receive a fractional share in connection with the Distribution. The Distribution Agent will determine when, how, through which broker-dealers, and at what prices to sell the aggregated fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any minimum sale price for the fractional shares or to any interest on the amounts of payments made in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient stockholders for U.S. federal income tax purposes as described under "Material U.S. Federal Income Tax Consequences of the Distribution—The Distribution."

**When and How You Will Receive the Distribution of AOUT Shares**

SWBI will distribute the shares of our common stock on [•], 2020 to holders of record as of the close of business on the Record Date. The Distribution is expected to be completed following the Nasdaq market closing on the Distribution Date. SWBI's transfer agent and registrar, Issuer Direct Corporation, will serve as transfer agent and registrar for our common stock and as Distribution Agent in connection with the Distribution.

If you own SWBI common stock as of the close of business on the Record Date, the shares of our common stock that you are entitled to receive in connection with the Distribution will be issued electronically, as of the Distribution Date, to your account as follows:

- ***Registered Stockholders***. If you own your shares of SWBI stock directly, either in book-entry form through an account at Issuer Direct Corporation and/or if you hold paper stock certificates, you will

receive your shares of our common stock by way of direct registration in book-entry form. Registration in book-entry form is a method of recording stock ownership when no physical paper share certificates are distributed to stockholders, as is the case in connection with the Distribution.

On or shortly following the Distribution Date, the Distribution Agent will mail to you a direct registration account statement that reflects the number of shares of our common stock that have been registered in book-entry form in your name. Stockholders having any questions concerning the mechanics of having shares of our common stock registered in book-entry form may contact Issuer Direct Corporation at the address set forth under "Questions and Answers About the Separation" in this information statement.

- ***Beneficial Stockholders***. Many SWBI stockholders hold their shares of SWBI common stock beneficially through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the stock in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your SWBI common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account with the shares of our common stock that you are entitled to receive in connection with the Distribution. If you have any questions concerning the mechanics of having shares of common stock held in "street name," we encourage you to contact your bank or brokerage firm.

**Treatment of Outstanding Equity Compensation Awards**

The Employee Matters Agreement will provide that outstanding SWBI equity compensation awards, specifically stock options, or Options, restricted stock units, or RSUs, and performance-based restricted stock units, or PSUs (with such Options, RSUs, and PSUs being collectively referred to herein as the SWBI awards), will be equitably adjusted simultaneously with the consummation of the Distribution. These equitable adjustments are intended to maintain, immediately following the consummation of the Distribution, the intrinsic value of the SWBI award immediately prior to consummation of the Distribution. Depending upon the type of award, the holder's position or title with SWBI, and the holder's post-Separation employer, the outstanding SWBI awards will be adjusted via one of the following generally recognized methods:

***Stockholder Method***

Under the "stockholder method," holders of SWBI awards will be treated similarly to stockholders of SWBI such that their existing SWBI awards will be converted into awards with respect to both equity interests in SWBI and equity interests in our company, subject to certain adjustments necessary to reflect the Separation. Specifically, each holder of an SWBI award will (i) continue to hold the existing SWBI award for the same number of shares of SWBI common stock that were subject to such SWBI award prior to the Distribution, and (ii) will receive an identical award with respect to [•] shares of our common stock for each [•] shares of SWBI common stock underlying the SWBI award, such that the resulting SWBI award and AOUT award, collectively the "new awards," will have a combined intrinsic value immediately following the consummation of the Distribution equal to the intrinsic value of the existing SWBI award immediately prior to the consummation of the Distribution, taking into account any necessary adjustments to the exercise price of the new awards, if applicable, to maintain such intrinsic value. To the extent the existing SWBI award is subject to vesting based upon continued service with SWBI, the new awards will also remain subject to the same vesting conditions based upon continued employment with the holder's post-Separation employer. In addition, to the extent the existing SWBI award is subject to the achievement of certain company performance-based target goals, appropriate adjustments will be made to such target goals and incorporated into the new awards to reflect the changes to the businesses of each of SWBI and our company as a result of the Separation.

***Employer Method***

Under the "employer method," holders of SWBI awards will only hold awards with respect to equity of their post-Separation employer. Specifically, each holder of an SWBI award that will remain with SWBI post-Separation will continue to hold the existing SWBI award, whereas each holder of an SWBI award that will be employed with and/or provide services to us post-Separation will have their existing SWBI award converted into an identical award with respect to shares of our common stock. However, the number of shares of common stock underlying such awards, and/or the exercise price of such awards, if applicable, will be adjusted so that the continued or converted awards, whichever applicable, have the same intrinsic value immediately following the consummation of the Distribution as the intrinsic value of the existing SWBI award immediately prior to the consummation of the Distribution. It should be noted that to the extent the existing SWBI award is subject to vesting based upon continued service with SWBI, the continued or converted award, whichever applicable, will also remain subject to the same vesting conditions based upon continued employment with such individual's post-Separation employer. In addition, to the extent the existing SWBI award is subject to the achievement of certain company performance-based target goals, appropriate adjustments will be made to such target goals and incorporated into the new awards to reflect the changes to the businesses of each of SWBI and our company as a result of the Separation.

Regardless of the equity conversion method utilized, whether the stockholder method or employer method, the intrinsic value of each type of award as determined immediately prior to the Distribution will be equal to the intrinsic value of the "converted award" (in the case of the employer method) or "converted awards" as determined in the aggregate (in the case of the stockholder method) immediately following the Distribution. Following the Distribution, such intrinsic values may diverge in the future depending on the growth of SWBI and/or us, but initially they will be the same immediately following the Distribution.

***Fractional Interests***

To the extent any adjustments to be made to outstanding SWBI awards result in fractional share interests, the fractional interests will be rounded down to the nearest whole share and we or SWBI, as the case may be, will make a cash payment to our respective employees and/or directors in lieu of such fractional interests.

***Proposed Treatment***

After careful consideration and in light of the ongoing intercompany agreements and commitments between SWBI and us after the Separation, we determined that those individuals who are members of the board of directors of SWBI or us, as applicable, as well as those individuals who are top-level executives, which we refer to as the Designated Executives, of SWBI or us, as applicable, would receive stockholder method treatment with respect to all of their outstanding awards to facilitate cooperation between SWBI and us through the transition period, which such directors and Designated Executives will be integral in ensuring operates smoothly and efficiently. For all other employees, which we refer to as the Other Employees, we determined that they will receive the employer method treatment with respect to all of their outstanding awards since they will have minimal or no involvement with the other company post-Separation and, therefore, the focus will be solely on their current employer and the value added to that company post-Separation. In addition, the amount of shares subject to outstanding awards held by the Other Employees is relatively small and splitting such small share amounts would diminish their value and be administratively complex. There are no other classes of individuals that would be impacted by this conversion methodology.

The following table shows the expected treatment of each type of SWBI award outstanding immediately prior to the Distribution. As a result of the adjustments to be made to such SWBI awards in connection with the Distribution, the precise number of awards, number of shares, and/or exercise prices resulting from the conversion of such awards will not be known until following the Distribution Date.

| Type of Award | Directors | Designated Executives (1) | Other Employees (1) |
|---|---|---|---|
| **Options** | Stockholder Method | N/A | N/A |
| **RSUs** | Stockholder Method | Stockholder Method | Employer Method |
| **Deferred RSUs** | Stockholder Method | N/A | N/A |
| **PSUs** | N/A | Stockholder Method | N/A |

(1) As defined in the Employee Matters Agreement.

**Results of the Separation**

After the Separation, we will be an independent, publicly traded company that directly or indirectly holds the assets and legal entities, subject to any related liabilities, associated with the outdoor products and accessories business previously conducted by SWBI. Immediately following the Separation, we expect to have approximately [•] stockholders of record, based on the number of registered stockholders of SWBI common stock on [•], 2020, applying a distribution ratio of [•] shares of our common stock for every [•] shares of SWBI common stock. We expect to have approximately [•] shares of our common stock outstanding following the Separation. The actual number of shares to be distributed will be determined on the Record Date.

**Incurrence of Debt**

We intend to enter into a new financing arrangement in anticipation of the Separation consisting of a $50 million revolving line of credit secured by substantially all assets of our company. This revolving line of credit will have no borrowings as of the Distribution Date and will be available for general corporate purposes. In addition to the revolving line of credit, we have entered into a long-term sublease of our corporate offices from SWBI that will be recorded as a finance lease in the amount of $[•] million.

**Regulatory Approvals**

We must complete the necessary registration under the federal securities laws of our common stock to be issued in connection with the Distribution. We must also complete the applicable listing requirements on Nasdaq for such shares. Other than these requirements, we do not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the Distribution.

**Appraisal Rights**

No SWBI stockholder will have any appraisal rights in connection with the Separation.

**Listing and Trading of Our Common Stock**

As of the date of this information statement, there is no public market for our common stock. We have applied to have our common stock listed on Nasdaq under the ticker symbol “AOUT.”

**Trading Between Record Date and Distribution Date**

Beginning on the Record Date and continuing up to and including the Distribution Date, we expect that there will be two markets in SWBI common stock: a “regular-way” market and an “ex-distribution” market. Shares of SWBI common stock that trade on the “regular-way” market will trade with an entitlement to receive shares of our common stock in connection with the Distribution. Shares of SWBI common stock that trade on the “ex-distribution” market will trade without an entitlement to receive shares of our common stock in the Distribution. Therefore, if you sell shares of SWBI common stock on the “regular-way” market after the close of business on the Record Date and up to and including through the Distribution Date, you will be selling your right to receive shares of our common stock in connection with the Distribution. If you own shares of SWBI common stock as of the close of business on the Record Date and sell those shares on the “ex-distribution” market, up to and including through the Distribution Date, you will still receive the shares of our common stock that you would be entitled to receive in respect of your ownership, as of the Record Date, of the shares of SWBI common stock that you sold.

Furthermore, beginning on [•], 2020 and continuing up to and including the Distribution Date, we expect there will be a “when-issued” market in our common stock. “When-issued” trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The “when-issued” trading market will be a market for shares of our common stock that will be distributed to SWBI stockholders on the Distribution Date. If you own shares of SWBI common stock as of the close of business on the Record Date, you would be entitled to receive shares of our common stock in connection with the Distribution. You may trade this entitlement to receive shares of

our common stock, without trading the shares of SWBI common stock you own, in the "when-issued" market. On the first trading day following the Distribution Date, we expect "when-issued" trading with respect to our common stock will end and "regular-way" trading in our common stock will begin.

**Conditions to the Distribution**

We expect the Distribution will be effective on [•], 2020, the Distribution Date, provided that, among other conditions described in the Separation and Distribution Agreement, the following conditions will have been satisfied or waived by SWBI in its sole discretion:

- the Transfer will have been consummated;
- the proposed new AOUT line of credit contemplated by the Separation and Distribution Agreement will have been consummated;
- the Distribution will be made in a manner that does not cause SWBI to be unable to pay its debts as they become due in the usual course of its business or cause the total assets of SWBI to be less than the sum of its total liabilities plus the amount that would be needed, if SWBI were to be dissolved immediately after the effective time of the Distribution, to satisfy the preferential rights upon such dissolution of stockholders whose preferential rights are superior to those receiving the Distribution, if any, in each case in accordance with Section 78.288 of the Nevada Revised Statutes;
- the SWBI Board of Directors will have approved the Distribution and will not have abandoned the Distribution or terminated the Separation and Distribution Agreement at any time prior to the consummation of the Distribution;
- the SEC will have declared effective our registration statement on Form 10, of which this information statement is a part, under the Exchange Act; no stop order suspending the effectiveness of our registration statement on Form 10 will be in effect; no proceedings for such purpose will be pending before or threatened by the SEC; and this information statement, or a notice of Internet availability thereof, will have been mailed to the holders of SWBI common stock as of the Record Date;
- all actions and filings necessary or appropriate under applicable federal, state "blue sky," or foreign securities laws and the rules and regulations thereunder will have been taken and, when applicable, become effective or been accepted;
- our common stock to be delivered in connection with the Distribution will have been approved for listing on Nasdaq, subject to official notice of issuance;
- our Board of Directors, as named in this information statement, will have been duly elected, and our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, each in substantially the form attached as exhibits to the registration statement on Form 10 of which this information statement is a part, will be in effect;
- each of the ancillary agreements contemplated by the Separation and Distribution Agreement will have been duly executed and delivered by the parties thereto;
- SWBI will have received the Tax Opinion, substantially to the effect that, among other things, the Transfer and the Distribution will qualify as a tax-free transaction under Sections 355 and Section 368(a)(1)(D) of the Code, for U.S. federal income tax purposes;
- no applicable law will have been adopted, promulgated, or issued, and be in effect, that prohibits the consummation of the Distribution or any of the transactions contemplated by the Separation and Distribution Agreement;
- any material governmental approvals and consents and any material permits, registrations, and consents from third parties, in each case, necessary to effect the Distribution and to permit the operation of the outdoor products and accessories business after the Distribution Date substantially as conducted as of the date of the Separation and Distribution Agreement will have been obtained; and

- no event or development will have occurred or exist that, in the judgment of the SWBI Board of Directors, in its sole discretion, makes it inadvisable to effect the Distribution or other transactions contemplated by the Separation and Distribution Agreement.

The fulfillment of these conditions will not create any obligations on SWBI's part to effect the Separation, and the SWBI Board of Directors has reserved the right, in its sole discretion, to abandon, modify, or change the terms of the Separation, including by accelerating or delaying the timing of the consummation of all or part of the Distribution, at any time prior to the Distribution Date.

**Agreements with SWBI**

In connection with the Separation, we will enter into a Separation and Distribution Agreement and several other agreements with SWBI to effect the Separation and provide a framework for our relationship with SWBI after the Separation. These agreements will provide for the allocation between us and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, of the assets, liabilities, legal entities, and obligations associated with the outdoor products and accessories business, on the one hand, and the firearm business, on the other hand, and will govern the relationship between our company and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, subsequent to the Separation (including with respect to transition services, employee matters, intellectual property matters, tax matters, and certain other commercial relationships).

In addition to the Separation and Distribution Agreement (which will contain many of the key provisions related to our Separation from SWBI and the distribution of our shares of common stock to SWBI stockholders), we will also enter into a Tax Matters Agreement, a Transition Services Agreement, an Employee Matters Agreement, a Trademark License Agreement, a Sublease, and certain commercial agreements.

The forms of the principal agreements described below have been filed as exhibits to the registration statement of which this information statement forms a part. The following descriptions of these agreements are summaries of the material terms of these agreements.

***Separation and Distribution Agreement***

The Separation and Distribution Agreement will govern the overall terms of the Separation. Generally, the Separation and Distribution Agreement will include SWBI's and our agreements relating to the internal restructuring steps to be taken to complete the Separation, including the assets, legal entities, and rights to be transferred, liabilities to be assumed, and related matters.

Subject to the receipt of required governmental and other consents and approvals and the satisfaction of other closing conditions, in order to accomplish the Separation, the Separation and Distribution Agreement will provide, as applicable, for SWBI and us to transfer specified assets between the companies that will operate the outdoor products and accessories business, on the one hand, and SWBI's firearm business, on the other hand, after the Distribution Date. The determination of the assets to be transferred between the companies will be made by SWBI in its sole discretion. The Separation and Distribution Agreement will require SWBI and us to use reasonable efforts to obtain consents, approvals, and amendments required to assign the assets, legal entities, and liabilities that are to be transferred pursuant to the Separation and Distribution Agreement.

Unless otherwise provided in the Separation and Distribution Agreement or any of the related ancillary agreements, all assets will be transferred on an "as is, where is" basis. Generally, if the transfer of any assets or any claim or right or benefit arising thereunder requires a consent that will not be obtained before the Distribution, or if the transfer or assignment of any such asset or such claim or right or benefit arising thereunder would be ineffective or would adversely affect the rights of the transferor thereunder so that the intended transferee would not in fact receive all such rights, the party retaining any asset that otherwise would have been transferred will hold such asset in trust for the use and benefit of the party entitled thereto and retain such liability for the account of the party by whom such liability is to be assumed, and take such other action as may be reasonably requested by the party to which such asset is to be transferred, or by whom such liability is to be assumed, as the case may be, in order to place such party, insofar as reasonably possible, in the same position as would have existed had such asset or liability been transferred prior to the consummation of the Distribution.

The Separation and Distribution Agreement will specify those conditions that must be satisfied or waived by SWBI prior to the completion of the Separation, which are described further in "—Conditions to the Distribution." In addition, SWBI will have the right to determine the date and terms of the Separation and will have the right, at any time until completion of the Distribution, to determine to abandon or modify the Distribution and to terminate the Separation and Distribution Agreement.

In addition, the Separation and Distribution Agreement will govern the treatment of indemnification, insurance, and litigation responsibility and management of the outdoor products and accessories business, on the one hand, and SWBI's firearm business, on the other hand, after the Distribution Date. Generally, the Separation and Distribution Agreement will provide for uncapped cross-indemnities primarily designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of SWBI's firearm business with SWBI, in either case after applicable insurance coverage (which generally are occurrence policies) intended to cover such obligations and liabilities and whether incurred prior to, on, or after the Distribution Date. We and SWBI have each agreed to indemnify the other for any liabilities caused by a material misstatement or omission in materials supplied by one of us to the other for inclusion in this information statement regarding the business, operations, financial results, stockholder communications, risks, management, management compensation levels, and stock ownership of the applicable company. The Separation and Distribution Agreement will also establish procedures for handling claims subject to indemnification and related matters.

***Tax Matters Agreement***

In connection with the Separation, we and SWBI will enter into a Tax Matters Agreement that will govern the parties' respective rights, responsibilities, and obligations with respect to taxes, including taxes arising in the ordinary course of business and taxes, if any, incurred as a result of the failure of the Transfer and the Distribution to qualify for tax-free treatment for U.S. federal income tax purposes. The Tax Matters Agreement will also set forth the respective obligations of the parties with respect to the filing of tax returns, the administration of tax contests, and assistance and cooperation on tax matters.

In general, the Tax Matters Agreement will govern the rights and obligations that we and SWBI will have after the Separation with respect to taxes for both pre- and post-closing periods. Under the Tax Matters Agreement, we generally will be responsible for (i) any of our taxes for all periods prior to and after the Distribution and (ii) any taxes of the SWBI group for periods prior to the Distribution to the extent attributable to the outdoor products and accessories business. SWBI generally will be responsible for any of the taxes of the SWBI group other than taxes for which we are responsible.

The Tax Matters Agreement will further provide as follows:

- without duplication of our obligations described in the prior paragraph, we will generally indemnify SWBI against (i) taxes arising in the ordinary course of business for which we are responsible under the Tax Matters Agreement (as described above), (ii) any liability or damage resulting from a breach by us or any of our affiliates of a covenant or representation made in the Tax Matters Agreement, and (iii) any event (or series of events) involving our capital stock that, in either case, would result in the failure of the Transfer and the Distribution to qualify for tax-free treatment for U.S. federal income tax purposes; and
- SWBI will indemnify us against any taxes of the SWBI group other than taxes for which we are responsible.

In addition to the indemnification obligations described above, the indemnifying party will generally be required to indemnify the indemnified party against any interest, penalties, additions to tax, losses, assessments, settlements, or judgments arising out of or incident to the event giving rise to the indemnification obligation, along with costs incurred in any related contest or proceeding.

The Tax Matters Agreement also generally will prohibit us and our affiliates from taking certain actions that could cause the Transfer and the Distribution to fail to qualify for their intended tax treatment, including the following:

- during the two-year period following the Distribution Date (or otherwise pursuant to a "plan" within the meaning of Section 355(e) of the Code), we may not cause or permit certain business combinations or transactions to occur;
- during the two-year period following the Distribution Date, we may not discontinue the active conduct of our business (within the meaning of Section 355(b)(2) of the Code);
- during the two-year period following the Distribution Date, we may not liquidate or merge, consolidate, or amalgamate with any other person;
- during the two-year period following the Distribution Date, we may not sell or otherwise dispose of more than 30% of our consolidated gross assets or more than 30% of the gross assets of the outdoor products and accessories business;
- during the two-year period following the Distribution Date, we may not purchase any of our common stock, other than pursuant to certain open-market repurchases of less than 20% of our common stock (in the aggregate);
- during the two-year period following the Distribution Date, we may not amend our certificate of incorporation (or other organizational documents) or take any other action affecting the voting rights of our common stock; and
- more generally, we may not take any action that could reasonably be expected to cause the Transfer and the Distribution and to fail to qualify as tax-free transactions for U.S. federal income tax purposes.

In the event that the Transfer and the Distribution fail to qualify for their intended tax treatment, in whole or in part, and SWBI is subject to tax as a result of such failure, the Tax Matters Agreement will determine whether SWBI must be indemnified for any such tax by us. As a general matter, under the terms of the Tax Matters Agreement (as described above), we are required to indemnify SWBI for any tax-related losses in connection with the Transfer and the Distribution as a result of any action by us or any of our subsidiaries following the Separation. Therefore, in the event that the Transfer or the Distribution fails to qualify for its intended tax treatment due to any action by us or any of our subsidiaries (including the prohibited actions described above), we will generally be required to indemnify SWBI for the resulting taxes.

***Transition Services Agreement***

The Transition Services Agreement will set forth the terms on which SWBI will provide to us and we will provide to SWBI on a transitional basis, certain services or functions that the companies historically have shared. Transition services will include various information technology, finance, human resources, compliance, legal, security, and other support services. The Transition Services Agreement will provide for the provision of the specified transition services, generally for a period of up to two years following the Distribution Date. Compensation for transition services will be determined using an internal cost allocation methodology based on fully burdened cost such that the party providing the services will have neither a profit nor a loss from the provision of such services as calculated under GAAP.

***Employee Matters Agreement***

We intend to enter into an Employee Matters Agreement with SWBI prior to the Separation that will govern each company's respective compensation and employee benefit obligations with respect to current and former employees, directors, and consultants. The Employee Matters Agreement will set forth general principles relating to employee matters in connection with the Separation, including the assignment of employees and consultants, the sharing of employee and consultant information, the assumption and retention of employment related assets and liabilities, expense reimbursements, workers' compensation coverage and liabilities, leaves of absence, the provision of comparable employee benefits, the duplication and/or acceleration of certain employee benefits, and employee service credit (including those relating to time of service, salary, benefits, vacations, and sick leaves).

The Employee Matters Agreement generally will allocate liabilities and responsibilities relating to compensation and employee benefit plans and programs with SWBI retaining liabilities (both pre- and post-Distribution) and responsibilities with respect to SWBI employees, directors, and consultants who will remain with SWBI and our company assuming liabilities (both pre- and post-Distribution) and responsibilities with respect to participants who will transfer to our company in connection with the Separation. The Employee Matters Agreement will require us to adopt various plans and programs that cover our employees in substitution of coverage they have had under SWBI plans and programs, including an equity incentive plan, a 401(k) plan, a group welfare plan, and a disability plan.

The Employee Matters Agreement will also provide that (i) the Distribution does not constitute a change in control under SWBI's employee benefit plans, programs, agreements, or arrangements and (ii) the Distribution and the assignment, transfer, or continuation of the employment or service of employees, directors, and/or consultants with another entity will not constitute a severance event under applicable SWBI employee benefit plans, programs, agreements, or arrangements.

***Trademark License Agreement***

We intend to enter into a Trademark License Agreement with SWBI that will provide us with a limited, non-transferable, exclusive license (other than with respect to Gemtech, which will be a non-exclusive license) to use SWBI trademarks for the sale of accessories, tools, and cutlery, which license allows us to continue selling all SWBI branded products that we are currently selling on an exclusive basis. In order to maintain brand identity, SWBI will have the right to approve any new products in the authorized product categories. SWBI will give us the right of first refusal, if SWBI desires to license its trademarks for any product in a category in which we do not sell as of the Separation. In such cases, SWBI will be required to first notify us and, if within 14 days after such notification we notify SWBI that we are interested in such a license opportunity, we have the next 30 days to negotiate a license agreement with SWBI.

The Trademark License Agreement will require us to pay to SWBI on a calendar quarterly basis a 5% ongoing aggregate royalty based on net sales of products utilizing the SWBI license with a minimum guaranteed royalty of $150,000 per calendar quarter. The term of the Trademark License Agreement will be five years with termination for cause if the other party breaches the agreement and fails to cure within the applicable cure period, and the Trademark License Agreement will automatically renew for a subsequent five-year term, provided that if we fail to meet the performance metric, a compound annual growth rate of 4% for year five, SWBI will have the right to give us notice of non-renewal, in which case the agreement will not renew for the subsequent five-year term but will instead continue for a period of 12 months from the last day of the initial five-year term. Following the tenth year of the Trademark License Agreement, the parties may agree to one or more five-year renewal terms, but if the parties are unable to agree to any such continuation, the agreement will continue on a month-to-month basis with either party having a right to terminate upon 12 months prior written notice.

If either party wishes to modify the 5% royalty rate on or after year 10, the Trademark License Agreement will require the parties to engage in good faith discussions regarding the new royalty rate no later than six months prior to the expiration of the second five-year term or of any subsequent five-year renewal term. The Trademark License Agreement will require us and SWBI to engage an independent third party to set the new royalty rate based off the industry average if we are unable to agree with SWBI on any new royalty rate. If either party does not agree with the royalty rate determined by the independent third party, such party may elect not to extend the agreement, and the agreement will not renew for such five-year renewal term but will instead continue for a period of 12 months from the last day of the preceding renewal term at the same royalty rate as the preceding renewal term.

Despite the foregoing, the Trademark License Agreement will permit SWBI to terminate the Trademark License Agreement and purchase the assets of the business line selling licensed products at any time commencing three years after the effective date by paying to us a purchase price of two times our net revenue from our sales of the licensed products for the 12-month period preceding such termination date with a net working capital adjustment.

The Trademark License Agreement will require us and SWBI to indemnify each other for inaccuracies of representations.

***Sublease***

We intend to enter into a Sublease Agreement with SWBI that will set forth the terms for our sublease from SWBI of office and warehouse space located at 1800 North Route Z, Columbia, Missouri. We will have the exclusive right to utilize approximately 361,000 square feet of the approximately 613,000 rentable square feet in the facility, as well as access to the facility's common areas. The initial term of the lease will be the remainder of SWBI's lease with its landlord, which is expected to be a little more than 18 years as of the Distribution Date. Our monthly rent to be paid to SWBI under the Sublease will be calculated by allocating to the subleased premises a portion of the monthly rent SWBI pays under its lease for the entire facility, taking into consideration the differing market rates applicable to office space, warehouse space, and common areas. We will pay an agreed upon allocated percentage of the property taxes, insurance, electricity and lighting, heating and air conditioning, hot and cold water, clearing trash removal, landscape maintenance, security, and other operating expenses applicable to the facility based upon our percentage use of the office, warehouse, and other space in the facility.

***Commercial Arrangements***

**Laser Supply Agreement**

We intend to enter into a Supply Agreement with SWBI that will provide (i) the terms for SWBI's purchase of lasers from us and (ii) SWBI with a royalty-free, non-transferable, non-sublicensable, worldwide, non-exclusive license to use certain of our trademarks, service marks, and trade dress in connection with the subsequent sales of such products integrated with SWBI firearms following the Separation.

The Supply Agreement will cover a worldwide territory, subject to intellectual property registration by us in the applicable territory. Except for any Supplier MOQ (as described in the Supply Agreement), but only to the extent of the Supplier MOQ, SWBI will not be obligated to order or purchase a minimum volume of products, except that, during the term of the Supply Agreement, SWBI will be required to purchase such products exclusively from us. We will provide products to SWBI and its affiliates on the most favorable prices to any third-party purchaser. The Supply Agreement will give us a right-of-first proposal to supply any aiming assistance devices to be used on SWBI products and any products that are similar to the products already covered by the Supply Agreement but that are materially different in a manner that justifies a price change, such as significant size differences, co-branding, and material construction or quality differences, as reasonably determined by us and SWBI; except, that such right-of-first proposal will not apply to any product that is manufactured for SWBI by a third party as of the effective date of the Supply Agreement.

The Supply Agreement will require us and SWBI to indemnify each other against losses incurred from breach of representations, warranties, covenants, or negligent or willful acts or omissions; however, we will indemnify SWBI for the failure of any product to comply with applicable law, or SWBI's direct costs of any product recall. In addition, we will indemnify SWBI against third-party claims alleging intellectual property infringement of any product sold to SWBI, except for claims made against use of SWBI's trademarks or our compliance with any specifications or design supplied by SWBI.

The term of the Supply Agreement will be two years with termination for cause only, and SWBI and we will agree to use our best efforts to negotiate an extension (with modifications if necessary) of the Supply Agreement at least six months prior to its expiration.

**Accessories Supply Agreement**

We intend to enter into a Supply Agreement with SWBI that will provide the terms for SWBI's purchase of virtually all of our accessories products and to be used by SWBI in connection with production, bundling, and marketing activities.

The Supply Agreement will cover a worldwide territory, subject to intellectual property registration by us in the applicable territory. SWBI will not be obligated to order or purchase a minimum volume of products, except that, during the term of the Supply Agreement, SWBI will be required to purchase such products exclusively from us. In addition, with respect to any product licensed by SWBI from us, as of the Separation, we will sell such product to

SWBI and its affiliates after the Separation on the most favorable terms and conditions offered by us to any third-party purchaser. The Supply Agreement will give us a right-of-first refusal to supply any products that are similar to the products already covered by the Supply Agreement, but that are materially different in a manner that justifies a price change, such as significant size differences, co-branding, and material construction or quality differences, as reasonably determined by us and SWBI, except, that such right-of-first refusal will not apply to any product that is manufactured for SWBI by a third party as of the effective date of the Supply Agreement.

The Supply Agreement will require us and SWBI to indemnify each other against losses incurred from breach of representations, warranties, covenants, or negligent or willful acts or omissions; however, we will indemnify SWBI for the failure of any product to comply with applicable law, or SWBI's direct costs of any product recall. In addition, we will indemnify SWBI against third-party claims alleging intellectual property infringement of any product sold to SWBI, except for claims made against use of SWBI's trademarks or our compliance with any specifications or design supplied by SWBI.

The term of the Supply Agreement will be two years with termination for cause only, and SWBI and we will agree to use our best efforts to negotiate an extension (with modifications if necessary) of the Supply Agreement at least six months prior to its expiration.

**Transferability of Shares of Our Common Stock**

The shares of our common stock that you will receive in connection with the Distribution will be freely transferable, unless you are considered an "affiliate" of ours pursuant to Rule 144 under the Securities Act. Persons that can be considered our affiliates after the Separation generally include individuals or entities that directly, or indirectly through one or more intermediaries, control, are controlled by, or are under common control with us, and may include certain of our officers and directors. In addition, individuals who are affiliates of SWBI on the Distribution Date may be deemed to be affiliates of ours. We estimate that our directors and executive officers, who may be considered "affiliates" for purposes of Rule 144, will beneficially own approximately [•] shares of our common stock immediately following the Separation. See "Security Ownership of Certain Beneficial Owners and Management" included elsewhere in this information statement. Our affiliates may sell shares of our common stock received in connection with the Distribution only:

- under a registration statement that the SEC has declared effective under the Securities Act; or
- under an exemption from registration under the Securities Act, such as the exemption afforded by Rule 144.

In general, under Rule 144 as currently in effect, an affiliate will be entitled to sell, within any three-month period, a number of shares of our common stock that does not exceed the greater of the following:

- one percent of our common stock then outstanding; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 for the sale.

Rule 144 also includes notice requirements and restrictions governing the manner of sale for sales by our affiliates. Sales may not be made under Rule 144 unless certain information about us is publicly available.

**Reason for Furnishing this Information Statement**

This information statement is being furnished solely to provide information to SWBI stockholders who are entitled to receive shares of our common stock in connection with the Distribution. The information statement is not, and is not to be construed as, an inducement or encouragement to buy, hold, or sell any of our securities. We believe the information contained in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither SWBI nor we undertake any obligation to update such information except in the normal course of our respective public disclosure obligations.

## DIVIDEND POLICY

We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any future determination to pay dividends on our common stock will be made at the discretion of our Board of Directors and will depend on various factors, including applicable laws, our results of operations, financial condition, future prospects, the terms of our outstanding indebtedness, and any other factors deemed relevant by our Board of Directors.

## CAPITALIZATION

The following table sets forth our cash and equivalents and our capitalization as of April 30, 2020 on a historical and pro forma basis to give effect to the Separation as discussed in "The Separation."

The pro forma adjustments are based upon available information and assumptions that we believe are reasonable; however, such adjustments are subject to change based on the finalization of the terms of the Separation and the agreements that define our relationship with SWBI after the completion of the Separation. In addition, such adjustments are estimates and may not prove to be accurate.

You should read the information in the following table together with "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Combined Financial Statements," and our historical combined financial statements and the related notes included elsewhere in this information statement.

We are providing the capitalization table for information purposes only. The capitalization table below may not reflect the capitalization or financial condition that would have resulted had we been operating as an independent, publicly traded company on April 30, 2020 and is not necessarily indicative of our future capitalization or financial condition.

| | As of April 30, 2020 | |
|---|---|---|
| | Actual | Pro Forma (Adjusted) |
| | (In thousands, except per share data) | |
| Cash and cash equivalents | $ | $ |
| Equity: | | |
| Common stock, $0.001 par value; shares authorized, shares issued and outstanding, pro forma | | |
| Additional paid-in-capital | | |
| Parent company investment | | |
| Total equity | | |
| Total capitalization | $ | $ |

We have not yet finalized our post-Distribution capitalization. However, we expect to have $25.0 million of cash on hand and no third-party indebtedness as of the consummation of the Distribution. We intend to update our financial information to reflect our post-Distribution capitalization in a subsequent amendment to this information statement.

## UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined financial statements consist of an unaudited pro forma combined statement of income for the year ended April 30, 2020 and an unaudited pro forma combined balance sheet as of April 30, 2020. The unaudited pro forma combined statement of income has been prepared to give effect to the Pro Forma Transactions (as defined below) as if the Pro Forma Transactions had occurred or became effective as of May 1, 2019. The unaudited pro forma combined balance sheet has been prepared to give effect to the Pro Forma Transactions as though the Pro Forma Transactions had occurred as of April 30, 2020.

The unaudited pro forma combined financial statements should be read in conjunction with our historical audited combined financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement. The unaudited pro forma combined financial statements constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Special Note Regarding Forward-Looking Statements."

The unaudited pro forma combined financial statements presented below have been derived from our historical audited combined financial statements included elsewhere in this information statement and do not purport to represent what our financial position or results of operations would have been had the Separation occurred on the dates indicated and are not necessarily indicative of our future financial position and future results of operations. In addition, the unaudited pro forma combined financial statements are provided for illustrative and informational purposes only. The pro forma adjustments are based on available information and assumptions we believe are reasonable; however, such adjustments are subject to change.

SWBI did not account for us as, and we were not operated as, an independent, publicly traded company for the periods presented. Our unaudited pro forma combined financial statements have been prepared to reflect adjustments to our historical audited combined financial statements that are (1) directly attributable to the Separation, Distribution, and related transactions; (2) factually supportable; and (3) with respect to the unaudited pro forma combined statement of income, expected to have a continuing impact on our combined results of operations. The unaudited pro forma combined financial statements have been adjusted to give effect to the following, or the Pro Forma Transactions:

- the contribution by SWBI to us of all the assets, legal entities, and liabilities that comprise the outdoor products and accessories business and the retention by SWBI of certain specified assets and liabilities reflected in our historical combined financial statements, in each case, pursuant to the Separation and Distribution Agreement;

- the anticipated post-separation capital structure, including (i) funding $25.0 million cash transfer from SWBI, and (ii) the issuance of our common stock to holders of SWBI common stock;

- the resulting elimination of SWBI's net investment in us; and

- the impact of, and transactions contemplated by, the Separation and Distribution Agreement, Tax Matters Agreement, Transition Services Agreement, Employee Matters Agreement, Trademark License Agreement, and other agreements related to the Separation between us and SWBI and the provisions contained therein.

A final determination regarding our capital structure has not yet been made, and the Separation and Distribution Agreement, Tax Matters Agreement, Transition Services Agreement, Employee Matters Agreement, Trademark Licensing Agreement, and certain other transaction agreements to be determined have not been finalized, and as such the pro forma combined financial statements will be revised in future amendments to reflect the impact on our capital structure and the final form of those agreements, to the extent any such revisions would be deemed material.

The operating expenses reported in our historical audited combined statements of income/(loss) and comprehensive income/(loss) include allocations of certain SWBI costs. These costs include allocations of SWBI corporate costs, shared services, and other related costs that benefit us.

As an independent, publicly traded company, we expect to incur additional recurring expenses. The significant assumptions involved in determining our estimates of recurring costs of being an independent, publicly traded company include the following:

- costs to perform financial reporting, accounting, tax, human resources, regulatory compliance, corporate governance, treasury, legal, internal audit, and investor relations activities;
- compensation, including equity-based awards, and benefits with respect to new and existing positions;
- depreciation and amortization related to information technology infrastructure investments;
- insurance premiums; and
- changes in our overall facility costs.

We estimate incremental recurring expenses attributable to these additional activities to be up to $[•] million before income taxes annually. No pro forma adjustment has been made to the accompanying unaudited pro forma combined statement of income to reflect these additional expenses because they are projected amounts based on estimates and would not be factually supportable.

We currently estimate that we will incur between $[•] million and $[•] million in costs and expenses associated with becoming an independent, publicly traded company within 18 to 24 months following the Separation. The accompanying unaudited pro forma combined statement of income has not been adjusted for these estimated costs and expenses as they are not expected to have an ongoing impact on our operating results and are projected amounts based on estimates that are not factually supportable. These costs and expenses are expected to include the following:

- accounting, tax, and other professional costs pertaining to our separation and establishment as an independent, publicly traded company;
- recruiting and relocation costs associated with the hiring of key senior management personnel new to our company; and
- costs to separate and implement information systems.

Subject to the terms of the Separation and Distribution Agreement, SWBI will generally pay all of the non-recurring third-party costs and expenses related to the Separation and incurred prior to the completion of the Separation. These non-recurring amounts are expected to include costs to separate and/or duplicate information technology systems, investment banker fees (other than fees and expenses in connection with the debt financing), third-party legal and accounting fees, and similar costs. After the completion of the Separation, subject to the terms of the Separation and Distribution Agreement, all costs and expenses related to the Separation incurred by either SWBI or us will be borne by the party incurring the costs and expenses.

Our retained cash balance is subject to adjustments prior to and following the completion of the Separation. The following unaudited pro forma combined financial statements do not reflect any impact of such adjustments, as the amount of any such adjustments are not currently determinable and would represent a financial projection.

**OUTDOOR PRODUCTS & ACCESSORIES BUSINESS OF SMITH & WESSON BRANDS, INC.**
**Unaudited Pro Forma Combined Balance Sheet**

| | As of April 30, 2020 | | | |
|---|---|---|---|---|
| | Historical | Pro Forma Adjustments | | Pro Forma |
| | (In thousands, except par value and share data) | | | |
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ | $ | (A) | $ |
| Accounts receivable, net of allowance for doubtful accounts of $ | | | | |
| Inventories | | | | |
| Prepaid expenses and other current assets | | | | |
| Total current assets | | | | |
| Property, plant, and equipment, net | | | | |
| Intangibles, net | | | | |
| Goodwill | | | | |
| Other assets | | | | |
| | $ | $ | | $ |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ | $ | | $ |
| Accrued expenses | | | (E) | |
| Accrued payroll and incentives | | | | |
| Accrued income taxes | | | (B) | |
| Accrued profit sharing | | | | |
| Total current liabilities | | | | |
| Deferred income taxes | | | | |
| Other non-current liabilities | | | | |
| Total liabilities | | | | |
| Commitments and contingencies | | | | |
| Equity: | | | | |
| Common stock, $0.001 par value, shares authorized, shares issued and outstanding, pro forma | | | (A) | |
| Additional paid-in-capital | | | (A) | |
| Parent company investment | | | (A) | |
| Total equity | | | | |
| | $ | $ | | $ |

See notes to Unaudited Pro Forma Combined Financial Statements.

**OUTDOOR PRODUCTS & ACCESSORIES BUSINESS OF SMITH & WESSON BRANDS, INC.**
**Unaudited Pro Forma Combined Statement of Income/(Loss)**

| | For the year ended April 30, 2020 | | | |
|---|---|---|---|---|
| | Historical | Pro Forma Adjustments | | Pro Forma |
| | (In thousands, except per share amounts) | | | |
| Net sales | $ | $ | | $ |
| Cost of sales | | | (E) | |
| Gross profit | | | | |
| Operating expenses: | | | | |
| Research and development | | | | |
| Selling and marketing | | | | |
| General and administrative | | | (E) | |
| Total operating expenses | | | | |
| Operating loss | | | | |
| Other (expense)/income, net: | | | | |
| Other income/(expense), net | | | | |
| Related party interest income, net | | | | |
| Total other (expense)/income, net | | | | |
| Income/(loss) before income taxes | | | | |
| Income tax expense | | | (B) | |
| Net income/(loss) | $ | $ | | $ |
| Net income per share: | | | | |
| Diluted | | | (C) | $ |
| Diluted | | | (D) | $ |
| Weighted average number of common shares outstanding: | | | | |
| Basic | | | (C) | |
| Diluted | | | (D) | |

See notes to Unaudited Pro Forma Combined Financial Statements.

**OUTDOOR PRODUCTS & ACCESSORIES BUSINESS OF SMITH & WESSON BRANDS, INC.**
**Notes to Unaudited Pro Forma Combined Financial Statements**

(A) Represents the reclassification of SWBI's net investment in our company into cash and cash equivalents in excess of intercompany account settlements, additional paid-in capital, and common stock, par value $0.001 to reflect the number of shares of our common stock expected to be outstanding at the Distribution Date. We have assumed the number of outstanding shares of common stock based on the number of SWBI common shares of [•] outstanding at [•], 2020 and an assumed pro-rata distribution ratio of [•] shares of our common stock for each [•] shares of SWBI common stock.

(B) Represents the income tax impact of the pro forma adjustments for the year ended April 30, 2020. This adjustment was primarily calculated by applying the statutory tax rates in the respective jurisdictions to each of the pre-tax pro forma adjustments. The estimated pro forma tax reduction is $[•] million for the year ended April 30, 2020.

(C) Pro forma basic earnings per share and pro forma weighted-average basic shares outstanding for the year ended April 30, 2020 reflect the number of shares of our common stock that are expected to be outstanding upon completion of the Distribution. We have assumed the number of outstanding shares of common stock based on the number of SWBI common shares outstanding at [•], 2020 and an assumed pro-rata distribution ratio of [•] shares of our common stock for each [•] shares of SWBI common stock. The actual number of shares of our common stock may be different from this estimated amount.

(D) Pro forma diluted earnings per share and pro forma weighted-average diluted shares outstanding reflect the estimated number of shares of our common stock that are expected to be outstanding upon completion of the Distribution and reflect the potential issuance of shares of our common stock under our equity plans, based on the distribution ratio of [•] shares of our common stock for each [•] shares of SWBI common stock. The actual number of shares of our common stock may be different from this estimated amount. Pro forma diluted earnings per share excludes the potential conversion of unvested equity awards in SWBI that are held by our employees, as the conversion factor is dependent on various factors, including the SWBI's and our share prices before and after the Separation, which cannot be fully estimated at this time.

(E) Represents the impact of the various agreements entered into at the time of the Distribution, including the Transition Services Agreement, the Sublease Agreement included in the Shared Facility Agreement, and the new administrative office lease. These agreements resulted in incremental production and corporate administrative costs not included in our historical audited combined financial statements. The adjustment was derived by comparing contractual payments required by the agreements to amounts historically allocated to us in our historical combined financial statements. Adjustments of $[•] to increase cost of sales and $[•] to increase general and administrative expenses were recorded in the unaudited pro forma combined statements of operations for the year ended April 30, 2020.

## SELECTED HISTORICAL COMBINED FINANCIAL DATA

The following table presents our selected historical combined financial data as of and for each of the years in the five-year period ended April 30, 2020. We derived the selected historical combined financial data as of April 30, 2020 and April 30, 2019, and for each of the years in the three-year period ended April 30, 2020, from our audited combined financial statements included elsewhere in this information statement. We derived the selected historical combined financial data as of April 30, 2018, and as of and for the years ended April 30, 2017 and April 30, 2016, from our unaudited combined financial information that is not included in this information statement. In our opinion, the unaudited combined financial information has been prepared on the same basis as our audited combined financial statements and included all adjustments necessary for a fair statement of the information for the periods presented.

Our historical audited combined financial statements and unaudited combined financial information include certain expenses of SWBI that have been charged to us for certain centralized functions and programs provided and administered by SWBI, including information technology, human resources, accounting, shared services, and insurance costs. In addition, for purposes of preparing our audited combined financial statements and the unaudited combined financial information, we have allocated a portion of SWBI total corporate expenses to such financial statements, with the allocations related primarily to the support provided by SWBI for executive management, finance, accounting, human resources, the related benefit costs associated with such functions, such as stock-based compensation, and the cost of the SWBI Springfield, Massachusetts corporate headquarters. These costs may not be representative of the future costs we will incur as an independent, publicly traded company. In addition, our historical financial information does not reflect changes that we expect to experience in the future as a result of our separation from SWBI, including changes in financing, operations, cost structure, and personnel needs of our business. Consequently, the financial information included in this information statement may not necessarily reflect our financial position, results of operations, and cash flows in the future or what our financial condition, results of operations, and cash flows would have been had we been an independent, publicly traded company during the periods presented.

The selected historical combined financial data presented below should be read in conjunction with our audited combined financial statements and the related notes, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the “Unaudited Pro Forma Combined Financial Statements” and accompanying notes included elsewhere in this information statement.

| | Fiscal Year Ended April 30, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| | (In thousands, except ratio data) | | | | |
| Net sales | $ | $ 177,363 | $ 171,681 | $ 140,721 | $ 71,587 |
| Cost of sales | | 93,889 | 91,775 | 73,021 | 36,606 |
| Gross profit | | 83,474 | 79,906 | 67,700 | 34,981 |
| Operating expenses | | 97,539 (a) | 82,919 | 70,566 | 31,293 |
| Operating income/(loss) | | (14,065) | (3,013) | (2,866) | 3,688 |
| Total other income/(expense), net | | 5,278 | 4,020 | 1,088 | 461 |
| Income/(loss) from operations before income taxes | | (8,787) | 1,007 | (1,778) | 4,149 |
| Income tax expense/(benefit) | | 734 | (7,158) (c) | (833) | 1,452 |
| Net income/(loss) (b) | $ | $ (9,521) | $ 8,165 | $ (945) | $ 2,697 |
| Depreciation and amortization | $ | $ 24,990 | $ 24,041 | $ 21,115 | $ 10,546 |
| Adjusted EBITDAS (d) | $ | $ 23,615 | $ 27,385 | $ 28,267 | $ 16,096 |
| Capital expenditures | $ | $ 1,889 | $ 1,516 | $ 3,968 | $ 1,302 |
| Year-end financial position: | | | | | |
| Working capital | $ | $ 70,929 | $ 49,606 | $ 53,204 | $ 12,188 |
| Current ratio | | 4.5 | 3.4 | 3.4 | 2.2 |
| Total assets | $ | $ 354,773 | $ 365,272 | $ 380,769 | $ 148,271 |

(a) Operating expenses for fiscal 2019 include a $10.4 million impairment of goodwill. See Note 1 – *Background, Basis of Presentation, and Summary of Significant Accounting Policies* to the combined financial statements for further details.

(b) Net income/(loss) for fiscal 2019 includes activity for the period subsequent to the acquisition of LaserLyte. Net income/(loss) for fiscal 2018 includes activity for the period subsequent to the acquisition of Fish Tales, LLC. Net income/(loss) for fiscal 2017 includes activity for the period subsequent to the acquisitions of Taylor Brands, LLC, Crimson Trace, and UST. See Note 2 – *Acquisitions* to the combined financial statements for further detail.

(c) Income tax benefit in fiscal 2018 was favorably impacted by $7.6 million as a result of the Tax Cuts and Jobs Act, or Tax Reform.

(d) See "Non-GAAP Financial Measures."

**Non-GAAP Financial Measures**

We use GAAP net income as our primary financial measure. We use Adjusted EBITDAS, which is a non-GAAP financial metric, as a supplemental measure of our performance in order to provide investors with an improved understanding of underlying performance trends, and it should be considered in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Adjusted EBITDAS is defined as GAAP net income/(loss) before interest, taxes, depreciation, amortization, and stock compensation expense. Our Adjusted EBITDAS calculation also excludes certain items we consider non-routine. We believe that Adjusted EBITDAS is useful to understanding our operating results and the ongoing performance of our underlying business, as Adjusted EBITDAS provides information on our ability to meet our capital expenditure and working capital requirements, and is also an indicator of profitability. We believe this reporting provides additional transparency and comparability to our operating results. We believe that the presentation of Adjusted EBITDAS is useful to investors because it is frequently used by analysts, investors, and other interested parties to evaluate companies in our industry. We use Adjusted EBITDAS to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to neutralize our capitalization structure to compare our performance against that of other peer companies using similar measures, especially companies that are private. We also use Adjusted EBITDAS to supplement GAAP measures of performance to evaluate our performance in connection with compensation decisions. We believe it is useful to investors and analysts to evaluate this non-GAAP measure on the same basis as we use to evaluate our operating results.

Adjusted EBITDAS is a non-GAAP measure and may not be comparable to similar measures reported by other companies. In addition, non-GAAP measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. We address the limitations of non-GAAP measures through the use of various GAAP measures. In the future, we may incur expenses or charges such as those added back to calculate Adjusted EBITDAS. Our presentation of Adjusted EBITDAS should not be construed as an inference that our future results will be unaffected by these items.

The following table sets forth our calculation of non-GAAP Adjusted EBITDAS for the fiscal years ended April 30, 2020, 2019, 2018, 2017, and 2016 (dollars in thousands):

| | Fiscal Year Ended April 30, | | | | |
|---|---|---|---|---|---|
| | **2020** | **2019** | **2018** | **2017** | **2016** |
| | | | (Unaudited) | | |
| GAAP net income/(loss) | $ | $ (9,521) | $ 8,165 | $ (945) | $ 2,697 |
| Income tax expense/(benefit) | | 734 | (7,158) | (833) | 1,452 |
| Depreciation and amortization | | 24,333 | 24,041 | 21,115 | 10,546 |
| Related party interest income | | (5,225) | (2,309) | (1,088) | (458) |
| Stock compensation | | 2,274 | 1,772 | 2,266 | 1,671 |
| Goodwill impairment | | 10,396 | — | — | — |
| Inventory step-up expense | | — | — | 3,551 | — |
| Product recall | | (589) | 1,666 | — | — |
| Transition costs | | 1,185 | 439 | 381 | 161 |
| Acquisition costs | | 28 | 769 | 3,820 | 27 |
| Non-GAAP Adjusted EBITDAS | $ | $ 23,615 | $ 27,385 | $ 28,267 | $ 16,096 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations for the three years ended April 30, 2020 should be read in conjunction with our audited combined financial statements and the notes thereto, included elsewhere in this information statement, as well as the information presented under "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data," and "Business." The following discussion and analysis includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties, and other factors that could cause our actual results to differ materially from those expressed or implied by the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed elsewhere in this information statement. See in particular "Special Note Regarding Forward-Looking Statements" and "Risk Factors."*

### Background

On November 13, 2019, SWBI announced that it was proceeding with a plan to spin-off its outdoor products and accessories business. We are currently a wholly owned subsidiary of SWBI and, as a result of the Separation, we will hold, directly or indirectly through our subsidiaries, all of the assets, and legal entities, subject to any related liabilities, associated with SWBI's outdoor products and accessories business. The Separation will be achieved through the transfer of all the assets, and legal entities, subject to any related liabilities, of the outdoor products and accessories business of SWBI to our company or our subsidiaries, which we refer to as the Transfer, and the distribution of 100% of our outstanding capital stock to holders of SWBI common stock as of the close of business on the Record Date, which we refer to as the Distribution. In connection with the Distribution, SWBI stockholders will receive [•] shares of our common stock for every [•] shares of SWBI common stock held as of the close of business on the Record Date. The Separation is expected to be completed on [•], 2020. Following the Separation, SWBI stockholders as of the close of business on the Record Date will own 100% of the outstanding shares of our common stock; we will be an independent, publicly traded company; and SWBI will retain no ownership interest in our company. For more information, see "The Separation" included elsewhere in this information statement.

### Basis of Presentation

We have historically operated as part of SWBI and not as a standalone company. The accompanying audited combined financial statements included in this information statement were prepared in connection with the Separation and were derived from the consolidated financial statements and accounting records of SWBI. These combined financial statements reflect our combined historical financial position, results of operations, and cash flows as they were historically managed in accordance with accounting principles generally accepted in the United States, or GAAP. The combined financial statements may not be indicative of our future performance and do not necessarily reflect what the financial position, results of operations, and cash flows would have been had we operated as an independent, publicly traded company during the periods presented, particularly because of changes we expect to experience in the future as a result of the Separation, including changes in the financing, cash management, operations, cost structure, and personnel needs of our business.

The combined financial statements include certain assets and liabilities that have historically been held at the SWBI corporate level, but are specifically identifiable to or otherwise attributable to us. Our combined statements of income/(loss) and comprehensive income/(loss) also include costs for certain centralized functions and programs provided and administered by SWBI that are charged directly to SWBI businesses, including us. These centralized functions and programs include legal, benefit programs, and insurance. These costs were included in general and administrative expenses in the combined statements of income/(loss) and comprehensive income/(loss).

In addition, for purposes of preparing the combined financial statements on a "carve-out" basis, a portion of SWBI total corporate expenses were allocated to us. These expense allocations include the cost of corporate functions and resources provided by SWBI, including executive management, finance, accounting, legal, human resources, internal audit, and the related benefit costs associated with such functions, such as stock-based compensation, and the cost of the SWBI Springfield, Massachusetts corporate headquarters. We were allocated $[•] million in fiscal 2020, $9.9 million in fiscal 2019, and $9.0 million in fiscal 2018 for such corporate expenses, which were included within general and administrative expenses in the combined statements of income/(loss) and comprehensive income/(loss).

Costs were allocated to us based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net revenue, employee headcount, or square footage, as applicable. We consider the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or the benefit received by, us during the periods presented. However, the allocations may not reflect the expenses we would have incurred if we had been a standalone company for the periods presented. Actual costs that may have been incurred if we had been a standalone company would depend on a number of factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure. Going forward, we will perform these functions using our own resources or outsourced services. For a period following the Separation, however, some of these functions will continue to be provided by SWBI under the Transition Services Agreement. Additionally, we will provide some services to SWBI under the Transition Services Agreement. We will also enter into certain commercial arrangements with SWBI in connection with the Separation.

Subsequent to the completion of the Separation, we expect to incur expenditures to establish certain standalone functions and information technology systems, as well as other one-time costs. Recurring standalone costs include accounting, financial reporting, tax, regulatory compliance, corporate governance, treasury, legal, internal audit, and investor relations functions, as well as the annual expenses associated with running an independent, publicly traded company, including listing fees, board of director fees, and external audit costs. We are currently assessing whether recurring standalone costs are expected to differ from historical allocations, which may have an impact on profitability and operating cash flows.

We operate and report using a fiscal year ending on April 30 of each year.

**Overview and Highlights**

We are a leading provider of outdoor products and accessories encompassing hunting, fishing, camping, shooting, and personal security and defense products for rugged outdoor enthusiasts. We conceive, design, produce or source, and sell products and accessories, including shooting supplies, rests, vaults, and other related accessories; premium sportsman knives and tools for fishing and hunting; land management tools for hunting preparedness; harvesting products for post-hunt or post-fishing activities; electro-optical devices, including hunting optics, firearm aiming devices, flashlights, and laser grips; reloading, gunsmithing, and firearm cleaning supplies; and survival, camping, and emergency preparedness products. We develop and market our products at our facility in Columbia, Missouri and contract for the manufacture and assembly of most of our products with third-parties located in Asia. We also manufacture some of our electro-optics products at our facility in Wilsonville, Oregon.

We focus on our brands and the establishment of product categories in which we believe our brands will resonate strongly with the activities and passions of consumers and enable us to capture an increasing share of our overall addressable markets. Our owned brands include Caldwell, Wheeler, Tipton, Frankford Arsenal, Hooyman, BOG, MEAT!, Uncle Henry, Old Timer, Imperial, Crimson Trace, LaserLyte, Lockdown, UST, BUBBA, and Schrade, and we license for use in association with certain products we sell additional brands, including M&P, Smith & Wesson, Performance Center by Smith & Wesson, and Thompson/Center Arms. In focusing on the growth of our brands, we organize our creative, product development, sourcing, and e-commerce teams into four brand lanes, each of which focuses on one of four distinct consumer verticals – Marksman, Defender, Harvester, and Adventurer – with each of our brands included in one of the brand lanes. Our sales activities focus on our various distribution channels, which we refer to as classes of trade, such as online retailers, specialty retailers, dealers, distributors, and direct to consumer.

Our Marksman brands address product needs arising from consumer activities that take place primarily at the shooting range and where firearms are cleaned, maintained, and worked on. Our Defender brands include products that help consumers aim their firearms more accurately, including situations that require self-defense, and products that help secure, store, and maintain connectivity to those possessions that some consumers would consider to be high value or high consequence. Our Harvester brands focus on the activities hunters typically engage in, including hunting preparation, the hunt itself, and the activities that follow a hunt, such as meat processing. Our Adventurer brands include products that help enhance consumers' fishing and camping experiences.

In August 2017, we acquired Bubba Blade branded products and other assets from Fish Tales, LLC, referred to as the BUBBA Acquisition, for a purchase price of $12.1 million. Fish Tales, LLC, based in Tucson, Arizona, was a provider of premium sportsmen knives and tools for fishing and hunting, including the premium knife brand Bubba Blade. The operations of Fish Tales, LLC were fully integrated into our facility located in Columbia, Missouri.

In January 2019, we acquired substantially all of the LaserLyte branded products and other assets from P&L Industries, Inc. for a purchase price of $2.0 million. P&L Industries Inc., based in Cottonwood, Arizona, was a provider of laser training and sighting products for the consumer market. The operations of LaserLyte were fully integrated into our facility located in Wilsonville, Oregon. This acquisition did not have a material impact on our combined financial statements for all periods presented.

**Fiscal 2020 Highlights**

Our operating results for fiscal 2020 included the following:

- Total net sales of $[•] million, including $[•] million of related party sales, representing a decrease of $[•] million, or [•]%, from the prior fiscal year.
- Gross margin of [•]% decreased [•] basis points from the prior fiscal year.
- Our business has been negatively impacted by several factors related to the COVID-19 crisis, including a major online retail customer's decision to halt or delay most non-essential product orders, COVID-19-related supply chain issues, COVID-19-related "stay at home" orders, and sporting goods store closures, which have reduced retail foot traffic in many states. Based on these factors, we expect reduced revenue and cash flows in our business, which resulted in lowering our forecasted results. The lowered forecasts caused us to evaluate the fair value of our business and, based on the results of this evaluation, we recorded an $88.9 million non-cash impairment of goodwill.
- Net loss in fiscal 2020 was $[•] million, a decrease of $[•] million, from the prior fiscal year. Net loss in fiscal 2020 was negatively impacted by an $88.9 million impairment of goodwill, and in fiscal 2019, was negatively impacted by a $10.4 million impairment of goodwill.

**Fiscal 2019 Highlights**

Our operating results for fiscal 2019 included the following:

- Total net sales of $177.4 million, including $17.5 million of related party sales, was an increase of $5.7 million, or 3.3%, over the prior fiscal year.
- Gross margin of 47.1% was an increase of 60 basis points over the prior fiscal year as a result of changes in product recall reserves for electro-optics products as well as higher sales volumes and improved customer mix.
- A combination of factors occurring in the firearms industry during the last few years, including changes in the political environment and reduced overall demand for both firearms and the accessories that are attached to firearms, such as laser sights, resulted in us lowering our long-range sales volume, operating profit, and cash flow forecasts for our former Electro-Optics operating unit. Based on those forecasts, we felt it important to seek out efficiencies in that operating unit to increase operating performance and as a result decided to combine that operating unit with our Outdoor Products & Accessories operating unit. The lowered forecasts and the decision to reorganize those operating units caused us to evaluate the fair value of our operating units. Based on the results of this evaluation, we recorded a $10.4 million non-cash impairment of goodwill.
- Net loss in fiscal 2019 was $9.5 million, a decrease of $17.7 million from the prior fiscal year. Net income in fiscal 2019 was negatively impacted by a $10.4 million impairment of goodwill, and in fiscal 2018, was positively impacted by a one-time Tax Reform benefit of $7.6 million.

**Key Performance Indicators**

We evaluate the performance of our business based upon a number of financial and operating measures utilizing GAAP and non-GAAP measures. The GAAP measures we use are sales, gross profit and gross margin, operating expenses, and operating margin. The key non-GAAP measure we use is Adjusted EBITDAS.

***Sales***

We assess net sales by comparing results from the current reporting period against the performance in corresponding periods from previous years. We also review sales by various categories, including by customer and by brand against corresponding periods from the previous year. We use certain sales metrics to assess our financial performance and assist us in determining compensation decisions. Our sales growth is driven by new product offerings, expansion into new product categories, and market share gains. Sales can be impacted by product availability, promotional programs and competitor activities, success of marketing efforts, and the general spending habits of consumers. Consumer spending patterns depend on economic conditions and changes in discretionary spending.

***Gross Profit and Gross Margin***

Gross profit is equal to net sales less our cost of sales, while gross margin is gross profit as a percentage of net sales. We assess gross profit and gross margin by comparing results to corresponding periods from previous years. We utilize gross margin targets in our review of promotional programs to ensure overall financial metrics will be achieved. Gross margin can be impacted by product mix, as some products provide higher gross margins; customer mix, because of varying pricing levels; fixed cost absorption from our assembly processes, and tariffs. Our gross profit is driven by net sales and is therefore generally variable in nature.

***Operating Expenses***

Operating expenses include the payroll and benefits for our product development, selling, marketing, distribution, and administrative functions, as well as advertising, commissions, e-commerce initiatives, insurance, professional fees, corporate costs, depreciation, and amortization. Our advertising and commission costs are generally variable in nature and fluctuate with changes in net sales. The remainder of our expenses are primarily fixed in nature. We review our operating expenses through fixed and variable cost analysis to ensure our total expenses as a percentage of revenue are within internal thresholds.

***Operating Margin***

Operating margin is operating profit as a percentage of net sales. We use this metric to determine our success in leveraging fixed operating expenses to maximize operating margin.

***Adjusted EBITDAS***

We use Adjusted EBITDAS, which is a non-GAAP financial metric, as a supplemental measure of our performance in order to provide an improved understanding of underlying performance trends, but it should be considered in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Adjusted EBITDAS is defined as GAAP net income/(loss) before interest, taxes, depreciation, amortization, and stock compensation expense. Our Adjusted EBITDAS calculation also excludes certain items we consider non-routine. We use this metric to assess our financial performance and assist us in determining compensation decisions. We use Adjusted EBITDAS to evaluate our performance relative to competitors and the success of our operating strategies. This non-GAAP measure may not be comparable to similarly titled measures being disclosed by other companies. “See Non-GAAP Financial Measure” below.

**Components of Results of Operation**

***Net Sales***

Net sales consist primarily of sales to online retailers, sports specialty stores, sporting goods stores, dealers and distributors, mass market, home and auto retailers, and direct-to-consumers through our websites. During fiscal 2020 and 2019, [•]% and 96.2%, respectively, of our net sales were to domestic consumers. Our net sales reflect adjustments for estimated allowances for trade terms, sales incentive programs, discounts, markdowns, chargebacks, and returns.

***Cost of Goods Sold***

Cost of goods sold for purchased finished goods includes the purchase costs and related overhead. We source most of our purchased finished goods and components from manufacturers in Asia. Cost of goods sold for those products that we manufacture includes all materials, labor, and overhead costs incurred in the production process. In both cases, overhead includes all costs related to manufacturing or purchasing finished goods, including costs of planning, purchasing, quality control, depreciation, duties, royalties paid to related parties, and shrinkage.

***Operating Expenses***

Operating expenses include the cost of product development; selling, marketing, and advertising; warehousing, distribution, shipping, and handling to customers; and administration.

Operating expenses include allocations of costs for certain centralized functions and programs provided and administered by SWBI. See "— Basis of Presentation" above and Note 1 – *Background, Basis of Presentation, and Summary of Significant Accounting Policies* to our audited combined financial statements for further details on our methodology for allocating these costs. Allocations of expenses from SWBI are not necessarily indicative of future expenses and do not necessarily reflect results that would have been achieved as an independent, publicly traded company for the periods presented. We are currently assessing whether recurring standalone costs are expected to differ from historical allocations, which may have an impact on profitability and operating cash flows.

***Related Party Interest Income, Net***

Related party interest income, net includes interest income earned on related party notes receivable from SWBI and interest expense incurred on related party notes payable to SWBI. All outstanding related party notes at the time of the Separation are expected to be settled.

**Results of Operations**

***Net Sales and Gross Profit***

The following table sets forth certain information regarding net sales and gross profit for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| Net sales | $ | $ 177,363 | $ (177,363) | -100.0% | $ 171,681 |
| Cost of sales | | 93,889 | (93,889) | -100.0% | 91,775 |
| Gross profit | $ | $ 83,474 | $ (83,474) | -100.0% | $ 79,906 |
| % of net sales (gross margin) | % | 47.1% | | | 46.5% |

The following table sets forth certain information regarding trade channel net sales for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| e-commerce channels | $ | $ 47,429 | $ (47,429) | -100.0% | $ 37,222 |
| Traditional channels | | 129,934 | (129,934) | -100.0% | 134,459 |
| Total net sales | $ | $ 177,363 | $ (177,363) | -100.0% | $ 171,681 |

Our e-commerce channels include net sales from customers that do not operate a physical brick and mortar store but rather generate their revenues from consumer purchases from their retail websites. Our traditional channels include net sales from customers that operate out of physical brick and mortar stores and generate the large majority of revenues from consumer purchases inside their brick and mortar locations.

We sell our products worldwide. The following table sets forth certain information regarding geographic makeup of net sales included in the above table for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| Domestic net sales | $ | $ 170,621 | $ (170,621) | -100.0% | $ 164,885 |
| International net sales | | 6,742 | (6,742) | -100.0% | 6,796 |
| Total net sales | $ | $ 177,363 | $ (177,363) | -100.0% | $ 171,681 |

***Fiscal 2020 Net Sales Compared with Fiscal 2019***

Net sales for fiscal 2020 decreased $[•] million, or [•]%, from the prior fiscal year. Net sales to related parties in fiscal 2020 was $[•] million compared with $17.5 million for the prior fiscal year. Revenue decreased primarily as a result of reduced sales to OEM customers for our laser products, recent bankruptcies and other financial instability by certain of our customers, and a decline in sales of our branded camping accessory products resulting from one large retailer accelerating a strategy towards its own private label brand. In addition, net sales in late fiscal 2020 was negatively impacted by several factors related to the COVID-19 crisis, including a major online retail customer's decision to halt or delay most non-essential product orders, COVID-19-related supply chain issues, COVID-19-related "stay at home" orders, and sporting goods store closures, which have significantly reduced retail foot traffic in many states.

New products represented [•]% of net sales for fiscal 2020. We have a history of introducing approximately 250 to 350 new SKUs each year, the majority of which are introduced late in our third fiscal quarter.

Inventory [•] $[•] during fiscal 2020, primarily because of [•]. We believe our inventory levels have enabled us to maintain minimal disruption from COVID-19 pandemic responses with our suppliers. It is possible, however, that worsening of conditions or increased fears of a pandemic could have a renewed and prolonged effect on manufacturing or employment in China, travel to and from China, or other restrictions on imports, all of which could have a longer-term effect on our sales and profitability in future periods.

Our order backlog as of April 30, 2020 was $[•] million, or $[•] million lower than at the end of fiscal 2019. We allow orders received that have not yet shipped to be cancelled, and therefore, our backlog may not be indicative of future sales.

***Fiscal 2019 Net Sales Compared with Fiscal 2018***

Net sales for fiscal 2019 increased $5.7 million, or 3.3%, over fiscal 2018. Net sales to related parties for fiscal 2019 was $17.5 million compared with $13.8 million for the prior fiscal year. Revenue increased primarily because of $10.2 million increased e-commerce revenue, including large online retailers that had large bulk orders with discounted pricing in fiscal 2019; $2.6 million of higher related party sales for electro-optics products; market acceptance of newly introduced shooting, hunting, and cutlery products over the past several years as new products represented 7.1% of net sales for fiscal 2019; and $1.2 million of inorganic revenue from the BUBBA acquisition; partially offset by $4.3 million of lower third-party OEM and commercial electro-optics product revenue as a result of a general decline in firearm market conditions mentioned above.

Our inventory levels as of April 30, 2019 increased $18.7 million over April 30, 2018, primarily because of increased inventory purchases to mitigate tariff costs.

Our order backlog as of April 30, 2019 was $12.7 million, or $1.6 million lower than at the end of fiscal 2018, primarily due to timing of orders.

***Fiscal 2020 Cost of Sales and Gross Profit Compared with Fiscal 2019***

Gross margin for fiscal 2020 was negatively impacted by [•]% from the prior fiscal year, primarily because of the negative impacts from the COVID-19 crisis mentioned above that resulted in lower sales to a major online retailer, which typically has higher gross margin product sales, additional compensation costs because of our decision to increase wages for certain essential employees that have jobs requiring them to work in our facilities during the COVID-19 crisis, lower production of laser sights that resulted in the corresponding unfavorable manufacturing fixed-cost absorption, unfavorable excess inventory reserves, and higher tariff costs on imported goods for the majority of our products sourced from Asia.

***Fiscal 2019 Cost of Sales and Gross Profit Compared with Fiscal 2018***

Gross margin for fiscal 2019 increased 60 basis points over fiscal 2018. Favorable impacts to gross margin included 90 basis points in higher sales volumes and changes in customer mix and 130 basis points from the reduction of our existing electro-optics product recall reserve. These favorable impacts were partially offset by 100 basis points of unfavorable fixed-cost absorption and 60 basis point reduction from tariffs.

***Operating Expenses***

The following table sets forth certain information regarding operating expenses for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| Research and development | $ | $ 4,859 | $ (4,859) | -100.0% | $ 3,803 |
| Selling, marketing, and distribution | | 31,955 | (31,955) | -100.0% | 28,384 |
| General and administrative | | 50,329 | (50,329) | -100.0% | 50,732 |
| Impairment of long-lived assets | | 10,396 | (10,396) | -100.0% | — |
| Total operating expenses | $ | $ 97,539 | $ (97,539) | -100.0% | $ 82,919 |
| % of net sales | % | 55.0% | | | 48.3% |

***Fiscal 2020 Operating Expenses Compared with Fiscal 2019***

Excluding the impact of goodwill impairment described above, operating expenses increased $[•] million over fiscal 2019. Research and development expenses were relatively flat from the prior fiscal year. Selling, marketing, and distribution expenses increased $[•] million, primarily as a result of $[•] million of targeted customer promotions and $[•] million of increased costs related to the development of our e-commerce initiative. General and administrative expenses decreased primarily because of lower costs related to the closure of our Jacksonville, Florida facility and reduced headcount and spending at our Wilsonville, Oregon facility.

***Fiscal 2019 Operating Expenses Compared with Fiscal 2018***

Excluding the impact of the goodwill impairment described above, operating expenses increased $4.2 million over fiscal 2018. Research and development expenses increased $1.1 million, primarily as a result of increased professional fees related to new products. Selling, marketing, and distribution expenses increased $3.6 million, primarily as a result of $1.6 million of increased compensation-related expenses, $781,000 of increased advertising expenses, $560,000 of increased professional fees, and $359,000 of increased travel and entertainment expenses, all relating to the creation of our new brand lane business structure. General and administrative expenses were relatively flat with lower administrative consulting fees almost entirely offset by increased compensation-related expenses.

***Operating Loss***

The following table sets forth certain information regarding operating income for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| Operating loss | $ | $ (14,065) | $ 14,065 | -100.0% | $ (3,013) |
| % of net sales (operating margin) | % | -7.9% | | | -1.8% |

***Fiscal 2020 Operating Loss Compared with Fiscal 2019***

Operating loss for fiscal 2020 was $[•] million, which included a non-cash goodwill impairment charge, an increase of $[•] million over fiscal 2019. Operating income decreased $[•] million, or [•]%, from the prior fiscal year, primarily because of lower sales volumes, the impact of the COVID-19 crisis on our business, higher non-cash goodwill impairment charge, increased targeted customer promotions, and increased expenses related to the development of our e-commerce initiative. These increased expenses were partially offset by lower costs as a result of the closure of our Jacksonville, Florida facility.

***Fiscal 2019 Operating Loss Compared with Fiscal 2018***

Excluding the impact of the goodwill impairment described above, operating loss increased $656,000 over fiscal 2018, primarily because of increased compensation-related expenses, professional fees, and advertising expenses as a result of the investment in growing our product offerings and development of brand lanes.

***Other Income/(Expense)***

The following table sets forth certain information regarding operating income/(expense) for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| Other income/(expense) | $ | $ 54 | $ (54) | -100.0% | $ 1,711 |

In fiscal 2018, we recorded an adjustment of $1.6 million in the contingent consideration liability in connection with the acquisition of Ultimate Survival Technologies, Inc.

***Related Party Interest Income, Net***

The following table sets forth certain information regarding related party interest income, net for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| Related party interest income, net | $ | $ 5,224 | $ (5,224) | -100.0% | $ 2,309 |

***Fiscal 2020 Related Party Interest Income, Net Compared with Fiscal 2019***

Net related party interest income increased $[•] million for fiscal 2020 compared with the prior fiscal year, primarily because of increased related party notes receivable balances and an approximate [•] basis point increase in the average interest rate in effect on our related party notes receivable balances in fiscal 2020 compared with fiscal 2019.

***Fiscal 2019 Related Party Interest Income, Net Compared with Fiscal 2018***

Net related party interest income increased $2.8 million for fiscal 2019 compared with fiscal 2018, primarily because of increased related party notes receivable balances and an approximate 50 basis point increase in the average interest rate in effect on our related party notes receivable balances in fiscal 2019 as compared with fiscal 2018.

***Income Tax Expense***

The following table sets forth certain information regarding income tax expense for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| Income tax expense/(benefit) | $ | $ 734 | $ (734) | 100.0% | $ (7,158) |
| % of income/(loss) from operations (effective tax rate) | % | -8.4% | | | -710.8% |

We recorded income tax expense of $734,000 for fiscal 2019, compared with an income tax benefit of $7.2 million for fiscal 2018, primarily because of the impact of Tax Reform in the prior year. The effective tax rates were (8.4)% and (710.8)% for fiscal 2019 and 2018, respectively. Excluding the impact of the non-cash goodwill impairment charge as a discrete item, our effective tax rate for the fiscal year ended April 30, 2019 was 45.6%.

In fiscal 2018, we recorded a $7.6 million income tax benefit because of Tax Reform. The majority of the tax benefit was due to re-measurement of deferred tax assets and liabilities at lower enacted corporate federal tax rates, which did not have a cash impact in fiscal 2018. Excluding the impact of Tax Reform, our effective tax rate for the fiscal year ended April 30, 2018 was 39.5%.

***Net Income/(Loss)***

As a result of the above, net income in fiscal 2020 was $[•] million compared with net loss of $9.5 million for fiscal 2019.

As a result of the above, net loss for fiscal 2019 was $9.5 million compared with net income of $8.2 million for fiscal 2018.

**Non-GAAP Financial Measure**

We use GAAP net income as our primary financial measure. We use Adjusted EBITDAS, which is a non-GAAP financial metric, as a supplemental measure of our performance in order to provide investors with an improved understanding of underlying performance trends, and it should be considered in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Adjusted EBITDAS is defined as GAAP net income/(loss) before interest, taxes, depreciation, amortization, and stock compensation expense. Our Adjusted EBITDAS calculation also excludes certain items we consider non-routine. We believe that Adjusted EBITDAS is useful to understanding our operating results and the ongoing performance of our underlying business, as Adjusted EBITDAS provides information on our ability to meet our capital expenditure and working capital requirements, and is also an indicator of profitability. We believe this reporting provides additional transparency and comparability to our operating results. We believe that the presentation of Adjusted EBITDAS is useful to investors because it is frequently used by analysts, investors, and other interested parties to evaluate companies in our industry. We use Adjusted EBITDAS to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to neutralize our capitalization structure to compare our performance against that of other peer companies using similar measures, especially companies that are private. We also use Adjusted EBITDAS to supplement GAAP measures of performance to evaluate our performance in connection with compensation decisions. We believe it is useful to investors and analysts to evaluate this non-GAAP measure on the same basis as we use to evaluate our operating results.

Adjusted EBITDAS is a non-GAAP measure and may not be comparable to similar measures reported by other companies. In addition, non-GAAP measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. We address the limitations of non-GAAP measures through the use of various GAAP measures. In the future, we may incur expenses or charges such as those added back to calculate Adjusted EBITDAS. Our presentation of Adjusted EBITDAS should not be construed as an inference that our future results will be unaffected by these items.

The following table sets forth our calculation of non-GAAP Adjusted EBITDAS for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| | | (Unaudited) | |
| GAAP net income/(loss) | $ | $ (9,521 ) | $ 8,165 |
| Income tax expense/(benefit) | | 734 | (7,158) |
| Depreciation and amortization | | 24,333 | 24,041 |
| Related party interest income | | (5,225 ) | (2,309) |
| Stock compensation | | 2,274 | 1,772 |
| Goodwill impairment | | 10,396 | – |
| Product recall | | (589 ) | 1,666 |
| Transition costs | | 1,185 | 439 |
| Acquisition costs | | 28 | 769 |
| Non-GAAP Adjusted EBITDAS | $ | $ 23,615 | $ 27,385 |

**Liquidity and Capital Resources**

Historically, we have generated strong annual cash flow from operating activities. However, we have operated within SWBI cash management structure, which uses a centralized approach to cash management and financing of operations. A substantial portion of our cash has been transferred to SWBI. This arrangement is not reflective in a manner in which we would have been able to finance our operations had we been an independent, publicly traded company during the periods presented.

The cash and cash equivalents held by SWBI at the corporate level are not specifically identifiable to us and therefore have not been reflected in the combined balance sheet.

SWBI incurred debt and related debt issuance costs with respect to the acquisitions of the carved-out businesses. However, such debt has been refinanced since the consummation of these acquisitions, the proceeds of such refinancing being utilized for the retirement of original debt obligations as well as the funding of other SWBI expenditures. As a result, the SWBI third-party long-term debt and the related interest expense have not been allocated to us for any of the periods presented as we were not the legal obligor of such debt.

Following the Separation, our capital structure and sources of liquidity will change from the historical capital structure because we will no longer participate in SWBI's centralized cash management program. Our ability to fund our operating needs will depend on our future ability to continue to generate positive cash flow from operations and obtain debt financing on acceptable terms. Based upon our history of generating strong cash flows, we believe we will be able to meet our short-term liquidity needs. We believe we will meet known or reasonably likely future cash requirements through the combination of cash flows from operating activities, available cash balances, and available borrowings through the issuance of third-party debt. If these sources of liquidity need to be augmented, additional cash requirements would likely be financed through the issuance of debt or equity securities; however, there can be no assurances that we will be able to obtain additional debt or equity financing on acceptable terms in the future.

Our separation from other SWBI businesses may increase the overall cost of debt funding and decrease the overall debt capacity and commercial credit available to us.

We expect to utilize our cash flows to continue to invest in our brands, including research and development of new product initiatives, talent and capabilities, and growth strategies, including any potential acquisitions, and to repay any indebtedness we may incur over time.

The following table sets forth certain cash flow information for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| Operating activities | $ | $ 3,813 | $ (3,813 ) | -100.0 % | $ 25,839 |
| Investing activities | | (4,524 ) | 4,524 | -100.0 % | (13,881) |
| Financing activities | | 873 | (873 ) | -100.0 % | (11,958) |
| Total cash flow | $ | $ 162 | $ (162 ) | -100.0 % | $ - |

***Operating Activities***

Operating activities represent the principal source of our cash flow.

Cash provided by operating activities was $[•] million for fiscal 2020 compared with $3.8 million for the prior fiscal year. Cash provided by operating activities for fiscal 2020 was favorably impacted by depreciation and amortization of $[•] million and the $[•] million non-cash goodwill impairment charge partially offset by $[•] million of increased inventory because of increased inventory purchases to mitigate tariff costs and the negative impacts on our business because of the COVID-19 crisis.

Cash provided by operating activities was $3.8 million for fiscal 2019 compared with $25.8 million for fiscal 2018. Cash provided by operating activities for fiscal 2019 was favorably impacted by depreciation and amortization of $25.0 million and the $10.4 million non-cash goodwill impairment charge partially offset by $18.4 million of increased inventory due to increased purchases to mitigate tariff increases.

***Investing Activities***

Cash used in investing activities in fiscal 2020 was $[•] million, or $[•] million lower than in the prior fiscal year, primarily due to lower acquisition activity. We recorded capital expenditures of $[•] million, or $[•] million over the prior fiscal year, primarily because of spending related to production molds. During fiscal 2019, we acquired substantially all of the LaserLyte branded products and other assets from P&L Industries Inc for a purchase price of $2.0 million.

Cash used in investing activities in fiscal 2019 was $4.5 million, or $9.4 million lower than in fiscal 2018, primarily due to fewer acquisitions. We recorded capital expenditures of $1.9 million, or $373,000 over fiscal 2018, primarily because of spending related to production molds. During fiscal 2019, we acquired substantially all of the LaserLyte branded products and other assets from P&L Industries Inc., for a purchase price of $2.0 million. In August 2017, we acquired Bubba Blade branded products and other assets from Fish Tales, LLC, referred to as the BUBBA Acquisition, for a purchase price of $12.1 million.

***Financing Activities***

Cash used in financing activities was $[•] million in fiscal 2020, a decrease of $[•] million from the prior fiscal year because of changes in net transfers from Parent.

Cash used in financing activities was $873,000 in fiscal 2019 compared with $12.0 million of cash used in financing activated in fiscal 2018 because of changes in net transfers to and from Parent.

At April 30, 2020 and 2019, we had $[•] and $162,000, respectively, in cash and cash equivalents on hand.

Our future capital requirements will depend on many factors, including net sales, the timing and extent of spending to support product development efforts, the expansion of sales and marketing activities, the timing of introductions of new products and enhancements to existing products, the capital needed to operate as an independent publicly traded company, any acquisitions or strategic investments that we may determine to make, and our ability to navigate through the many negative business impacts from the COVID-19 crisis. Further equity or debt financing may not be available to us on acceptable terms or at all. If sufficient funds are not available or are not available on acceptable terms, our ability to take advantage of unexpected business opportunities or to respond to competitive pressures could be limited or severely constrained.

**Critical Accounting Policies**

***Revenue Recognition***

We recognize revenue in accordance with the provisions of Accounting Standards Update, or ASU, *Revenue from Contracts with Customers (Topic 606)*, which became effective for us on May 1, 2018. Performance obligations are satisfied and revenue is recognized when control of ownership has transferred to the customer, which is generally upon shipment but could be delayed until the receipt of customer acceptance.

In some instances, sales include multiple performance obligations. The most common of these instances relates to sales promotion programs under which customers are entitled to receive free goods based upon their purchase of our products, which we have identified as a material right. The fulfillment of these free goods is our responsibility. In such instances, we allocate the transaction price of the promotional sales based on the estimated level of participation in the sales promotional program and the timing of the shipment of all of the products included in the promotional program, including the free goods. We recognize revenue related to the material right proportionally as each performance obligation is satisfied. The net change in contract liabilities for a given period is reported as an increase or decrease to sales.

We generally sell our products free on board, or FOB, shipping point and provide payment terms to most commercial customers ranging from 20 to 90 days of product shipment with a discount available to some customers for early payment. Generally, framework contracts define the general terms of sales, including payment terms, freight terms, insurance requirements, and cancelation provisions. Purchase orders define the terms for specific sales, including description, quantity, and price of each product purchased. We estimate variable consideration relative to the amount of cash discounts to which customers are likely to be entitled. In some instances, we provide longer payment terms, particularly as it relates to promotional programs. As a result of utilizing practical expedience upon the adoption of ASC 606, we do not consider these extended terms to be a significant financing component of the contract because the payment terms are less than one year. In all cases, we consider our costs related to shipping and handling to be a cost of fulfilling the contract with the customer.

We sponsor direct-to-consumer customer loyalty programs in which customers earn rewards from qualifying purchases or activities. We defer revenue for a portion of the transaction price from product sales to customers that earn loyalty points. We recognize revenue upon shipment of the products associated with the loyalty points and record an offsetting reserve utilizing a breakage factor based on historical redemption.

Net sales reflect adjustments for estimated allowances for trade terms, sales incentive programs, discounts, markdowns, chargebacks, and returns. These allowances are estimated based on evaluations of specific product and customer circumstances, historical and anticipated trends, and current economic conditions

***Valuation of Long-lived Tangible and Intangible Assets***

We evaluate the recoverability of long-lived assets, or asset groups, whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. When such evaluations indicate that the related future undiscounted cash flows are not sufficient to recover the carrying values of the assets, such carrying values are reduced to fair value and this adjusted carrying value becomes the asset’s new cost basis. We determine fair value primarily using future anticipated cash flows that are directly associated with and are expected to arise as a direct result of the use and eventual disposition of the asset, or asset group, discounted using an interest rate commensurate with the risk involved.

We have significant long-lived tangible and intangible assets, which are susceptible to valuation adjustments as a result of changes in various factors or conditions. The most significant long-lived tangible and intangible assets, other than goodwill, are property, plant, and equipment, developed technology, customer relationships, patents, trademarks, and trade names. We amortize all finite-lived intangible assets either on a straight-line basis or based upon patterns in which we expect to utilize the economic benefits of such assets. We initially determine the values of intangible assets by a risk-adjusted, discounted cash flow approach. We assess the potential impairment of identifiable intangible assets and fixed assets whenever events or changes in circumstances indicate that the carrying values may not be recoverable and at least annually. Factors we consider important, which could trigger an impairment of such assets, include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner or use of the assets or the strategy for our overall business;
- significant negative industry or economic trends;
- a significant decline in SWBI's stock price for a sustained period; and
- a decline in SWBI's market capitalization below net book value.

Future adverse changes in these or other unforeseeable factors could result in an impairment charge that could materially impact future results of operations and financial position in the reporting period identified.

In accordance with Accounting Standard Codification, or ASC, 350, Intangibles-Goodwill and Other, we test goodwill for impairment on an annual basis on February 1 and between annual tests if indicators of potential impairment exist. The impairment test compares the fair value of the operating units to their carrying amounts to assess whether impairment is present. We have reviewed the provisions of ASC 350-20, with respect to the criteria necessary to evaluate the number of reporting units that exist. In prior years, we had concluded that we had two operating units when reviewing ASC 350-20: Outdoor Products & Accessories and Electro-Optics. However, a combination of factors occurring in the firearms industry during the last few years, including changes in the political environment and reduced overall demand for both firearms and the accessories that are attached to firearms, such as laser sights, has resulted in us lowering our long-range sales volume, operating profit, and cash flow forecasts in our Electro-Optics operating unit. Based on those forecasts, we felt it important to seek out efficiencies in that operating unit to increase operating performance and, as a result, decided to combine our Electro-Optics operating unit with our Outdoor Products & Accessories operating unit. The lowered forecasts and the decision to reorganize those operating units caused us to evaluate the fair value of our operating units utilizing those forecasts. Because of that evaluation, we recorded a $10.4 million impairment of goodwill in our Electro-Optics operating unit during the three months ended January 31, 2019. Based on our review of ASC 350-20 subsequent to the reorganization of Electro-Optics into Outdoor Products & Accessories, we have determined that we now have one operating unit.

In addition, our business has been negatively impacted by several factors related to the COVID-19 crisis, including a major online retail customer's decision to halt or delay most non-essential product orders, COVID-19-related supply chain issues, as well as COVID-19-related "stay at home" orders and sporting goods store closures, which have reduced retail foot traffic in many states. Based on these factors, we expect reduced revenue and cash flows in our business, which resulted in lowering our forecasted results. The lowered forecasts caused us to evaluate the fair value of our business and, based on the results of this evaluation, we recorded an $88.9 million non-cash impairment of goodwill in the fourth quarter of fiscal 2020.

We estimate the fair value of our operating unit using an equal weighting of the fair values derived from the income approach and the market approach because we believe a market participant would equally weight both approaches when valuing the operating units. The income approach is based on the projected cash flows that are discounted to their present value using discount rates that consider the timing and risk of the forecasted cash flows. We estimate fair value using internally developed forecasts and assumptions. The discount rate used is the average estimated value of a market participant's cost of capital and debt, derived using customary market metrics. Other significant assumptions include revenue growth rates, profitability projections, and terminal value growth rates. The market approach estimates fair values based on the determination of appropriate publicly traded market comparison companies and market multiples of revenue and earnings derived from those companies with similar operating and investment characteristics as the operating unit being valued. Finally, we compare and reconcile our overall fair value to SWBI's market capitalization in order to assess the reasonableness of the calculated fair values of our operating units. We recognize an impairment loss for goodwill if the implied fair value of goodwill is less than the carrying value.

As of our valuation date, our operating unit had $[•] million of goodwill and its fair value exceeded its carrying value by [•]%. Although we concluded that there was no additional impairment on the goodwill associated with our operating unit as of April 30, 2020, we will continue to closely monitor their performance, related market conditions, and the impacts of the ongoing COVID-19 crisis, for future indicators of potential impairment and reassess accordingly. Our assumptions related to the development of fair value could deviate materially from actual results and forecasts used to support asset carrying values may change in the future, which could result in non-cash charges that would adversely affect our financial results of operations. The re-measurement of goodwill is classified as a Level 3 fair value assessment as described in Note 8 - *Fair Value Measurement* to our combined financial statements, due to the significance of unobservable inputs developed using company-specific information.

***Inventories***

We value inventories at the lower of cost, using the first-in, first-out, or FIFO, method, or net realizable value. An allowance for potential non-saleable inventory due to excess stock or obsolescence is based upon a detailed review of inventory, past history, and expected future usage.

***Warranty***

We generally provide either a limited one-year, three-year, lifetime, or full lifetime warranty program to the original purchaser of most of our products. We will also repair or replace certain products or parts found to be defective under normal use and service with an item of equivalent value, at our option, without charge during the warranty period. We provide for estimated warranty obligations in the period in which we recognize the related revenue. We quantify and record an estimate for warranty-related costs based on our actual historical claims experience and current repair costs. We make adjustments to accruals as warranty claims data and historical experience warrant. Should we experience actual claims and repair costs that are higher than the estimated claims and repair costs used to calculate the provision, our operating results for the period or periods in which such returns or additional costs materialize could be adversely impacted.

**Recent Accounting Pronouncements**

The nature and impact of recent accounting pronouncements is discussed in Note 1 — *Background, Basis of Presentation, and Summary of Significant Accounting Policies* to our combined financial statements, which is incorporated herein by reference.

**Contractual Obligations and Commercial Commitments**

The following table sets forth a summary of our material contractual obligations and commercial commitments as of April 30, 2020 (in thousands):

| | Total | Less Than 1 Year | 1-3 Years | 3-5 Years | More Than 5 Years |
|---|---|---|---|---|---|
| Operating lease obligations (1) | | | | | |
| Purchase obligations (2) | | | | | |
| Total obligations | $ | $ | $ | $ | $ |

(1) Operating lease obligations represent required minimum lease payments during the noncancelable lease term. Most real estate leases also require payments of related operating expenses such as taxes, insurance, utilities, and maintenance, which are not included above.

(2) Purchase obligations represent binding commitments to purchase raw materials, contract production, and finished products that are payable upon delivery of the inventory. This obligation excludes the amount included in accounts payable at April 30, 2019 related to inventory purchases. Other obligations represent other binding commitments for the expenditure of funds, including (i) amounts related to contracts not involving the purchase of inventories, such as the noncancelable portion of service or maintenance agreements for management information systems, (ii) capital spending, and (iii) advertising.

**Off-Balance Sheet Arrangements**

We do not have any transactions, arrangements, or other relationships with unconsolidated entities that are reasonably likely to affect our liquidity or capital resources. We have no special purpose or limited purpose entities that provide off-balance sheet financing, liquidity, or market or credit risk support or that engage in leasing, hedging, research and development services, or other relationships that expose us to liability that is not reflected in our financial statements.

**Quantitative and Qualitative Disclosures about Market Risk**

We do not enter into any market risk sensitive instruments for trading purposes. We are exposed to risks in the ordinary course of business. We regularly assess and manage exposures to these risks through operating and financing activities. Potential risks are discussed below.

***Insurance Risks***

We were essentially self-insured under the SWBI corporate insurance program for a significant portion of our employee medical, workers' compensation, vehicle, and general liability exposures, and purchased insurance from highly rated commercial carriers to cover other risks, including property and umbrella, and to establish stop-loss limits on self-insurance arrangements. Subsequent to the Separation, we will have a fully-insured corporate insurance program for [•].

***Cash and Equivalents Risks***

We had $162,000 of cash and cash equivalents at the end of fiscal 2019. We are subject to SWBI's cash sweep arrangement where most of our cash is swept to a bank account controlled by SWBI. We continually monitor the credit ratings of the financial institutions with whom we conduct business. Similarly, we monitor the credit quality of cash equivalents.

# BUSINESS

## Introduction

We are a leading provider of outdoor products and accessories encompassing hunting, fishing, camping, shooting, and personal security and defense products for rugged outdoor enthusiasts. We conceive, design, produce or source, and sell products and accessories, including shooting supplies, rests, vaults, and other related accessories; premium sportsman knives and tools for fishing and hunting; land management tools for hunting preparedness; harvesting products for post-hunt or post-fishing activities; electro-optical devices, including hunting optics, firearm aiming devices, flashlights, and laser grips; reloading, gunsmithing, and firearm cleaning supplies; and survival, camping, and emergency preparedness products. We develop and market our products at our facility in Columbia, Missouri and contract for the manufacture and assembly of most of our products with third-parties located in Asia. We also manufacture some of our electro-optics products at our facility in Wilsonville, Oregon.

We focus on our brands and the establishment of product categories in which we believe our brands will resonate strongly with the activities and passions of consumers and enable us to capture an increasing share of our overall addressable markets. Our owned brands include Caldwell, Wheeler, Tipton, Frankford Arsenal, Hooyman, BOG, MEAT!, Uncle Henry, Old Timer, Imperial, Crimson Trace, LaserLyte, Lockdown, UST, BUBBA, and Schrade, and we license for use in association with certain products we sell additional brands, including M&P, Smith & Wesson, Performance Center by Smith & Wesson, and Thompson/Center Arms. In focusing on the growth of our brands, we organize our creative, product development, sourcing, and e-commerce teams into four brand lanes, each of which focuses on one of four distinct consumer verticals – Marksman, Defender, Harvester, and Adventurer – with each of our brands included in one of the brand lanes. Our sales activities focus on our various distribution channels, which we refer to as classes of trade, such as online retailers, specialty retailers, dealers, distributors, and direct to consumer.

Our Marksman brands address product needs arising from consumer activities that take place primarily at the shooting range and where firearms are cleaned, maintained, and worked on. Our Defender brands include products that help consumers aim their firearms more accurately, including situations that require self-defense, and products that help secure, store, and maintain connectivity to those possessions that some consumers would consider to be high value or high consequence. Our Harvester brands focus on the activities hunters typically engage in, including hunting preparation, the hunt itself, and the activities that follow a hunt, such as meat processing. Our Adventurer brands include products that help enhance consumers' fishing and camping experiences.

Our objective is to enhance our position as a leading provider of high-quality and innovative outdoor products and accessories for the hunting, fishing, camping, shooting, personal security and defense, and other rugged outdoor markets and to expand our addressable market into carefully selected new product arenas. Key elements of our strategy to achieve this objective and deliver long-term stockholder value are as follows:

- introduce a continuing stream of innovative new and differentiated rugged outdoor products and product extensions that appeal to consumers and achieve market acceptance and drive customer satisfaction and loyalty;
- expand the size of our addressable market by appealing to new and larger consumer audiences in new product categories outside the rugged outdoor market;
- cultivate and enhance direct-to-consumer relationships through our digital platforms;
- expand and enhance our supply chain; and
- pursue acquisitions that financially and strategically complement our current business.

Throughout our history, we believe that we have been able to utilize our understanding of consumer needs to develop and introduce innovative new disruptive products with strong intellectual property protection that have continually increased our market share in their product categories, such as our Lead Sled, which now represents approximately 85% of the market share in the shooting rest category. Since the acquisition of our outdoor products and accessories business by SWBI in 2014, we have enhanced our product development capabilities, developed a multi-faceted marketing approach, improved our multi-channel distribution platform, and expanded and diversified our business through organic growth and strategic acquisitions.

The following table sets forth information regarding the brands and products added to our operations through acquisitions in the fiscal years indicated:

| Name, Original Location, and Developments | Type of Acquisition | Fiscal Year | Product Brands | Produced Products |
|---|---|---|---|---|
| Hooyman, LLC, Appleton, Wisconsin (operated out of our Columbia, Missouri facility) | Asset | 2015 | Hooyman | Extendable tree saws for the hunting and outdoor industry |
| PowerTech, Inc., Collierville, Tennessee (operated out of our Columbia, Missouri facility) | Asset | 2016 | Smith & Wesson, M&P | Tactical flashlights, universal LED lights, and pocket lights |
| Taylor Brands, LLC, operated as BTI Tools, LLC, or BTI Tools, Kingsport, Tennessee (subsequently relocated operations to our Columbia, Missouri facility in fiscal 2018) | Asset | 2017 | Smith & Wesson, M&P, Schrade, Uncle Henry, Old Timer | High-quality knives, specialty tools, and accessories |
| Crimson Trace Corporation, or Crimson Trace, Wilsonville, Oregon | Stock | 2017 | Crimson Trace | Laser sighting and tactical lighting systems |
| Ultimate Survival Technologies, Inc., currently operating as Ultimate Survival Technologies, LLC, or UST, Jacksonville, Florida (subsequently relocated operations to our Columbia, Missouri facility in fiscal 2019) | Asset | 2017 | UST | High-quality survival and camping equipment, including LED lights, all-weather fire-starting kits, unbreakable signal mirrors, premium outdoor cutting tools, first aid kits, survival kits, and camping products |
| Fish Tales, LLC, Tucson, Arizona (operated out of our Columbia, Missouri facility) | Asset | 2018 | BUBBA | Premium sporting knives and tools for fishing and hunting, including Bubba Blade branded products (subsequently rebranded as BUBBA) |
| P&L Industries, Inc., Cottonwood, Arizona (subsequently relocated operations to our Wilsonville, Oregon facility in fiscal 2019) | Asset | 2019 | LaserLyte | Laser training and sighting products for the consumer market, including LaserLyte branded products |

Our net sales were $[•] million for the fiscal year ended April 30, 2020; $177.4 million, for the fiscal year ended April 30, 2019; and $171.7 million, for the fiscal year ended April 30, 2018. Results reported include net sales related to acquisitions for the period subsequent to their respective acquisition dates. Our gross profit for the fiscal years ended April 30, 2020, 2019, and 2018 totaled $[•] million, $83.5 million, and $79.9 million, respectively. Total assets were $[•] million as of April 30, 2020; $354.8 million as of April 30, 2019; and $365.3 million as of April 30, 2018.

We were incorporated in Delaware on January 28, 2020 as a holding company for the various entities that conduct our outdoor products and accessories business. We maintain our principal executive offices at 1800 North Route Z, Columbia, Missouri 65202. Our telephone number is (800) 338-9585. Our website will be located at *www.AOB.com*. Through our website, we will make available free of charge our annual reports on Form 10-K, our proxy statements, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and amendments to any of these documents filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. These documents are available as soon as reasonably practicable after we electronically file them with the SEC. We also post on our website the charters of our Audit, Compensation, and Nominations and Corporate Governance Committees; our Corporate Governance Guidelines, our Code of Conduct, and any amendments or waivers thereto; and any other corporate governance materials contemplated by the regulations of the SEC and Nasdaq. These documents are also available in print by contacting our corporate secretary at our executive offices. Our website and the information contained therein or connected thereto is not incorporated into this information statement or the registration statement of which it forms a part.

**Market Opportunity**

Our primary target customers are outdoor-oriented consumers who enjoy active lifestyles with a focus on outdoor activities. The primary users of our products consist of a wide range of outdoor enthusiasts, including those who engage in recreational target shooting, personal security and defense, hunting, archery, fishing, camping, and hiking.

A 2017 report issued by the Outdoor Industry Association, a leading trade organization for the outdoor industry, estimates that the annual U.S. domestic hunting and shooting market is approximately $16 billion, while the annual U.S. domestic outdoor recreation market is approximately $90 billion to $100 billion, which includes hunting and shooting, as well as camping, fishing, trail sports, and wildlife watching.

**Competitive Strengths**

***Portfolio of Leading Brands and Products Focused on the Rugged Outdoor Market***

We currently sell our products under 20 distinct brands that we believe focus on the desires of our consumers and have a reputation for superior quality and product innovation. We believe we have built loyalty and brand recognition over our history by understanding our core consumers and delivering innovative products that they desire.

***Four Brand Lanes with Significant Runway for Growth***

Our brands are organized into four brand lanes focused on specific consumer verticals that are based on consumer behaviors and desires. This structure organizes our business in a manner intended to deploy specific resources dedicated to designing and marketing products directed at these respective consumer verticals. We have developed our “Dock and Unlock” formula, where we take an existing brand and apply the proper strategy and these dedicated brand lane resources to unlock the brand’s potential value. We use the defined methodologies to determine the types of products desired by that specific consumer and then design products in both existing and new categories that meet those desires. We believe this helps us drive growth from opportunities in new product categories and expand our footprint in existing categories.

***Repeatable Process for Innovating and Rejuvenating Mature Product Categories***

Our designers and engineers come from diverse industry backgrounds, including professional sporting goods, medical and laboratory equipment, architecture, defense, home goods, and automotive, which fosters unconventional methods and perspectives to innovate within traditionally mature rugged outdoor product categories. In addition, because we have such a wide breadth of products that span 20 brands, our product development teams can leverage our products to “cross-pollinate” technology across brand lanes and bring new insights into mature product categories.

***Leverageable Platform for Acquisitions with Demonstrated Acquisition Execution***

We believe our brand lanes and sales organization provide us with a leverageable platform from which to integrate acquisitions quickly, achieve cost savings, provide immediate brand support, and add sales expertise to drive brand penetration within our customer base. In addition, our senior management team brings significant acquisition experience, having completed a total of 23 transactions over the last 15 years, ranging from $1 million to approximately $1 billion in enterprise value. In conjunction with reviewing potential acquisition candidates, we believe that our long-standing industry relationships will also facilitate the identification of future potential acquisition targets.

***Experienced, Entrepreneurial Management Team***

Our senior management team has substantial knowledge and experience in the rugged outdoor industry. This team is responsible for defining and executing our business strategies with a "brand-first" business model designed around our brand lanes. Within our brand lanes, we strive to promote a collaborative and supportive environment for our employees so that they are able to pursue new ideas and experimentations, leading to a highly entrepreneurial culture.

**Legal Proceedings**

We are involved in various claims and lawsuits arising in the ordinary course of business, none of which, in the opinion of management, is expected to have a material adverse effect on our results of operations or financial condition. However, the results of such matters cannot be predicted with certainty, and we cannot assure you that the ultimate resolution of any legal or administrative proceeding or dispute will not have a material adverse effect on our business, operating results, and financial condition. See Note 13 – *Commitments and Contingencies* to our historical audited combined financial statements for a description of claims and legal actions arising in the ordinary course of our business.

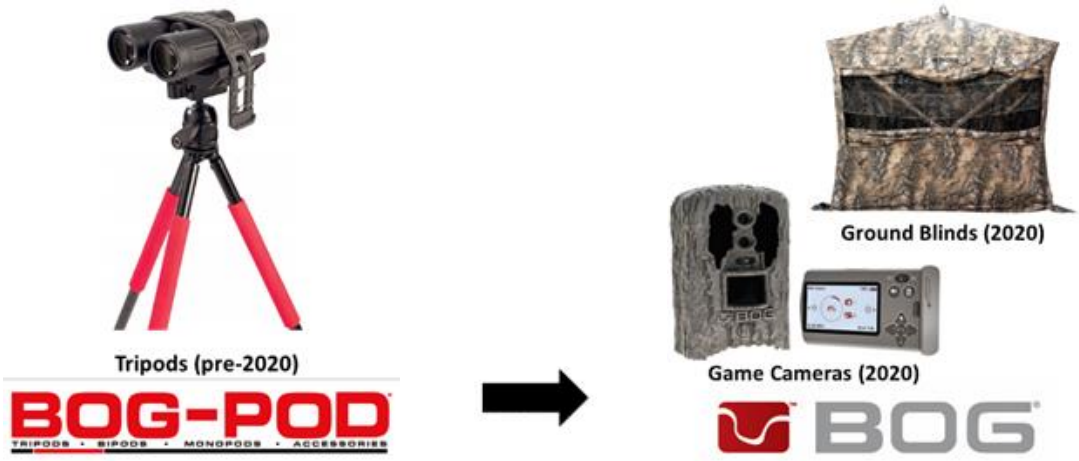
**Strategy**

***Introduce a Continuing Stream of New and Differentiated High-Quality Rugged Outdoor Products that Drive Customer Satisfaction and Loyalty***

We plan to continue conceiving, designing, producing or sourcing, and marketing in a timely manner a continuing stream of innovative new and differentiated high-quality rugged outdoor products and product extensions that appeal to consumers, achieve market acceptance, and drive customer satisfaction and loyalty to our product groups. Our tradition of innovation and our ongoing research and development, product engineering, product and component sourcing, marketing, and distribution activities are critical components of our ability to continue to offer successful products and bolster our market share in the product categories in which we participate.

We believe our track record of understanding consumer desires, introducing flagship products in our core product categories, and then strategically expanding within those categories will enable us to continue to expand our existing product offerings. For example, we expanded the BUBBA brand's red handled non-slip grip knives to a line of electronic fillet knives that utilized lithium-ion and drive-train technology that we previously developed for our line of rechargeable flashlight and tree saws under our M&P and Hooyman brands, respectively. The American Sportfishing Association awarded this new product as "Best in Category for Cutlery, Hand Pliers or Tools."

We also plan to devote significant time and energy to expand the reach of our brands into targeted new rugged outdoor markets that are aligned with the positioning of our brands. For example, we rebranded our BOG-POD brand to simply BOG in order to expand into new extensive product categories beyond shooting rests only, including hunting blinds, chairs, and game cameras; expanded our BUBBA brand into nets, gaffs, pliers, and gloves; expanded our Frankford Arsenal brand into larger reloading product categories; and expanded our Crimson Trace brand into other large and growing firearm aiming selective categories, including mounted flashlights, sights, and scopes. We also plan to utilize or "cross pollinate" technologies across brands, such as transporting the non-slip grip from our BUBBA fishing products onto the handles of Hooyman's new line of hand-held land management tools to provide further product differentiation.



***Expand Our Addressable Market by Appealing to New and Larger Audiences in New Product Categories Outside the Rugged Outdoor Market***

We plan to expand the size of our addressable market beyond the shooting, hunting, and rugged outdoor markets and thereby enlarge our customer base and customer relationships through entry into new large product categories outside the rugged outdoor market. For example, we recently expanded our Lockdown branded products from vault accessories used when storing firearms to introducing the Lockdown Puck, which is a compact hockey-puck sized product designed to protect high value or otherwise important items that sends a message to a smart phone or other device when the item or its location is moved or otherwise disturbed from its storage in a closet, cabinet, or drawer. We believe the expansion of our Lockdown brand from its original firearm safety application to applications such as monitoring jewelry compartments and liquor cabinets and controlling the humidity of humidors and wine cellars will enable us to gain an organic entry into the very large home security market. Expanding our addressable market will reduce our dependence on a small group of customers and increase our revenue.


** Display example*

***Cultivate and Enhance Direct-to-Consumer Relationships through Our Digital Platforms***

We plan to cultivate and enhance our direct relationships with consumers by addressing the growing desire of consumers to deal directly with the product and brand source and by recognizing the changing retail landscape and the trend to two-day or next-day delivery. In this regard, we have made significant investments in building both our creative teams and new e-commerce platforms, positioning us to create and distribute our products directly to consumers. Each of our brands will have a dedicated website, and each of our brand lanes has a dedicated creative and e-commerce team that works to support online marketing and delivery methods that foster direct-to-consumer efforts. Because of this targeted approach, our fiscal 2019 direct-to-consumer revenue increased 50% over fiscal 2018. We also expect that our direct-to-consumer efforts will generate pull-through for our products at retail locations for those who prefer a traditional retail approach rather than purchasing directly from our online platform. Our new e-commerce platform and digital systems also provide opportunities to support the launch of entirely new brands and products to meet the needs of our consumers. For example, we leveraged our new e-commerce platform and digital ecosystem to organically enter the new market of meat processing with our MEAT! brand that includes grinders, mixers, vacuum sealers, sausage stuffers, dehydrators, and slicers.

***Expand and Enhance Our Supply Chain***

We plan to expand and enhance our supply chain by identifying, qualifying, attracting, and maintaining qualified contract manufacturers and other suppliers of finished products and product components made to our specifications and the raw materials needed for products and product components that meet our efficiency, quality, cost, delivery, and other requirements. Qualifying additional suppliers will reduce our dependence on any one or small group of suppliers and protect us against supplier financial, operational, performance, or capacity issues.

***Pursue Acquisitions that Financially and Strategically Complement our Current Business***

We intend to continue to complement our organic growth initiatives by pursuing strategic acquisitions that will enable us to expand our product offerings, add new brands, penetrate adjacent and complementary markets, increase our customer base, expand our supply chain, increase our marketing and distribution capabilities, and enhance our operating results through improved acquired company performance, especially when we believe we can improve the performance and profitability of an acquired company through the implementation of our operating methods, strategies, and services. We believe the architecture of our brand lanes and sales organization provide us with a leverageable platform from which to integrate acquisitions quickly, achieve cost savings, provide immediate brand support, and add sales expertise to drive brand penetration within our existing customer base. During the last four fiscal years, we have spent nearly $232.9 million (exclusive of our $133.6 million purchase price) on acquiring companies and brands to support our growth in the outdoor products and accessories market. In fiscal 2017, we acquired the stock of Crimson Trace Corporation, and the assets of Taylor Brands, LLC, and Ultimate Survival Technologies, Inc., which allowed us to capitalize on established brands to expand into the electro-optics, knife, and survival and camping equipment markets, respectively. We further expanded our knife offerings, and entered the large fishing accessories market in fiscal 2018 when we purchased Bubba Blade branded knives, a provider of premium branded sports knives and tools for fishing and hunting. We have now expanded that business into other types of fishing gear and accessories, as well as rebranded it as BUBBA to reflect this expansion beyond knives only. We believe we have succeeded in integrating our acquired companies into our brand lanes and sales structure. Consolidation of these brands into our platform has yielded approximately $12 million in annualized cost savings while giving us entry into new, larger rugged outdoor market segments.

**Product Design and Development**

We are a leading provider of outdoor products and accessories used in hunting, fishing, camping, shooting, personal security and defense, and other rugged outdoor activities. To be successful, we must continue to conceive, design, produce or source, and market a continuing stream of innovative new products and product extensions that appeal to consumers and achieve market acceptance and drive customer satisfaction and loyalty to our brands and product groups.

We believe that we will drive customer satisfaction and loyalty by offering high-quality, innovative products on a timely and cost-effective basis, as well as providing world-class customer service, training, and support. We regard our high-quality, innovative products as the most important aspect of our customer satisfaction and loyalty, but we also offer customer service and support with various programs, such as toll-free customer support numbers, e-mail customer question and answer communications, broad service policies, and product warranties. We have developed unique brand-specific content on our websites to help maximize the consumers' experience with our products.

Through our research and development personnel, we conceive, design, and develop potential products that we believe will be attractive to our customers and help address the needs, wants, and desires of our target consumer base. In so doing, we must seek to anticipate and respond to trends and shifts in consumer preferences by continually adjusting our product mix with innovative features and designs and marketing them in an effective manner. Prior to introducing any product, we assess its cost of production and delivery, estimate its potential sales volume and margin, and conduct vigorous prototype and production-quality sample testing.

As noted previously, our products include shooting supplies, rests, vaults, and other related accessories; premium sportsmen knives and tools for fishing and hunting; land management tools for hunting preparedness; harvesting products for post-hunt or post-fishing activities; electro-optical devices, including hunting optics, firearm aiming devices, flashlights, and laser grips; reloading, gunsmithing, and firearm cleaning supplies; and survival, camping, and emergency preparedness products.

We typically launch well over 150 new outdoor products and accessories SKUs each year. We generally strive to bring a new product from concept to market within 6 to 12 months, depending on product complexity and other matters. Since 2011, we have introduced over 1,500 variations of outdoor products and accessories products, including the products introduced by the companies we acquired. Our extensive product portfolio includes highly regarded brands, such as the Caldwell line of shooting supplies, which has marketed and sold shooting accessories for more than 20 years, and Crimson Trace, which has provided laser lighting systems for nearly 25 years.

We have [•] employees dedicated to research and development activities. In fiscal 2020, 2019, and 2018, our gross spending on research and development activities relating to the development of new products was $[•] million, $4.9 million, and $3.8 million, respectively. We expense research and development costs as incurred.

**Our Brands**

We currently sell our products under 20 distinct brands organized under four brand lanes.

***Marksman Brands***

- Caldwell – shooting range and marksman products
- Frankford Arsenal – ammunition reloading products
- Tipton – firearm cleaning and maintenance products
- Wheeler – gunsmithing tools

***Defender Brands***

- Crimson Trace – firearm aiming solutions
- Imperial – cutlery and tools
- LaserLyte – firearm training systems
- Lockdown – security and storage solutions
- M&P Accessories – cutlery, flashlights, and various firearm accessories licensed from SWBI.
- Performance Center by Smith & Wesson – cutlery, cleaning kits, and various firearm accessories licensed from SWBI.
- Smith & Wesson Accessories – knives, flashlights, shooting glasses and cases, cleaning kits, and hearing protection products licensed from SWBI.

***Harvester Brands***

- BOG – hunting accessories
- Hooyman – land management tools
- MEAT! – meat processing equipment
- Old Timer – cutlery and tools
- Thompson/Center Accessories – firearm scopes, black powder barrels, speed loaders, magazines, and cleaning and maintenance products licensed from SWBI.
- Uncle Henry – hunting knives and tools

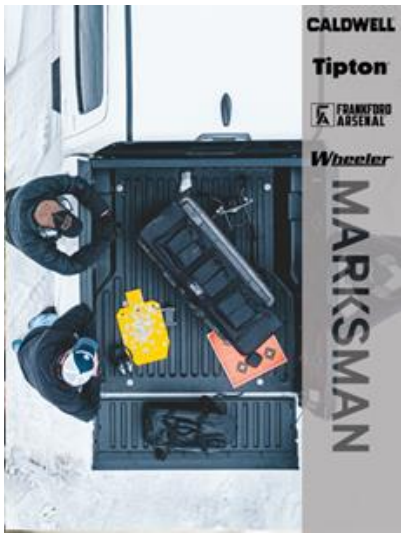
***Adventurer Brands***

- BUBBA – fishing tools and knives
- Schrade – rugged outdoor cutlery and tools
- UST – camping and survival products

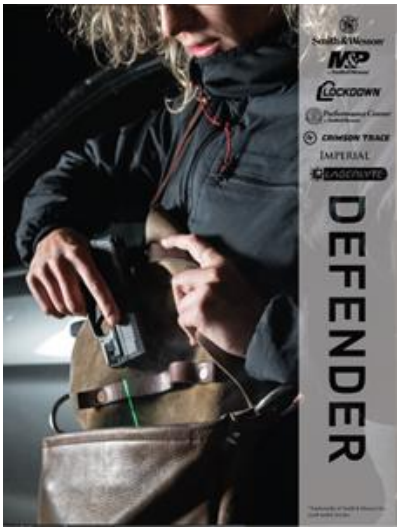
We own all of our brands with the exception of those brands and trademarks that we license from SWBI, including the Smith & Wesson logo, the script "Smith & Wesson," the "M&P" logo, the script "Thompson/Center Arms," and the script "Performance Center," which are well-known and have a reputation for quality, value, and trustworthiness in the accessories industry.

**Brand Lanes**

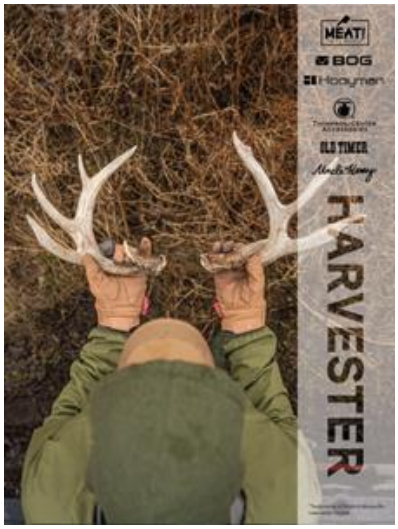
Our Brand Lanes are the foundation for our distinctive operations. Our brand-first approach is combined with passionate personnel to deliver authentic experiences to our consumers. Our knowledgeable employees develop a deep understanding of our brands and understand precisely what our customers and consumers desire most in new products. Dedicated management, marketing, creative, e-commerce, and engineering teams assigned to each brand lane allow us to strategically and efficiently approach our development roadmap and marketing efforts. We currently sell our products under 20 distinct brands, organized into four brand lanes aligned with our specific consumer verticals:




**Marksmen** are shooters, from the beginner to the skilled competitor. Whether at the workbench, in the workshop, in the field, or on the range, and no matter the choice of handgun, rifle, shotgun, or archery, a Marksman's success is measured in hours of trigger time, the smell of burnt powder, and bullseyes.

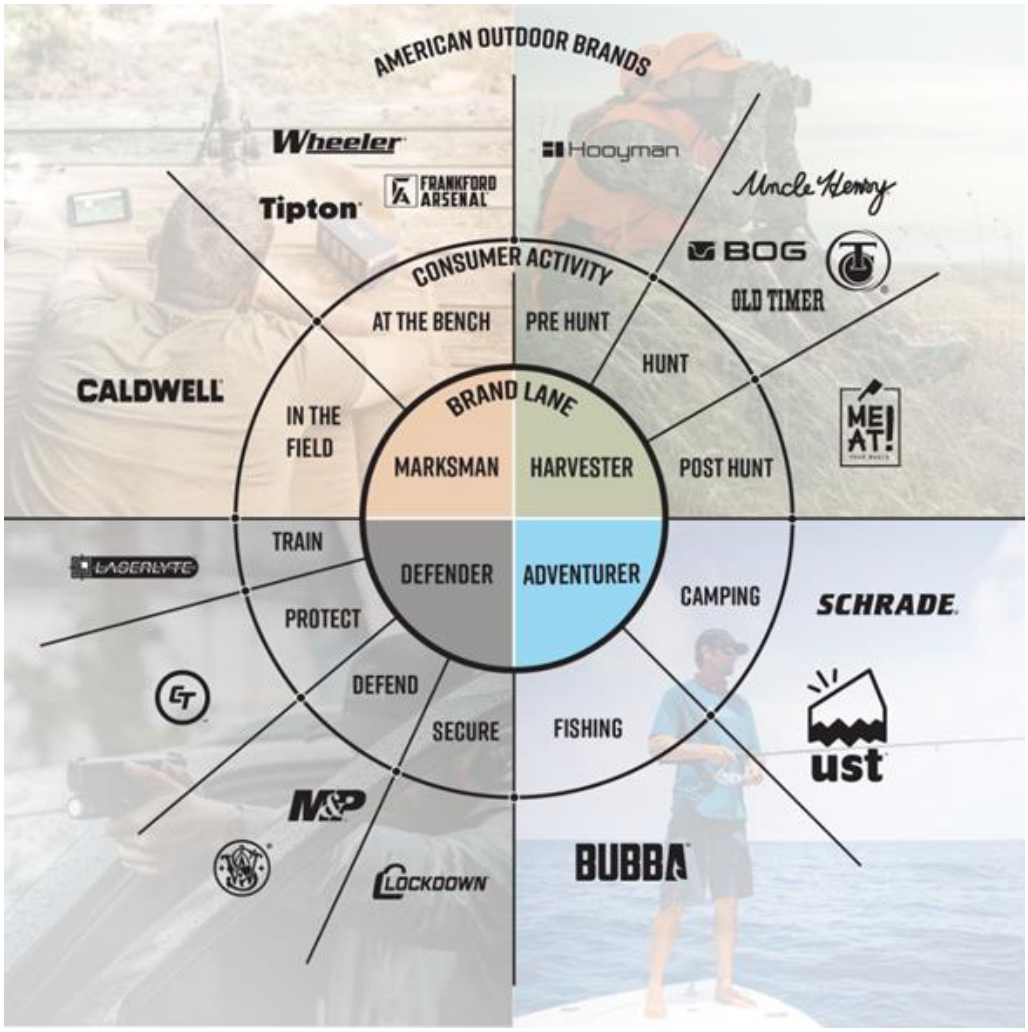



For the **Defender**, security is above all else. It starts with the peace of mind that comes with confidently knowing your belongings are safe, and becomes complete with determination to train and prepare yourself for life's biggest adversaries. The Defender protects – it makes up the fabric of their DNA




To the **Harvester**, it's not a job. It's not about killing or mounting a trophy. It's a passion to create, to grow, to conserve, and to ensure that the hunger to hunt and experience the most inaccessible terrain is passed down for future generations. Being a Harvester is not about taking, it's about giving back.


The **Adventurer** is at home when away from home. Whether conquering a mountain, navigating the open ocean, trekking through a valley, or taking on any other outdoor escapade, the Adventurer's thrill is the comfort zone. It is more than a connection with the outdoors; it is about being a part of it.




**Marketing**

We deploy a multi-faceted strategy to engage with consumers and to deliver positive consumer experiences. Our marketing approach begins with our team utilizing television, print, and other advertising media to assure that our customers and consumers connect with our brands and to the products we offer.

In order to help convert at the point of purchase, increase the likelihood of loyal consumer relationships, and build advocacy with our consumer base, we market our products to consumers using focused campaigns that align with each brand's core characteristics. In this regard, we utilize what we believe are the most impactful mediums, such as in-store retail merchandising, online merchandising, grassroots events, digital advertising campaigns, influencer marketing, and robust distribution of content across most social media channels, to encourage enthusiasts to continue exploring our brand offerings and ultimately lead to purchases. To further our message, we frequently participate in various earned media across a full spectrum of digital and print publications, which drives authenticity back to our consumer base as they read about the latest information regarding our suite of new products. This multifaceted approach is intertwined with the brand lane structure that we believe differentiates us from our competition and offer a significant advantage in efficiency.

For the fiscal years ended April 30, 2020, 2019, and 2018, advertising and promotion expenses were $[•] million, $10.4 million, and $10.5 million, respectively, excluding the cost of rebates and promotions reflected in gross profit.

**Original Content**

We utilize content as the engine to drive our strategic approach to marketing. In the past year, we emphasized the enhancement of our internal content capture and edit capabilities. Our newly implemented team of producers has provided an accessible outlet for regularly distributed fresh content for each of our brands. The deployment of this content assists us in positioning our brands, garnering the attention of our customers, establishing a lifestyle connection with those discovering our brands for the first time, and educating our consumer base about the features and benefits of the products that fall within each brand. By owning the development and distribution of our content, we are able to ensure that each message is consistent with the brand's positioning and strategy.

**Our Digital Platform**

We believe social media platforms, such as Facebook, Instagram, YouTube, LinkedIn, and Twitter, are effective in enabling us to showcase content, educate our customer base about our products, and generate enthusiasm for our brands. Our direct-to-consumer e-mail marketing helps us to further engage our consumers and communicate the value of our brands. We continue to invest in new digital marketing capabilities designed by our e-commerce and marketing teams to provide favorable customer experiences. Utilizing our digital platform, we operate branded e-commerce websites designed to inform, inspire, and prepare our customers for the rugged outdoors. We believe our digital platform supports our core business and facilitates future sales growth and profitability.

We utilize our websites, including *www.AOB.com*, *www.btibrands.com*, *www.crimsontrace.com*, *www.store.smith-wesson.com*, *www.lockdown.com*, *www.caldwellshooting.com*, *www.frankfordarsenal.com*, *www.wheelertools.com*, *www.ustgear.com*, *www.bubba.com*, *www.boghunt.com*, *www.hooyman.com*, *www.accessories.tcarms.com*, and *www.madewithmeat.com*, to market our products and to provide a wide range of information regarding our company to customers, consumers, dealers, distributors, investors, and government agencies.

**Industry and Consumer Events**

We sponsor a number of events and organizations in support of outdoor activities that our consumers enjoy. We also attend various trade shows, such as the Shooting, Hunting, Outdoor Trade (SHOT) Show; Outdoor Retailer (OR Show); the NRA Annual Meeting & Exhibits; the National Association of Sporting Goods Wholesalers Show (NASGW); the International Convention of Allied Sportfishing Trades (ICAST); the IWA Outdoor Classics Show in Europe; and various distributor, buying group, and consumer shows. We also seek to establish relationships with professionals and influencers for each of our brands to help evaluate, promote, and establish product performances and authenticity with customers and consumers.

**Distribution Channels and Customers**

We distribute our products through online retailers, sports specialty stores, sporting goods stores, dealers and distributors, mass market, home and auto retailers, and direct-to-consumers through our own e-commerce platform, including our websites. Our three largest customers accounted for an aggregate of [•]%, 41.3%, and 34.0% of our revenue for fiscal 2020, 2019, and 2018, respectively. The world's largest e-commerce retailer, through its very extensive customer base and consumer-driven product offering, accounted for [•]%, 20.8%, and 14.9% of our revenue for fiscal 2020, 2019, and 2018, respectively; our former parent company accounted for [•]%, 9.9%, and 8.0% of our revenue for fiscal 2020, 2019, and 2018, respectively, primarily through license agreements; and a very large national sporting goods chain accounted for [•]%, 10.7%, and 11.1% of our revenue, for fiscal 2020, 2019, and 2018, respectively, through its retail locations. Our customers generally focus on profitability, product innovation, quality, reliability, on-time delivery, brand awareness, and effective marketing programs.

Our sales organization is built around our distribution channels (which we refer to as customer groups, or classes of trade, or COTs, with dedicated individuals within each COT team that focus on each of the four categories we target: shooting accessories, fishing, camping, and electro-optics. We believe the structure of our sales organization allows us to accomplish three very important goals. First, it gives us the ability to consistently focus on the unique needs and requirements of each customer group. Second, and more importantly, it allows us to develop and execute strategic plans based on how each customer group conducts business as well as how it targets its primary and secondary consumers. Finally, our sales organization is designed to be able to adapt to acquisitions and the expansion of our brands into new categories without having to alter our sales structure. We believe this will allow us to integrate new categories into our teams with minimal disruption to our existing business and, more importantly, allow us to quickly begin leveraging our size and scope with the new additions.

Although we have long established relationships with many of our customers, we generally do not have long-term supply or binding contracts or guaranties of minimum purchase arrangements with our customers. Instead, our customers generally purchase from us through individual purchase orders. As a result, these customers may cancel their orders, change purchase quantities from forecasted volumes, delay purchases for a number of reasons, or change other terms of our business relationship. We grant payment terms to most commercial customers ranging from 30 to 90 days. However, in some instances, we provide longer payment terms.

The retail industry also is undergoing change with the continuing expansion of e-commerce and retailer consolidation. Retailers also are reducing lead time for product delivery and reducing their inventory levels.

The ultimate users of our products consist of outdoor enthusiasts, including shooting and hunting enthusiasts, fishermen, campers, hikers, and other sportsmen.

**Service and Support**

In order to provide consumers with positive experiences involving our products, we maintain a dedicated team of trained customer support representatives who seek to successfully address customer questions or issues that may arise across our product offerings. We utilize a toll-free customer service number to answer questions and resolve issues. We stand behind the quality of our products by offering a variety of warranties, ranging from limited one-year, three-year, limited-lifetime, or full-lifetime warranties, depending on the product. We also will repair or replace with an item of equivalent value, at our option, certain products or parts that are found to be defective under normal use and service, without charge during the warranty period.

**Supply Chain and Production**

Except for laser aiming and tactical lighting systems that we assemble at our Wilsonville, Oregon facility, we generally utilize third-party contract manufacturers and suppliers for our finished products and product components. Third-party contract manufacturers and suppliers provide finished products and product components to us in accordance with our product and component specifications. Third parties also supply us and our contract manufacturers with the raw materials used in our products and product components, including steel, plastic, aluminum, copper, lead, and packaging materials. Most of our third-party contract manufacturers and suppliers are in Asia, primarily China, and, to a lesser extent, Taiwan and Japan. We perform some very minor assembly of products at our Columbia, Missouri facility.

We generally provide these suppliers with short-term advance forecasts of our production requirements. Our suppliers must meet our quality and other standards and have the ability to produce our finished products and product components and supply our raw materials in a timely and efficient manner. We continue to expand our supply base to maintain competitive pricing and quality standards and to be in a position to respond rapidly to changes in customer demand and market trends. For certain products and components, we utilize a dual sourcing supply chain to mitigate risks associated with sourcing key components from only one supplier.

We do not have long-term contractual arrangements with any of our suppliers that guarantee us production capacity, prices, lead times, or delivery schedules. Our reliance on these independent parties exposes us to vulnerability because of our dependence on a few sources of supply. We believe, however, that other sources of supply are available. In addition, we continually strive to develop relationships with other sources of supply in order to reduce our dependence on any one source of supply. As a result, we believe that our current and other available suppliers will ensure that we obtain a sufficient supply of goods built to our specifications in a timely manner and on satisfactory economic terms.

**Facilities and Distribution**

We sub-lease approximately 361,000 square feet of office and warehouse space in a Columbia, Missouri facility that was recently constructed by SWBI in a sale/leaseback transaction. We also lease 50,000 square-feet of warehouse and office space in Wilsonville, Oregon and 5,000 square feet of office space in Chicopee, Massachusetts.

The newly constructed Missouri facility includes our principal executive, administrative, financial, sales, marketing, R&D, assembly, and distribution operations. Our Oregon facility houses production, assembly, and warehousing operations for our laser sighting and tactical lighting systems, and our Massachusetts facility houses certain administrative and finance staff.

In connection with the Separation, the majority of our warehousing and distribution will be done in the SWBI distribution facility in Columbia, Missouri by SWBI as our third-party logistic supplier, or the 3PL Arrangement, pursuant to a two-year transition agreement.

**Patents, Trademarks, and Copyrights**

We recognize the importance of innovation and protecting our intellectual property. We currently have more than 100 patents and patents pending and have registered and unregistered trademarks related to our products. We apply for patents whenever we develop innovative new products, unique designs, or processes of commercial importance and seek trademark protection when we believe they provide a marketing advantage. We do not believe that our business is materially dependent on any single patent or trademark.

We rely on a combination of patents, copyrights, trade secrets, trademarks, trade dress, customer records, monitoring, brand protection services, confidentiality agreements, and other contractual provisions to protect our intellectual property.

Because of the significance of our brand names, our trademarks, service marks, trade dress, and copyrights are also important to our business. We have an active global program of trademark registration, monitoring, and enforcement. We market our products and accessories under 20 distinct brands, including outdoor products and accessories sold under a license agreement with SWI.

We intend to vigorously pursue and challenge infringements of our patents, trademarks, service marks, trade dress, and copyrights, as we believe the goodwill associated with them is a cornerstone of our branding strategy.

**Information Systems**

Our information systems utilize leading software enterprise resource platforms, including procurement, inventory management, receivables management, and accounting. We utilize SAP as our ERP system, which is administered by SWBI through the Transition Services Agreement noted above. Our ERP system directly interfaces with the SWBI system with respect to the 3PL Arrangement.

After the Transition Services Agreement expires, we will either convert to our own instance of SAP or we will implement a new ERP system. Regardless of which decision is made, we believe our information systems infrastructure will support our growth strategy in the future.

**Acquisitions**

As noted above, we have built our business both organically and inorganically. We were originally purchased for $133.6 million by SWBI in fiscal 2015 as a leading provider of hunting and shooting accessories. In fiscal 2017, we expanded our portfolio into the laser sighting market with the stock acquisition of Crimson Trace Corporation, a Wilsonville, Oregon-based leader in laser sighting and tactical lighting systems and an important supplier to the firearm industry. In addition, in fiscal 2017, we expanded our product portfolio by acquiring the net assets of Taylor Brands, LLC, a leading provider of high-quality knives, specialty tools, and accessories; and Ultimate Survival Technologies, Inc., a provider of high-quality survival and camping equipment, including LED lights, all-weather fire starters, unbreakable signal mirrors, premium outdoor cutting tools, first aid kits, survival kits, and camp kitchen products. In fiscal 2018, we purchased the Bubba Blade-branded business, a provider of premium branded sports knives and tools for fishing and hunting. In fiscal 2019, we further expanded our product portfolio by acquiring LaserLyte branded products, which includes laser training and sighting products for the consumer market. Between fiscal 2015 and 2016, we also acquired the Hooyman brand, a maker of tree saws for hunting preparedness, and have since focused that brand on similar categories, and the brands distributed by PowerTech, Inc., a flashlight provider selling Smith & Wesson-branded products.

**Competition**

We operate in a highly competitive market and encounter competition from both domestic and foreign participants. We believe we can effectively compete with all of our present competitors. We compete primarily based upon innovation, performance, price, quality, reliability, durability, consumer brand awareness, and customer service and support. Our competitors include Vista Outdoor and a large number of private companies that directly compete with a number of our brands. Certain of our competitors may have more established brand names and stronger distribution channels than we do and have, or have through their owners, access to financial and marketing resources that are greater than we possess that may afford them the ability to invest more than we can in product development, intellectual property, and marketing. In addition, we compete with many other sporting and recreational products and activities companies for discretionary spending of consumers.

**Seasonality**

Our business is seasonal, especially because many of our products are used in outdoor-based activities. Our sales are typically the highest between August and October because of demand relating to prime hunting season, seasonal cutlery promotions, the timing of industry trade shows, and holiday season demand. The sale of our products may also be affected by unseasonal weather conditions. As a result of seasonal and quarterly operating fluctuations, we do not believe that comparisons between different quarters within a single year are relevant or can be relied upon as indicators of performance for any fiscal year.

**Government Regulation**

Like other manufacturers and distributors of consumer products, we are required to comply with a wide variety of federal, state, and international laws, rules, and regulations, including those related to consumer products and consumer protection, advertising and marketing, labor and employment, data protection and privacy, intellectual property, workplace health and safety, the environment, the import and export of products, and tax matters. Our failure to comply with applicable federal, state, and international laws, rules, and regulations may result in our being subject to claims, lawsuits, fines, and adverse publicity that could have a material adverse effect on our business, operating results, and financial condition. These laws, rules, and regulations currently impose significant compliance requirements on our business, and more restrictive laws rules, and regulations may be adopted in the future. In addition, the U.S. Food and Drug Administration, or FDA, regulates certain of our electro-optical products and meat processing products.

**Employees**

As of April 30, 2020, we had 262 employees, nearly all of which were located in the United States. None of our employees are represented by a union in collective bargaining with us. We consider relations with our employees to be good.

**Backlog**

We had a backlog of orders for our products totaling $[•] million and $12.7 million as of April 30, 2020 and 2019, respectively. Our backlog consists of orders for which purchase orders have been received and which are generally scheduled for shipment within six months or subject to capacity constraints, including lack of available product. We allow orders received that have not yet shipped to be cancelled; therefore, our backlog may not be indicative of future sales.

# MANAGEMENT

## Executive Officers Following the Separation

The following table sets forth information, as of the date of this information statement, regarding certain individuals who are expected to serve as our executive officers following the Separation. We expect that those individuals noted below, who are current employees of SWBI, will transfer from their respective employment with SWBI to our company and, immediately prior to the Separation, resign from any officer roles with SWBI.

| Name | Age | Position |
|---|---|---|
| Brian D. Murphy | 36 | President and Chief Executive Officer |
| H. Andrew Fulmer | 46 | Chief Financial Officer |

There are no family relationships among any of the officers named above. Each of our officers will hold office from the date of election until a successor is elected. Set forth below is information about the executive officers identified above.

***Brian D. Murphy*** will serve as our President and Chief Executive Officer and a member of our Board of Directors following the Separation. Mr. Murphy has served as Co-President and Co-Chief Executive Officer of SWBI since January 2020. Mr. Murphy served as President of the Outdoor Products & Accessories Division of SWBI from May 2017 to January 2020. From December 2016 until May 2017, he was President of the Outdoor Recreation Division of SWBI, the activities of which were collapsed into Outdoor Product & Accessories. From February 2015 until December 2016, he was Vice President, Corporate Development of Vista Outdoor, Inc., a publicly held designer, manufacturer, and marketer of outdoor sports and recreation products. From April 2013 until February 2015, Mr. Murphy was Director of Mergers & Acquisitions and Director of Financial Planning & Analysis for Alliant Techsystems, an aerospace, defense, and outdoor sporting goods company. Mr. Murphy held various management roles at McMaster-Carr Supply Company, a supplier of maintenance, repair, and operations materials to industrial and commercial facilities worldwide, from April 2011 until March 2013. From May 2006 until October 2010 he served as an investment banker with the publicly held firm Houlihan Lokey, where he advised companies in the areas of strategy, acquisitions, divestitures, recapitalizations, and restructuring. We believe Mr. Murphy's position as our President and Chief Executive Officer, his former position as the Co-President and Co-Chief Executive Officer of SWBI, and his former position as the President of SWBI's Outdoor Products & Accessories Division; his intimate knowledge and experience with all aspects of the operations, opportunities, and challenges of our company; and his meaningful business career at major companies provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors.

***H. Andrew Fulmer*** will serve as our Chief Financial Officer following the Separation. Mr. Fulmer has served as Vice President, Financial Planning & Analysis of SWBI since 2016. Mr. Fulmer was Senior Director of Financial Planning & Analysis of SWBI from January 2015 until March 2016, Director of Financial Planning & Analysis from October 2011 until January 2015, and Assistant Controller from September 2010 until October 2011. From May 2006 until September 2010, Mr. Fulmer was Controller for Steeltech Building Products, a privately held construction company. From June 1996 until May 2006, Mr. Fulmer held various roles at PricewaterhouseCoopers LLP in both audit and tax. Mr. Fulmer is a licensed CPA in the Commonwealth of Massachusetts.

## Board of Directors Following the Separation

The following individuals are expected to serve as members of our Board of Directors following the Separation.

| Name | Age | Position |
|---|---|---|
| Barry M. Monheit | 73 | Chairman of the Board (1)(2) |
| Brian D. Murphy | 36 | Director |
| Mary E. Gallagher | 54 | Director (3) |
| Gregory J. Gluchowski, Jr. | 54 | Director (1)(2)(3) |
| I. Marie Wadecki | 71 | Director (1)(2)(3) |

(1) Expected to be a member of the Compensation Committee.

(2) Expected to be a member of the Nominations and Corporate Governance Committee.

(3) Expected to be a member of the Audit Committee.

Set forth below is additional information regarding the directors identified above, as well as a description of the specific skills and qualifications such candidates are expected to provide to our Board of Directors following the Separation.

***Barry M. Monheit*** will serve as a director of our company following the Separation. Mr. Monheit has served as a director of SWBI since February 2004. Following the Separation, Mr. Monheit will continue to serve as a director of SWBI. Since December 2015, Mr. Monheit has been Vice Chairman of the Board of That's Eatertainment Corp. (formerly Modern Round Entertainment Corporation), a company formed to create and roll out nationally an entertainment concept centered around a virtual interactive shooting experience utilizing laser technology-based replica firearms and extensive food and beverage offerings, and was a principal of its predecessor, Modern Round LLC, from February 2014 until December 2015. Mr. Monheit served as the President and Chief Executive Officer of Quest Resource Holding Corporation, an environmental solutions company that serves as a single-service provider of recycling and environment-related programs, services, and information, from June 2011 until July 2013 and served as a director of that company or its predecessors from June 2011 until July 2019. Mr. Monheit served as a financial and operational consultant from April 2010 until June 2011. From May 2009 until April 2010, Mr. Monheit was a Senior Managing Director of FTI Palladium Partners, a financial consulting division of FTI Consulting, Inc., a New York Stock Exchange-listed global advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory, and economic environment. Mr. Monheit was a consultant focusing on financial and operational issues in the corporate restructuring field from January 2005 until May 2009. From July 1992 until January 2005, Mr. Monheit was associated in various capacities with FTI Consulting, Inc., serving as the President of its Financial Consulting Division from May 1999 through November 2001. Mr. Monheit was a partner with Arthur Andersen & Co. from August 1988 until July 1992, serving as partner-in-charge of its New York Consulting Division and partner-in-charge of its U.S. Bankruptcy and Reorganization Practice. We believe Mr. Monheit's extensive experience in financial and operational consulting gained as an executive of major restructuring firms and his executive experience with major and emerging companies provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors.

***Brian D. Murphy*** will serve as a director of our company following the Separation. For Mr. Murphy's biography, see "—Executive Officers Following the Separation." We believe Mr. Murphy's service as President and Chief Executive Officer of our company, his prior service in various leadership roles at our predecessor, SWBI, his intimate knowledge and experience with all aspects of the operations, opportunities, and challenges of our company, and his long business career at major companies provide the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors.

***Mary E. Gallagher*** will serve as a director of our company following the Separation. Since September 2019, Ms. Gallagher has served as a director of LGL Systems Acquisition Corp., a blank check company formed for the purpose of entering into a business combination with one or more businesses or entities. From July 2016 to March 2018, Ms. Gallagher served as Chief Financial Officer of Wheels Up, a membership-based private aviation company. Prior to joining Wheels Up, Ms. Gallagher spent 12 years with United Technologies Corporation, a publicly held global leader in aerospace and building technologies. Ms. Gallagher held a variety of top financial roles at United Technologies Corporation, most recently as CFO of Sikorsky Aircraft Corporation from November 2013 to June 2016. From 1996 to 2004, Ms. Gallagher served as the Vice President Controller of Olin Corporation, a publicly held global manufacturer and distributor of chemical products and a leading U.S. manufacturer of ammunition. Prior to joining Olin, Ms. Gallagher spent nine years with KPMG in various positions in the audit, mergers/acquisitions, consulting, and training groups. We believe Ms. Gallagher's extensive experience in financial leadership positions as well as her background as a certified public accountant provide the requisite qualifications, skills, perspectives, and experience that make her well qualified to serve on our Board of Directors.

***Gregory J. Gluchowski, Jr.*** will serve as a director of our company following the Separation. Mr. Gluchowski has served as a director of SWBI since June 2015. Mr. Gluchowski will resign as a director of SWBI effective upon the Separation. Mr. Gluchowski was President and Chief Executive Officer of The Hillman Group, Inc., a leading provider of hardware solutions focused on industry leading sales and service from September 2015 to September 2019. Prior to his role with Hillman, Mr. Gluchowski served for six years as President of the $1.2 billion Hardware and Home Improvement (HHI) division of Spectrum Brands Holdings, Inc. and a former division of Stanley Black and Decker. Mr. Gluchowski was Vice President, Global Operations of Black & Decker Corporation from October 2005 to December 2009; General Manager, Mexican Operations & Director North American Operations from March 2003 to September 2005; and General Manager, Kwikset Waynesboro Operation from January 2002 to June 2003. Prior to joining Black & Decker Corporation, Mr. Gluchowski served in various executive leadership positions with Phelps Dodge Corporation — Wire & Cable Group from 1988 to 2001, with his most recent position being Senior Vice President, Customer Satisfaction. Since July 2017, Mr. Gluchowski has served as a member of the Board of Directors of Milacron Holdings Corp., a New York Stock Exchange-listed industrial technology company serving the plastics processing industry. We believe Mr. Gluchowski's extensive experience in consumer-focused, high-volume manufacturing companies and his executive leadership of global businesses with over 7,000 employees provides the requisite qualifications, skills, perspectives, and experience that make him well qualified to serve on our Board of Directors.

***I. Marie Wadecki*** will serve as a director of our company following the Separation. Ms. Wadecki has served as a director of SWBI since September 2002. Ms. Wadecki will resign as a director of SWBI effective upon the Separation. Ms. Wadecki served as the Corporate Budget Director of the McLaren Health Care Corporation, a Michigan-based $3.5 billion eight-hospital health care system, from January 2001 until her retirement in September 2007. Ms. Wadecki was employed by McLaren for more than 30 years, holding positions of increasing responsibility. In November 2008, Ms. Wadecki was appointed to the McLaren Flint Medical Center's Foundation Board of Trustees. Since October 2012, Ms. Wadecki has served as a member of the board of directors, a member of the Nominations and Corporate Governance Committee, a member of the Audit Committee, and previously served as the Chairperson of the Nominations and Corporate Governance Committee of Quest Resource Holding Corporation, an environmental solutions company that serves as a single-service provider of recycling and environment-related programs, services, and information. Ms. Wadecki is a member of the National Association of Corporate Directors, the American College of Healthcare Executives, Women Business Leaders of the U.S. Healthcare Industry Foundation, and Women Corporate Directors. Ms. Wadecki is recognized as a Board Leadership Fellow by the National Association of Corporate Directors, which is an organization devoted to advancing exemplary board leadership by providing support and educational opportunities to directors and boards. We believe Ms. Wadecki's long employment history with a major health care organization, her financial background, and her corporate governance expertise provide the requisite qualifications, skills, perspectives, and experience that make her well qualified to serve on our Board of Directors.

**Director Independence**

It is anticipated, after considering all of the relevant facts and circumstances, that Messrs. Monheit and Gluchowski and Mses. Gallagher and Wadecki will be determined to be independent directors, as "independence" is defined by the listing standards of Nasdaq, and by the SEC, because they will have no relationship with us that would interfere with their exercise of independent judgment in carrying out their responsibilities as a director. Mr. Murphy will be an employee director.

**Committee Charters, Corporate Governance Guidelines, and Codes**

Our Board of Directors expects to adopt charters for the Audit, Compensation, and Nominations and Corporate Governance Committees describing the authority and responsibilities delegated to each committee by our Board of Directors. Our Board of Directors expects to also adopt Corporate Governance Guidelines, a Code of Conduct, and a Code of Ethics for the CEO and Senior Financial Officers. We expect to post on our website, at *www.AOB.com*, the charters of our Audit, Compensation, and Nominations and Corporate Governance Committees; our Corporate Governance Guidelines, Code of Conduct, and Code of Ethics for the CEO and Senior Financial Officers, and any amendments or waivers thereto; and any other corporate governance materials specified by SEC or Nasdaq regulations. These documents are also available in print to any stockholder requesting a copy in writing from our Secretary at the address of our executive offices set forth in this information statement.

**Executive Sessions**

We expect to regularly schedule executive sessions in which independent directors meet without the presence or participation of management. We expect that the Chairperson of our Board of Directors will serve as the presiding director of such executive sessions.

**Board Structure**

Our Amended and Restated Certificate of Incorporation will provide that our Board of Directors will be divided into three classes serving three-year staggered terms. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. No determination has been made regarding the directors to be in the individual classes. This classification of the Board of Directors may delay or prevent a change in control of our company or our management.

**Board Committees**

Effective upon the completion of the Separation, our bylaws will authorize our Board of Directors to appoint from among its members one or more committees consisting of one or more directors and our Board of Directors will have established an Audit Committee, a Compensation Committee, and a Nominations and Corporate Governance Committee, each consisting entirely of independent directors as "independence" is defined by the listing standards of Nasdaq and by the SEC.

***The Audit Committee***

The purpose of the Audit Committee will include overseeing the financial and reporting processes of our company and the audits of the financial statements of our company and providing assistance to our Board of Directors with respect to its oversight of the integrity of the financial statements of our company, our company's compliance with legal and regulatory matters, the independent registered public accountant's qualifications and independence, and the performance of our company's independent registered public accountant. The primary responsibilities of the Audit Committee will be set forth in its charter and include various matters with respect to the oversight of our company's accounting and financial reporting process and audits of the financial statements of our company on behalf of our Board of Directors. Our Board of Directors also expects that the Audit Committee will select the independent registered public accountant to conduct the annual audit of the financial statements of our company; review the proposed scope of such audit; review accounting and financial controls of our company with the independent registered public accountant and our financial accounting staff; and review and approve any transactions between us and our directors, officers, and its affiliates, also referred to as related-person transactions.

It is anticipated that the Audit Committee will consist of Mses. Gallagher and Wadecki and Mr. Gluchowski. It is anticipated that each of Mses. Gallagher and Wadecki and Mr. Gluchowski, whose backgrounds are described above, will qualify as an "audit committee financial expert" in accordance with applicable rules and regulations of the SEC. It is anticipated that Ms. Gallagher will chair the Audit Committee.

***The Compensation Committee***

It is anticipated that the purpose of the Compensation Committee will include determining, or, when appropriate, recommending to our Board of Directors for determination, the compensation of the Chief Executive Officer and other executive officers of our company and discharging the responsibilities of our Board of Directors relating to compensation programs of our company. It is anticipated that the Compensation Committee will make all decisions with respect to executive compensation. It is anticipated that the Compensation Committee will consist of Messrs. Gluchowski and Monheit and Ms. Wadecki. It is anticipated that Mr. Gluchowski will chair the Compensation Committee.

***The Nominations and Corporate Governance Committee***

It is anticipated that the purpose of the Nominations and Corporate Governance Committee will include the selection or recommendation to our Board of Directors of nominees to stand for election as directors at each election of directors, the oversight of the selection and composition of committees of our Board of Directors, the oversight of the evaluations of our Board of Directors and management, and the development and recommendation to our Board of Directors of corporate governance principles applicable to our company. It is anticipated that the Nominations and Corporate Governance Committee will consist of Messrs. Gluchowski and Monheit and Ms. Wadecki. It is anticipated that Ms. Wadecki will chair the Nominations and Corporate Governance Committee.

It is anticipated that the Nominations and Corporate Governance Committee will consider persons recommended by stockholders for inclusion as nominees for election to our Board of Directors if the information required by our bylaws is submitted in writing in a timely manner addressed and delivered to our Secretary at the address of our executive offices set forth in this information statement. It is anticipated that the Nominations and Corporate Governance Committee will identify and evaluate nominees for our Board of Directors, including nominees recommended by stockholders, based on numerous factors it will consider appropriate, some of which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity, and the extent to which the nominee would fill a then-need on our Board of Directors.

**Risk Assessment of Compensation Policies and Practices**

It is anticipated that we will assess the compensation policies and practices with respect to our employees, including our executive officers, and conclude that they do not create risks that are reasonably likely to have a material adverse effect on our company.

**Board’s Role in Risk Oversight**

Risk is inherent in every business. As is the case in virtually all businesses, it is anticipated that we will face a number of risks, including operational, economic, financial, legal, regulatory, and competitive risks. It is anticipated that our management will be responsible for the day-to-day management of the risks we face. It is anticipated that our Board of Directors, as a whole and through its committees, will be responsible for the oversight of risk management.

In its anticipated oversight role, our Board of Directors’ involvement in our business strategy and strategic plans will play a key role in its oversight of risk management, its assessment of management’s risk appetite, and its determination of the appropriate level of enterprise risk. It is anticipated that our Board of Directors will receive updates at least quarterly from senior management and periodically from outside advisors regarding the various risks we face, including operational, economic, financial, legal, regulatory, and competitive risks. It is anticipated that our Board of Directors will also review the various risks we identify in our filings with the SEC as well as risks relating to various specific developments, such as acquisitions, securities repurchases, debt and equity placements, and product introductions.

It is anticipated that our board committees will assist our Board of Directors in fulfilling its oversight role in certain areas of risk. Pursuant to its anticipated charter, the Audit Committee will oversee the financial and reporting processes of our company and the audit of the financial statements of our company and provide assistance to our Board of Directors with respect to the oversight and integrity of the financial statements of our company, our company’s compliance with legal and regulatory matters, the independent registered public accountant’s qualification and independence, and the performance of our independent registered public accountant. It is anticipated that the Compensation Committee will consider the risk that our compensation policies and practices may have in attracting, retaining, and motivating valued employees and endeavor to assure that it is not reasonably likely that our compensation plans and policies would have a material adverse effect on our company. It is anticipated that our Nominations and Corporate Governance Committee will oversee governance related risk, such as board independence, conflicts of interest of members of the Board of Directors and executive officers, and management and succession planning.

**Board Diversity**

It is anticipated that we will seek diversity in experience, viewpoint, education, skill, and other individual qualities and attributes to be represented on our Board of Directors. We believe directors should have various qualifications, including individual character and integrity; business experience; leadership ability; strategic planning skills, ability, and experience; requisite knowledge of our industry and finance, accounting, and legal matters; communications and interpersonal skills; and the ability and willingness to devote time to our company. We also believe the skill sets, backgrounds, and qualifications of our anticipated directors, taken as a whole, should provide a significant mix of diversity in personal and professional experience, background, viewpoints, perspectives, knowledge, and abilities. Nominees will not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability, or any other basis proscribed by law. It is anticipated that the assessment of prospective directors will be made in the context of the perceived needs of our Board of Directors from time to time.

We expect that all of our anticipated directors will be individuals of high character and integrity, able to work well with others, and committed to devote sufficient time to the business and affairs of our company. In addition to these attributes, the description of each anticipated director's background set forth above indicates the specific qualifications, skills, perspectives, and experience necessary to conclude that each individual should serve as a director of our company.

**Board Leadership Structure**

We believe that effective board leadership structure can depend on the experience, skills, and personal interaction between persons in leadership roles as well as the anticipated needs of our company at any point in time. Our anticipated Corporate Governance Guidelines will support flexibility in the structure of our Board of Directors by not requiring the separation of the roles of Chief Executive Officer and Chairperson of the Board.

It is anticipated that our company will maintain separate roles between the Chief Executive Officer and Chairman of the Board in recognition of the differences between the two responsibilities. It is anticipated that our Chief Executive Officer will be responsible for setting our strategic direction and day-to-day leadership and performance of our company. Our Amended and Restated Bylaws will provide that the Chairperson of our Board of Directors will, when present, preside over all meetings of our stockholders and Board of Directors. We anticipate that the Chairperson of the Board will provide input to the Chief Executive Officer and set the agenda for board meetings of our Board of Directors.

**Director and Officer Derivative Trading and Hedging**

It is anticipated that our company will have a policy prohibiting our directors and officers, including our executive officers, and any family member residing in the same household, from engaging in derivatives trading and hedging involving our securities or pledging or margining our common stock.

**Stock Ownership Guidelines**

It is anticipated that we will adopt stock ownership guidelines for non-employee directors and executive officers. Our non-employee directors and executive officers will be required to own shares of our common stock or share equivalents with a value equal to at least the lesser of the following:

- Non-Employee DirectorsThree times cash retainer or [•] shares or share equivalents
- Chief Executive OfficerThree times base salary or [•] shares or share equivalents
- Chief Financial OfficerTwo times base salary or [•] shares or share equivalents
- Other Executive OfficersTwo times base salary or [•] shares or share equivalents

Each individual has five years from the later of the date of adoption of these guidelines or the date of appointment of the individual as a director or an executive officer to achieve the required ownership levels. We believe that these guidelines will promote the alignment of the long-term interests of our executive officers and members of our Board of Directors with our stockholders.

Stock ownership will generally include the shares directly owned by the individual (including any shares over which the individual has sole ownership, voting, or investment power); the number of shares owned by the individual's minor children and spouse and by other related individuals and entities over whose shares the individual has custody, voting control, or power of disposition; shares underlying RSUs that have vested and are deliverable or will be vested and deliverable within 60 days; shares underlying PSUs that have vested but are not deliverable within 60 days if the performance requirements have been satisfied; shares underlying stock options that have vested or will vest within 60 days; and shares held in trust for the benefit of the individual or the individual's immediate family members.

If an individual achieves the required ownership level on the first day of any fiscal year, the value of the individual's stock ownership on that date will be converted into a number of shares to be maintained in the future by dividing the value of such stock ownership by the price of our common stock on the prior day, which is the last day of the preceding fiscal year.

The failure to satisfy the required ownership level in our company may result in the ineligibility of the individual to receive stock-based compensation in the case of an executive officer or director or the inability to be a nominee for election to our Board of Directors in the case of a director.

**Clawback Policy**

It is anticipated that we will maintain a compensation recovery, or clawback, policy. In the event we are required to prepare an accounting restatement of our financial results as a result of a material noncompliance by us with any financial reporting requirement under the federal securities laws, it is anticipated that we will have the right to use reasonable efforts to recover from any then-current or then-former executive officers who have received incentive compensation (whether cash or equity) from us during the three-year period preceding the date on which we will have been required to prepare the accounting restatement, any excess incentive compensation awarded as a result of the misstatement. It is anticipated that this policy will be administered by the Compensation Committee of our Board of Directors. Once final rules are adopted by the SEC regarding clawback requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, it is anticipated that we will review this policy and make any amendments necessary to comply with the new rules.

**Compensation Committee Interlocks and Insider Participation**

Messrs. Gluchowski and Monheit and Ms. Wadecki are expected to serve on our Compensation Committee. None of these individuals will have any material contractual or other relationships with our company except as directors. None of our executive officers served on the compensation committee or board of directors of any entity whose executive officers will serve as a member of our Board of Directors or our Compensation Committee.

**Other Key Employees**

The following sets forth information regarding individuals other than our Chief Executive Officer and Chief Financial Officer who will serve as officers of our company following the Separation.

***Curtis R. Smith***, age 35, will serve as our Vice President of Marketing following the Separation. Mr. Smith has served as Vice President of Marketing for the Outdoor Products & Accessories Division of SWBI since October 2017. From July 2015 until October 2017, he was a Global Product Lane Director at Vista Outdoor, Inc., a publicly held designer, manufacturer, and marketer of outdoor sports and recreation products. From February 2012 until June 2015, Mr. Smith served as Director of Global Product Line Management and Global Category Manager at the Coleman Company, Inc., a designer, manufacturer, and marketer of primarily outdoor camping gear. Mr. Smith held various product management roles at Jasco Products LLC, an industry leader in home electronics, from June 2010 until February 2012. Mr. Smith currently serves on the Board of Regents for the American Knife & Tool Institute, a non-profit organization dedicated to advocating for the knife industry and all knife users.

***Mark A. Reasoner***, age 50, will serve as our Vice President of Sales following the Separation. Mr. Reasoner has served as Vice President of Sales for the Outdoor Products & Accessories Division of SWBI since September 2018. From September 2015 until July 2018, Mr. Reasoner was Executive Vice President of Sales & Marketing for Drake Waterfowl Systems, a hunting accessory and apparel company. From August 2014 until September 2015, Mr. Reasoner was Senior Vice President of Sales for Eastman Outdoors/Carbon Express, an archery and outdoor recreation company. Mr. Reasoner also held various management roles at Pure Fishing, a fishing tackle and accessory company, from June 2009 until July 2014, including Senior Vice President/General Manager, Americas, Senior Vice President of Sales, North America, and Vice President of Sales, National Accounts. Mr. Reasoner also held various management roles at Russell Athletic, an athletic apparel and equipment company, from May 2004 until May 2009, including Senior Director of Sales, Spalding U.S./Russell Department Stores and Director of Sales, Spalding National Accounts.

***Brent A. Vulgamott***, age 36, will serve as our Vice President of Operations & Analytics following the Separation. Mr. Vulgamott has served as Vice President of Operations of the Outdoor Products & Accessories Division of SWBI since March 2020. From November 2018 to March 2020, Mr. Vulgamott was the Director of Finance for Lockton Companies, a privately held insurance broker. From November 2015 to November 2018, Mr. Vulgamott was Division Controller for the Outdoor Products & Accessories Division of SWBI. From April 2011 to October 2015, Mr. Vulgamott held finance leadership and management roles at Ford Motor Company and Piston Automotive, a publicly held automotive company and privately held automotive sub-supplier. From August 2007 to March 2011, Mr. Vulgamott held various accounting and FP&A roles with companies, including State Street Bank & Trust Co and Cerner Corporation.

***James E. Tayon***, age 30, will serve as our Vice President of Product Development following the Separation. Mr. Tayon previously served as Director of Product Development of the Outdoor Products & Accessories Division of SWBI from March 2019 to May 2020, Product Engineering Manager of the Outdoor Products & Accessories Division of SWBI from July 2017 until March 2019, Engineering Supervisor from August 2016 until July 2017, and a Product Development Engineer since 2012. From 2008 until 2012, Mr. Tayon was a Product Development Engineer for J2 Scientific, a laboratory automation equipment designer and manufacturer, where he worked with Los Alamos National Labs developing custom automation solutions for nuclear sampling.

***Elizabeth A. Sharp***, age 58, will serve as our Vice President of Investor Relations following the Separation. Ms. Sharp has served as Vice President, Investor Relations of SWBI since May 2005. From June 1996 until May 2005, Ms. Sharp was Vice President of Corporate Relations for Three-Five Systems (TFS), Inc., a multi-national company providing a broad range of electronics manufacturing services, where she was responsible for investor relations, public relations, marketing communications, and media relations. From June 1986 until June 1996, Ms. Sharp served in leadership positions in Human Resources, Communications, and Administration.

***Douglas V. Brown***, age 41, will serve as our Chief Counsel following the Separation. Mr. Brown has served as Chief Counsel of the Outdoor Products & Accessories Division of SWBI since May 2020. Mr. Brown previously served at Vista Outdoor Inc. as Associate General Counsel from April 2018 to September 2019 and as Senior Counsel from August 2015 to April 2018. Prior to joining Vista Outdoor, Mr. Brown practiced corporate and securities law at the law firm Morgan, Lewis & Bockius LLP as a Corporate Associate from August 2011 to August 2015 and at the Division of Corporation Finance of the SEC as an Attorney Advisor from August 2008 to August 2011.

# EXECUTIVE COMPENSATION

## Overview

The following tables and discussion relate to the compensation paid to or earned by Brian D. Murphy, who currently serves as Co-President and Co-Chief Executive Officer of SWBI and who will serve as our President and Chief Executive Officer following the Separation, and H. Andrew Fulmer, who currently serves as Vice President, Financial Planning & Analysis of SWBI and will serve as our Chief Financial Officer following the Separation. Messrs. Murphy and Fulmer are collectively referred to in this information statement as our "named executive officers."

Prior to the Separation, the compensation of our named executive officers for their service to SWBI was designed and determined by SWBI and/or the SWBI Compensation Committee. Following the Separation, executive compensation decisions will be made by our Compensation Committee, consistent with compensation and employee benefit plans, programs, and policies that we will adopt. While we are currently in the process of determining the philosophy and design of our executive compensation plans, programs, and policies in general, we have determined the terms of our employee stock purchase plan, incentive compensation plan, executive severance pay plan, and director compensation plan, each of which is described in this information statement.

The following section provides compensation information pursuant to the scaled disclosure rules applicable to "emerging growth companies" under the rules of the SEC, including reduced narrative and tabular disclosure obligations regarding executive compensation.

## Fiscal 2020 Summary Compensation Table

The following table sets forth, for the fiscal year ended April 30, 2020, information with respect to compensation for services in all capacities to SWBI and its subsidiaries earned by our named executive officers.

| Name and Principal Position | Year | Salary | Bonus (1) | Stock Awards (2) | Option Awards | Non-Equity Incentive Plan Compensation (3) | All Other Compensation (4) | Total (5) |
|---|---|---|---|---|---|---|---|---|
| Brian D. Murphy<br>President and Chief Executive Officer (6) | 2020 | $ — | $ — | $ — | — | $ — | $ — | $ — |
| H. Andrew Fulmer<br>Chief Financial Officer (7) | 2020 | $ — | $ — | $ — | — | $ — | $ — | $ — |

(1) The amounts shown in this column, if any, represent discretionary bonuses.

(2) The amounts shown in this column represent the grant date fair value for PSUs and RSUs granted to the named executive officers during the covered year calculated in accordance with ASC Topic 718 excluding the effect of forfeitures. The assumptions used in determining the grant date fair value of these awards are set forth in Note [•] to SWBI's consolidated financial statements, which are included in its Annual Report on Form 10-K filed with the SEC for the fiscal year ended April 30, 2020.

Set forth below is the maximum value for the PSUs granted to the named executive officers during fiscal 2020 (i.e., 200% of the target award value).

| Name | Stock Awards – Maximum Value of PSUs |
|---|---|
| Brian D. Murphy | $ — |
| H. Andrew Fulmer | $ — |

(3) The amounts shown in this column constitute payments made, if any, under SWBI's 2020 and 2019 annual performance-based cash incentive compensation programs. These amounts were calculated and paid to the named executive officers in the fiscal year following when they were earned.

(4) All Other Compensation consisted of the following for fiscal 2019:

| Name | Car Allowance | Reimbursement for Insurance Premiums (4a) | Matching Contributions to Defined Contribution Plan | Payments Under Profit Sharing Plan (4b) | Housing Allowance | Severance Payments | Other | Total (5) |
|---|---|---|---|---|---|---|---|---|
| Brian D. Murphy | | | | | $ — | $ — | | $ — |
| H. Andrew Fulmer | | | | | $ — | $ — | | $ — |

(4a) Except as otherwise indicated, the amounts shown in this column consist of reimbursement of disability insurance premiums.

(4b) Profit sharing amounts contributed to SWBI's 401(k) Plan for fiscal 2020 that exceeded the maximum contribution limit with respect to the named executive officers will be contributed, on such named executive officers' behalf, to SWBI's Nonqualified Supplemental Deferred Compensation Plan upon distribution out of the 401(k) Plan in fiscal 2021.

(5) The dollar value in this column for each named executive officer represents the sum of all compensation reflected in the previous columns.

(6) Mr. Murphy currently serves as SWBI's Co-President and Co-Chief Executive Officer and will serve as our President and Chief Executive Officer following the Separation.

(7) Mr. Fulmer currently serves as SWBI's Vice President, Financial Planning & Analysis and will serve as our Chief Financial Officer following the Separation.

**Outstanding Equity Awards at Fiscal Year-End 2020**

The following table sets forth information with respect to outstanding equity awards of SWBI held by our named executive officers as of April 30, 2020.

| | Stock Awards | | | | |
|---|---|---|---|---|---|
| Name | Grant Date | Number of Shares or Units of Stock That Have Not Vested | Market Value of Shares or Units of Stock That Have Not Vested (1) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (2) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (1) |
| Brian D. Murphy | 12/19/2016 | 5,731(3) | $ — | — | $ — |
| | 04/27/2017 | 2,200(4) | $ — | 9,800 | $ — |
| | 04/26/2018 | 9,750(4) | $ — | 28,800 | $ — |
| | 04/30/2019 | 13,000(4) | $ — | 28,800 | $ — |
| | 04/06/2020 | 44,872(3) | $ — | 89,742 | $ — |
| H. Andrew Fulmer | 06/15/2016 | 1,284(3) | $ — | | $ — |
| | 06/15/2017 | 2,292(3) | $ — | | $ — |
| | 06/15/2018 | 3,438(3) | $ — | | $ — |
| | 06/15/2019 | 4,584(3) | $ — | | $ — |
| | 03/06/2020 | 8,000(3) | $ — | | $ — |
| | 04/06/2020 | 16,026(3) | $ — | 32,500 | $ — |

(1) The market value of shares or units of stock that have not vested and unearned equity incentive plan awards is determined by multiplying the closing market price of SWBI's common stock at the end of its last completed fiscal year by the number of shares or units of stock or the amount of unearned equity incentive plan awards, as applicable.

(2) These PSUs vest based on the relative performance of SWBI's common stock against the Russell 2000, or RUT over the approximately three-year performance period following the date of grant and are reported at the maximum level of award.

Notwithstanding the maximum amounts shown in this column, the maximum number of shares that can be delivered with respect to such grants is limited to a dollar value, determined as of the vesting date, of 600% of the grant date value. These awards will be equitably adjusted simultaneously with the consummation of the Distribution. For more information, see "The Separation—Treatment of Outstanding Equity Compensation Awards."

(3) One-fourth of the RSUs vest following each of the first, second, third, and fourth anniversaries of the date of grant, and the underlying shares of common stock are deliverable on each anniversary of the applicable vesting date. These awards will be equitably adjusted simultaneously with the consummation of the Distribution. For more information, see "The Separation—Treatment of Outstanding Equity Compensation Awards."

(4) One-fourth of the RSUs vest on May 1 following each of the first, second, third, and fourth anniversaries of the date of grant, and the underlying shares of common stock are deliverable on each anniversary of the applicable vesting date. These awards will be equitably adjusted simultaneously with the consummation of the Distribution. For more information, see "The Separation—Treatment of Outstanding Equity Compensation Awards."

**Retirement Plans**

***401(k) Plan***

Effective as of the Separation, it is anticipated that we will adopt a Profit Sharing and Investment Plan, a retirement plan intended to be tax-qualified under Section 401(a) of the Code and under which 401(k), Roth, matching, and discretionary profit-sharing contributions are authorized. We anticipate that this qualified retirement plan will initially be substantially similar to the terms, conditions, and provisions of SWBI's 401(k) plan as in effect immediately prior to the Separation.

Employees will become eligible to make 401(k) and Roth contributions and to receive matching contributions, if any, on the first day of the month after their date of hire. Subject to certain Code limitations, the plan will permit non-highly compensated employees to make 401(k) and Roth contributions of up to 100% of their eligible compensation and highly compensated employees to make 401(k) and Roth contributions of up to 9% of their eligible compensation. Subject to certain Code limitations, we anticipate that we will make discretionary matching contributions with respect to our employees' 401(k) and Roth contributions.

Employees will become eligible to receive profit sharing contributions on the first day of the plan year subsequent to when they complete one year of eligibility service and must be employed on the last day of the plan year, in order to receive a profit sharing contribution, if any, for that plan year. Profit sharing contributions will be discretionary from year to year and, if made, will be allocated to eligible participants in proportion to their eligible compensation (subject to certain Code limitations).

We anticipate that all profit-sharing contributions will vest immediately and all matching contributions will vest 50% after one year and 100% after two years. The plan will cover substantially all of our employees, including our executive officers, subject to meeting applicable eligibility requirements.

***Pension Benefits***

We do not intend to offer any defined benefit pension plan to any of our executive officers following the Separation.

**Employment Agreements and Severance Arrangements with Our Named Executive Officers**

***Employment Agreements***

On April 4, 2020, SWBI into an employment agreement with Mr. Murphy, as its Co-President and Co-Chief Executive Officer, effective as of January 15, 2020. In connection with the Separation, Mr. Murphy will resign all positions with SWBI and its subsidiaries and will become the President and Chief Executive Officer of our company and serve in such capacity pursuant to the terms of the employment agreement.

Under the terms of the employment agreement, Mr. Murphy is entitled to an annual base salary of $500,000 (subject to annual review by our Board of Directors or a committee thereof). Mr. Murphy is also eligible to participate in our executive compensation programs, to receive a discretionary annual bonus as determined by our Board of Directors or a committee thereof, and to receive annual and periodic stock-based compensation awards as determined by our Board of Directors or a committee thereof. Mr. Murphy is entitled to receive other standard benefits, including participation in any group insurance, pension, retirement, vacation, expense reimbursement, relocation program, and other plans, programs, and benefits approved by our Board of Directors or a committee thereof and made available from time to time to our other executive employees; and certain insurance benefits (including the reimbursement of reasonable insurance premiums for a key person term-insurance policy on the life of Mr. Murphy with beneficiaries selected by Mr. Murphy).

If we unilaterally terminate Mr. Murphy's employment without cause, Mr. Murphy will receive (i) his base salary for a period of 18 months after such termination; (ii) a pro rata portion of his annual cash bonus for the fiscal year in which the termination occurs to the extent earned under the then applicable executive annual cash incentive program; (iii) at our option, either (x) coverage under our medical plan to the extent provided for Mr. Murphy pursuant to the employment agreement at the termination, such benefits to be received for a period of 18 months after the termination, or (y) reimbursement for the COBRA premium for such coverage through the earlier of such 18-month period or the COBRA eligibility period; and (iv) a vested pro rata portion of stock-based awards scheduled to vest in the fiscal year of the termination.

If Mr. Murphy's employment is terminated by reason of his death or disability, if Mr. Murphy unilaterally terminates his employment without cause, or if Mr. Murphy engages in an act or acts involving a crime, moral turpitude, fraud, or dishonesty, or he willfully violates in a material respect our corporate governance guidelines, code of conduct, or code of ethics for the chief executive officer and senior financial officers, Mr. Murphy shall receive no further compensation under the employment agreement.

If Mr. Murphy's employment is terminated by reason of his death or disability, if we unilaterally terminate Mr. Murphy's employment without cause, or if Mr. Murphy voluntarily terminates his employment following a qualifying change in control event as described below, the employment agreement provides that he will receive, for the fiscal year of the notice of termination, any earned bonus, on a pro-rated basis, based on the performance goals actually achieved for the fiscal year of the notice of termination, as determined in the sole discretion of our Board of Directors or a committee thereof, at the time such bonuses are paid to our other employees.

The employment agreement provides that, in the event of a change in control of our company (as defined in the employment agreement), Mr. Murphy may, at his option and upon written notice to us, terminate his employment, unless (i) the provisions of the employment agreement remain in full force and effect and (ii) Mr. Murphy suffers no reduction in his status, duties, authority, or compensation following the change in control, provided that Mr. Murphy will be considered to suffer a reduction in his status, duties, or authority if, after the change in control, (a) he is not the chief executive officer of the company that succeeds to our business; (b) such company's stock is not listed on a national stock exchange; or (c) such company terminates Mr. Murphy's employment or reduces his status, duties, authority, or compensation within one year of the change in control. If Mr. Murphy terminates his employment due to a change in control following which the employment agreement does not remain in full force and effect or his status, duties, authority, or compensation have been reduced, he will receive (A) his base salary for a period of 18 months after such termination; (B) an amount equal to 150% of the average of his cash bonus paid for each of the two fiscal years immediately preceding his termination, which will be paid over the 18-month period after such termination; and (C) at our option, either (x) coverage under our medical plan to the extent provided for him at the date of termination for a period equal to 18 months after such termination or (y) reimbursement for the COBRA premium for such coverage through the earlier of such 18-month period or the COBRA eligibility period. In addition, all unvested stock-based compensation held by Mr. Murphy in his capacity as an employee on the effective date of the termination will vest as of the effective date of such termination.

The employment agreement further prohibits Mr. Murphy from competing with us for a period equal to 18 months following the termination of his employment with us, regardless of the reason therefor, in any state or other geographical area in which we sell products or provide services during Mr. Murphy's employment with us. The employment agreement also prohibits Mr. Murphy from soliciting, seeking to hire, or hiring any person or persons who is employed by or was employed by us within 12 months of Mr. Murphy's termination of his employment for a period equal to 18 months following the termination of his employment with us.

***Executive Severance Pay Plan***

Effective as of the Separation, it is anticipated that we will adopt an Executive Severance Pay Plan, which is referred to as the Executive Severance Plan, for the benefit of any officer of our company or any officer of an affiliate that is selected by the plan administrator (which we anticipate will be our Compensation Committee) in its sole and absolute discretion. We anticipate that this Executive Severance Plan will initially be substantially similar to the terms, conditions, and provisions of SWBI's Executive Severance Pay Plan as in effect immediately prior to the Separation.

Pursuant to the Executive Severance Plan, if we terminate a participating executive without Good Cause (other than due to death or disability) or a participating executive resigns for Good Reason (each as defined in the Executive Severance Plan), he or she will be eligible to receive the following payments and benefits, subject to the terms and conditions set out the Executive Severance Plan: (a) the participating executive's base salary for a period of the greater of (i) 26 weeks or (ii) the period designated for the participating executive by the administrator, in each case following the effective date of such termination or resignation; (b) a portion of the participating executive's annual cash bonus for the fiscal year in which the termination occurs to the extent earned under the then applicable Executive Annual Cash Incentive Program in which the participating executive participates, such amount to be calculated based on the amount that would have been paid for such fiscal year in the absence of the termination multiplied by the fraction, the numerator of which is the number of days in such fiscal year prior to the effective date of the termination and the denominator of which is 360 and such amount to be paid in accordance with the provisions of such Executive Severance Plan; and (c) in the event the participating executive elects such coverage, reimbursement for the cost of continuation coverage pursuant to COBRA during the period described in (a) above for the participating executive and his or her eligible dependents.

In addition, pursuant to the Executive Severance Plan, if we terminate a participating executive during a Potential Change in Control Protection Period or Change in Control Protection Period without Good Cause (other than due to death or disability) or a participating executive resigns following an Adverse Change in Control Effect (each as defined in the Executive Severance Plan), he or she will be eligible to receive the following payments and benefits, subject to the terms and conditions set out in the Executive Severance Plan: (a) the participating executive's base salary for a period of the greater of (i) 52 weeks or (ii) the period designated for the participating executive by the administrator, in each case following the effective date of such termination or resignation; (b) a lump sum cash payment equal to the average of the cash bonus paid to the participating executive for each of the two fiscal years immediately preceding the termination or resignation; (c) all unvested equity-based compensation held by the participating executive at the time of the termination or resignation that was granted to the participating executive in his or her capacity as an employee after the effective date of the Executive Severance Plan will vest as of the effective date of such termination or resignation; and (d) in the event the participating executive elects such coverage, reimbursement for the cost of continuation coverage pursuant to COBRA during the period described in (a) above for the participating executive and his or her eligible dependents.

Our obligations under the Executive Severance Plan will be contingent upon (i) the participating executive executing (and not revoking during any applicable revocation period) and not violating any provision of a valid and enforceable full and unconditional release of all claims against us or any of our affiliates, and (ii) the participating executive's full compliance with any and all non-competition, non-solicitation, and similar agreements by which the participating executive was bound as of the effective date of his or her termination or resignation.

In addition, the Executive Severance Plan will restrict the participating executive from (i) competing with us within the Restricted Territory (as defined in the Executive Severance Plan) during his or her employment with us and for the period equal to the longer of six months after the termination of his or her employment, or the period during which he or she receives cash severance pursuant to the Executive Severance Plan, and (ii) soliciting for employment, seeking to hire, or hiring any person or persons who is employed by or was employed by us within 12 months of the termination of the participating executive's employment for the purpose of having any such person engage in services that are the same as or similar or related to the services that such person provided for us for a period of 12 months after the termination of his or her employment. The Executive Severance Plan will require the participating executive to (i) maintain in strict secrecy all Confidential Information (as defined in the Executive Severance Plan) obtained by the participating executive in the course his or her employment; (ii) return to us, upon the termination of his or her employment, books, records, papers, equipment, and all other materials that may contain Confidential Information relating to our business; and (iii) disclose promptly to us all ideas, designs, processes, and improvements relating to our business conceived during his or her employment with our company or within six months thereafter.

**Employee Stock Purchase Plan**

Effective as of the Separation, it is anticipated that we will adopt an Employee Stock Purchase Plan, which will be intended to provide a method whereby our employees will have an opportunity to acquire a proprietary interest in our company through the purchase of shares of our common stock through accumulated voluntary payroll deductions, thereby enhancing employee interest in our company. We anticipate that this Employee Stock Purchase Plan will initially be substantially similar to the terms, conditions, and provisions of SWBI's Employee Stock Purchase Plan as in effect immediately prior to the Separation.

We expect the plan will be adopted by our Board of Directors, subject to approval by our stockholders. We expect there will be [•] shares of our common stock reserved for issuance under the plan. We expect the plan will be administered by our Board of Directors. Under the plan's terms, however, we expect our Board of Directors will be able to appoint a committee to administer the plan, which we will refer to as the Plan Committee. We expect the plan will grant broad authority to our Board of Directors or the Plan Committee to administer and interpret the plan.

We expect the plan will permit eligible employees of our company to authorize payroll deductions that will be utilized to purchase shares of our common stock during a series of consecutive 12-month offering periods, with two six-month purchase or exercise periods within the offering periods. We expect our employees will be able to purchase shares of our common stock pursuant to the plan at a favorable price and possibly with favorable tax consequences. We expect all employees of our company or of those subsidiaries designated by our Board of Directors who will be regularly scheduled to work at least 20 hours per week for more than five months per calendar year will be eligible to participate in any of the plan's purchase periods. However, we expect an employee of our company will not be granted an option under the plan if immediately after the grant, such employee would own our common stock, including outstanding options to purchase our common stock under the plan, possessing 5% or more of the total combined voting power or value of our common stock, or participation in the plan would permit such employee's rights to purchase our common stock under all of our company's employee stock purchase plans to exceed $25,000 in fair market value (determined at the time the option is granted) of our common stock for each calendar year in which such option is outstanding.

We expect the plan will be implemented in a series of successive offering periods, each with a maximum duration of 12 months. We expect if the fair market value per share of our common stock on any purchase date is less than the fair market value per share on the start date of a 12-month offering period, then that offering period will automatically terminate, and a new 12-month offering period will begin on the next business day. We expect each offering period will begin on the April 1 or October 1, as applicable, immediately following the end of the previous offering period.

Upon enrollment in the plan, we expect the participant will authorize a payroll deduction, on an after-tax basis, in an amount of not less than 1% and not more than 20% (or such greater percentage as the Plan Committee may establish from time to time before the first day of an offering period) of the participant's eligible compensation on each payroll date. Unless the participant withdraws from the plan, we expect the participant's option for the purchase of shares will be exercised automatically on each exercise date, and the maximum number of full shares subject to the option will be purchased for the participant at the applicable exercise price with the accumulated plan contributions then credited to the participant's account under the plan. To the extent necessary to comply with Section 423 of the Code, we expect the Plan Committee may reduce a participant's payroll deduction percentage to 0% at such time during any purchase period scheduled to end during the current calendar year when the participant's aggregate payroll deductions for the calendar year exceeds $25,000 multiplied by the applicable percentage (i.e., 85%).

Under the plan, we expect the maximum number of shares that a participant may purchase during any exercise period will be 12,500 shares. In addition, the IRS has established a calendar year maximum purchase equal to a total value of $25,000 in shares, based on the fair market value on the first day of the exercise period. We expect a participant will have no interest or voting right in shares of our common stock covered by the participant's option until such option has been exercised. We expect no interest will be paid on funds withheld, and those funds will be used by our company for general operating purposes.

We expect the plan will provide for adjustment of the number of shares for which options may be granted, the number of shares subject to outstanding options, and the exercise price of outstanding options in the event of any increase or decrease in the number of issued and outstanding shares as a result of one or more reorganizations, restructurings, recapitalizations, reclassifications, stock splits, reverse stock splits, or stock dividends. If our company dissolves or liquidates, we expect the offering period will terminate immediately prior to the consummation of that

action, unless otherwise provided by the Plan Committee. In the event of a merger or a sale of all or substantially all of our assets, we expect each option under the plan will be assumed or an equivalent option substituted by the successor corporation, unless the Plan Committee, in its sole discretion, accelerates the date on which the options may be exercised.

We expect the plan will remain in effect until the earliest of (a) the exercise date that participants become entitled to purchase a number of shares of our company greater than the number of reserved shares available for purchase under the plan, (b) such date as is determined by our Board of Directors in its discretion, or (c) [•].

We expect our Board of Directors or the Plan Committee may amend the plan at any time, provided that such amendment may not adversely affect the rights of any participant with respect to previously granted options and the plan may not be amended if such amendment would in any way cause rights issued under the plan to fail to meet the requirements for employee stock purchase plans as defined in Section 423 of the Code. To the extent necessary to comply with Rule 16b-3 under the Exchange Act, Section 423 of the Code, or any other applicable law or regulation, we expect our Board of Directors will obtain stockholder approval for an amendment.

We expect stockholders will not have any preemptive rights to purchase or subscribe for the shares of our company reserved for issuance under the plan. If any option granted under the plan expires or terminates for any reason other than having been exercised in full, we expect the unpurchased shares subject to that option will again be available for purposes of the plan.

**Incentive Compensation Plan**

Effective as of the Separation, it is anticipated that we will adopt an Incentive Compensation Plan. We anticipate that this plan will be substantially similar to the terms, conditions, and provisions of SWBI's Incentive Compensation Plan as in effect immediately prior to the Separation. We expect the plan will be designed to assist our company and our subsidiaries and other designated affiliates, which we refer to as Related Entities, in attracting, motivating, retaining (including through designated retention awards), and rewarding high-quality executives, employees, officers, directors, and individual consultants who will provide services to our company or our Related Entities, by enabling such persons to acquire or increase a proprietary interest in our company in order to strengthen the mutuality of interests between such persons and our stockholders, and providing such persons with performance incentives to expend their maximum efforts in the creation of stockholder value.

Under the plan, we may grant stock options, SARs, restricted stock, RSUs, shares granted as a bonus or in lieu of another award, dividend equivalents, and other stock-based awards or performance awards. We expect the persons eligible to receive awards under the plan will consist of officers, directors, employees, and consultants of our company who are natural persons providing bona fide services to our company or any of our Related Entity and whose services will not be in connection with the offer or sale of securities in a capital raising transaction, and will not directly or indirectly promote or maintain a market for shares of our common stock. We expect the material features of the plan to be as outlined below.

*Shares available for awards; adjustments*. We expect the number of shares of our common stock available for issuance under the plan will be [•] shares. We expect any shares that are subject to an award under the plan will be counted against this limit as one share for every one share granted.

We expect if any shares subject to (i) any award under the plan, or after the effective date of the plan are forfeited, expire, or otherwise terminate without issuance of such shares, (ii) any shares subject to any award that are withheld to satisfy the applicable withholding taxes resulting from the grant, exercise, and/or vesting of such award, or (iii) any award under the plan that could have been settled with shares is settled for cash or otherwise does not result in the issuance of all or a portion of the shares, the shares to which those awards were subject, will, to the extent of such forfeiture, expiration, termination, cash settlement, or non-issuance, again be available for delivery with respect to awards under the plan.

We expect any share that again becomes available for delivery pursuant to the provisions described above will be added back as one share.

We expect the administrator of the plan will be authorized to adjust the limitations on the number of shares of common stock available for issuance under the plan and the individual limitations on the amount of certain awards (other than the $100,000 limitation described above with respect to incentive stock option awards) and will adjust outstanding awards (including adjustments to exercise prices of options and other affected terms of awards) to the extent it deems equitable in the event that any extraordinary dividend or other distribution (whether in cash, shares of common stock, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, or other similar corporate transaction or event affects our common stock so that an adjustment is appropriate.

*Administration*. We expect the plan will be administered by the Compensation Committee of our Board of Directors; except, if our Board of Directors fails to designate a Compensation Committee or if there are no longer any members on the Compensation Committee so designated by our Board of Directors, or for any other reason determined by our Board of Directors, then our Board of Directors will serve as the committee. Subject to the terms of the plan, we expect our Compensation Committee will be authorized to select eligible persons to receive awards, grant awards, determine the type, number and other terms and conditions of, and all other matters relating to, awards, prescribe award agreements (which need not be identical for each participant), and the rules and regulations for the administration of the plan, construe and interpret the plan and award agreements, correct defects, supply omissions or reconcile inconsistencies therein, and make all other decisions and determinations as our Compensation Committee may deem necessary or advisable for the administration of the plan.

*Stock options and stock appreciation rights*. We expect our Compensation Committee will be authorized to grant stock options, including both incentive stock options, or ISOs, which can result in potentially favorable tax treatment to the participant, and non-qualified stock options, and SARs entitling the participant to receive the amount by which the fair market value of a share of our common stock on the date of exercise exceeds the grant price of the SAR. We expect the exercise price per share subject to an option and the grant price of a SAR will be determined by our Compensation Committee, provided that the exercise price per share of an option and the grant price per share of a SAR will be no less than 100% of the fair market value of a share of our common stock on the date such option or SAR is granted. An option granted to a person who owns or is deemed to own stock representing 10% or more of the voting power of all classes of stock of our company or any parent company (sometimes referred to as a “10% owner”) will not qualify as an ISO unless the exercise price for the option is not less than 110% of the fair market value of a share of our common stock on the date such ISO is granted.

We expect the maximum term of each option or SAR, the times at which each option or SAR will be exercisable, and provisions requiring forfeiture of unexercised options or SARs at or following termination of employment generally will be fixed by our Compensation Committee, except that no option or SAR may have a term exceeding ten years, and no ISO granted to a 10% owner (as described above) may have a term exceeding five years (to the extent required by the Code at the time of grant). We expect methods of exercise and settlement and other terms of options and SARs will be determined by our Compensation Committee. We expect our Compensation Committee, thus, to have the discretion to permit the exercise price of options awarded under the plan to be paid in cash, shares, other awards or other property (including loans to participants).

*Restricted stock*. We expect our Compensation Committee will be authorized to grant restricted stock. Restricted stock will be a grant of shares of our common stock, which will be subject to such risks of forfeiture and other restrictions as our Compensation Committee may impose, including time or performance restrictions or both. We expect a participant granted restricted stock generally will have all of the rights of a stockholder (including voting and dividend rights), unless otherwise determined by our Compensation Committee.

*Restricted stock units*. We expect our Compensation Committee will be authorized to grant RSUs. An award of RSUs will confer upon a participant the right to receive shares of our common stock or cash equal to the fair market value of the specified number of shares covered by the RSUs at the end of a specified deferral period, subject to such risks of forfeiture and other restrictions as our Compensation Committee may impose. Prior to settlement, we expect an award of RSUs will carry no voting or dividend rights or other rights associated with share ownership, although dividend equivalents may be granted.

*Dividend equivalents*. We expect our Compensation Committee will be authorized to grant dividend equivalents conferring on participants the right to receive, currently or on a deferred basis, cash, shares, other awards, or other property equal in value to dividends paid on a specific number of shares or other periodic payments. We expect dividend equivalents may be granted in connection with another award (other than stock options and SARs), may be paid currently or on a deferred basis and, if deferred, may be deemed to have been reinvested in additional shares, awards, or otherwise as specified by our Compensation Committee.

*Shares granted as a bonus or in lieu of another award*. We expect our Compensation Committee will be authorized to grant shares of our common stock as a bonus free of restrictions, or to grant shares of our common stock or other awards authorized under the plan in lieu of our obligations to pay cash under the plan or other plans or compensatory arrangements.

*Other stock-based award*s. We expect our Compensation Committee will be authorized to grant awards that are denominated or payable in, valued by reference to, or otherwise based on or related to shares of our common stock. We expect our Compensation Committee will determine the terms and conditions of such awards.

*Performance awards*. We expect our Compensation Committee will be authorized to grant performance awards to participants on terms and conditions established by our Compensation Committee. We expect the performance criteria will be achieved during any performance period and the length of the performance period will be determined by our Compensation Committee upon the grant of the performance award. We expect performance awards may be valued by reference to a designated number of shares (in which case they are referred to as performance shares) or by reference to a designated amount of property including cash (in which case they are referred to as performance units). We expect performance awards may be settled by delivery of cash, shares of our common stock or other property, or any combination thereof, as determined by our Compensation Committee.

*Other terms of awards*. We expect awards may be settled in the form of cash, shares of our common stock, other awards, or other property, in the discretion of our Compensation Committee. We expect our Compensation Committee may require or permit participants to defer the settlement of all or part of an award in accordance with such terms and conditions as our Compensation Committee may establish, including payment or crediting of interest or dividend equivalents on deferred amounts, and the crediting of earnings, gains, and losses based on deemed investment of deferred amounts in specified investment vehicles. We expect our Compensation Committee will be authorized to place cash, shares of our common stock, or other property in trusts or make other arrangements to provide for payment of our obligations under the plan. We expect our Compensation Committee may condition any payment relating to an award on the withholding of taxes and may provide that a portion of any shares of our common stock or other property to be distributed will be withheld (or previously acquired shares of common stock or other property be surrendered by the participant) to satisfy withholding and other tax obligations. We expect awards granted under the plan generally may not be pledged or otherwise encumbered and will not be transferable except by will or by the laws of descent and distribution, or to a designated beneficiary upon the participant's death, except that our Compensation Committee may, in its discretion, permit transfers subject to any terms and conditions our Compensation Committee may impose thereon.

*Acceleration of vesting; change in control*. Subject to certain limitations contained in the plan, including those described in the following paragraph, we expect our Compensation Committee may, in its discretion, accelerate the exercisability, the lapsing of restrictions or the expiration of deferral or vesting periods of any award. In the event of a "change in control" of our company, as defined in the plan, we expect any restrictions, deferral of settlement, and forfeiture conditions applicable to an award will not lapse, and any performance goals and conditions applicable to an award will not be deemed to have been met, as of the time of the change in control, unless either (i) we are the surviving entity in the change in control and the award does not continue to be outstanding after the change in control on substantially the same terms and conditions as were applicable immediately prior to the change in control or (ii) the successor company does not assume or substitute for the applicable award, as determined in accordance with the terms of the plan. In the event of a change in control and either, (i) we are the surviving entity in the change in control and the award does not continue to be outstanding after the change in control on substantially the same terms and conditions as were applicable immediately prior to the change in control or (ii) the successor company does not assume or substitute for the applicable award, as determined in accordance with the terms of the plan, the applicable award agreement may provide that any restrictions, deferral of settlement, and forfeiture conditions applicable to an award will lapse, and any performance goals and conditions applicable to an award shall be deemed to have been met, as of the time of the change in control. If the award continues to be outstanding after the change in control on substantially

the same terms and conditions as were applicable immediately prior to the change in control, or the successor company assumes or substitutes for the applicable award, as determined in accordance with the plan, we expect the applicable award agreement may provide that with respect to each award held by such participant at the time of the change in control, in the event a participant's employment is terminated without "cause" by our company or any Related Entity or by such successor company or by the participant for "good reason," as those terms are defined in the plan, within 24 months following such change in control, we expect any restrictions, deferral of settlement, and forfeiture conditions applicable to each such award will lapse, and any performance goals and conditions applicable to each such award will be deemed to have been met, as of the date on which the participant's employment is terminated.

*Amendment and termination*. We expect our Board of Directors may amend, alter, suspend, discontinue, or terminate the plan or our Compensation Committee's authority to grant awards without further stockholder approval, except we expect that stockholder approval must be obtained for any amendment or alteration if such approval is required by law or regulation or under the rules of any stock exchange or quotation system on which shares of our common stock are then listed or quoted; provided that, except as otherwise permitted by the plan or an award agreement, without the consent of an affected participant, we expect no such action by our Board of Directors may materially and adversely affect the rights of such participant under the terms of any previously granted and outstanding award. We expect the plan will terminate at the earliest of (i) such time as no shares of common stock remain available for issuance under the plan, (ii) termination of the plan by our Board of Directors, or (iii) the tenth anniversary of the latest stockholder approval of the plan.

**Director Compensation**

The following table sets forth, for the fiscal year ended April 30, 2020, the compensation paid by SWBI to each of the individuals expected to serve as our non-employee directors following the Separation.

| Name (1) | Fees Earned or Paid in Cash | Stock Awards | All Other Compensation | Total |
|---|---|---|---|---|
| Barry M. Monheit | $ — | $ — | $ — | $ — |
| Mary E. Gallagher (1) | $ — | $ — | $ — | $ — |
| Gregory J. Gluchowski, Jr. | $ — | $ — | $ — | $ — |
| I. Marie Wadecki | $ — | $ — | $ — | $ — |

(1) Ms. Gallagher has not previously served as a director of SWBI and will be appointed to our Board of Directors in connection with the Separation.

Following the Separation, we anticipate that each of our non-employee directors will receive an annual retainer in the amount of $[●]. We also anticipate paying additional sums to our Chairman of the Board, chairs of our board committees, and members of our board committees as follows:

| | |
|---|---|
| Chairman of the Board | $[●] |
| Chair, Audit Committee | $[●] |
| Chair, Compensation Committee | $[●] |
| Chair, Nominations and Corporate Governance Committee | $[●] |
| Non-Chair Audit Committee Members | $[●] |
| Non-Chair Compensation Committee Members | $[●] |
| Non-Chair Nominations and Corporate Governance Committee Members | $[●] |

In addition, we anticipate that each member of the Audit Committee will receive an additional $[●] per Audit Committee meeting attended in excess of seven meetings per year; each member of the Compensation Committee will receive an additional $[●] per Compensation Committee meeting attended in excess of six meetings per year; and each member of the Nominations and Corporate Governance Committee will receive an additional $[●] per Nominations and Corporate Governance Committee meeting attended in excess of four meetings per year. We also anticipate reimbursing each director for travel and related expenses incurred in connection with attendance at Board of Director and committee meetings. Employees who also serve as directors will receive no additional compensation for their services as a director.

We anticipate that each non-employee director will receive a stock-based grant to acquire shares of our common stock on the date of his or her first appointment or election to our Board of Directors. We anticipate that each non-employee director will also receive a stock-based grant at the meeting of our Board of Directors held immediately following our annual meeting of stockholders for that year.

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

### Procedures for Approval of Related Person Transactions

It is anticipated that our Board of Directors will establish procedures for the review and approval of related person transactions. We expect that pursuant to these procedures, unless delegated to the Compensation Committee by our Board of Directors, the Audit Committee will review and approve all related party transactions and review and make recommendations to the full Board of Directors, or approve, any contracts or other transactions with executive officers of our company, including consulting arrangements, employment agreements, change-in-control agreements, termination arrangements, and loans to employees made or guaranteed by our company. We expect that we will have a policy that we will not enter into any such transaction unless the transaction is determined by our disinterested directors to be fair to us or is approved by our disinterested directors or by our stockholders. Any determination by our disinterested directors will be based on a review of the particular transaction, applicable laws and regulations, policies of our company (including those set forth above under "Management" or that are published on our website), and the listing standards of Nasdaq. As appropriate, the disinterested directors of the applicable committees of the Board of Directors shall consult with our legal counsel or internal auditor.

### The Separation from SWBI

In connection with the Separation, we will enter into a Separation and Distribution Agreement and several other agreements with SWBI to effect the Separation and provide a framework for our relationship with SWBI after the Separation. These agreements will provide for the allocation between us and our subsidiaries, on the one hand, and SWBI and its subsidiaries on the other hand, of the assets, liabilities, legal entities, and obligations associated with the outdoor products and accessories business, on the one hand, and the firearm business, on the other hand, and will govern the relationship between our company and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, subsequent to the Separation (including with respect to transition services, employee matters, intellectual property matters, tax matters, and certain other commercial relationships).

See "The Separation—Agreements with SWBI" for more information regarding these agreements.

### Other Related Person Transactions

It is anticipated that, effective upon the Separation, we will enter into indemnification agreements with each of our directors and executive officers. These agreements will require us to indemnify and advance litigation expenses incurred by such individuals by reason of (i) their status as directors and/or officers of our company, (ii) their service in any capacity with respect to an employee benefit plan of our company or one or more of our majority owned subsidiaries, or (iii) their service as directors, officers, managers, general partners, trustees, employees, or agents of another entity (including a majority owned subsidiary of our company) at our request while directors and/or officers of our company to the fullest extent permitted by applicable law.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this information statement, all of the outstanding shares of our common stock are owned by SWBI. After the Separation, SWBI will not directly or indirectly own any of our common stock. The following table sets forth certain information regarding the expected beneficial ownership of our common stock immediately following the consummation of the Distribution by (1) each named executive officer and director of our company, (2) all directors and executive officers of our company as a group, and (3) each person known by us to own more than 5% of SWBI common stock, which persons would be expected to own more than 5% of our common stock immediately following the consummation of the Distribution. We based the share amounts on each person's beneficial ownership of SWBI common stock as of the close of business on [•], 2020 and applying the distribution ratio of [•] shares of our common stock for every [•] shares of SWBI common stock held as of the close of business on the Record Date, unless we indicate some other date or basis for the share amounts in the applicable footnotes. Immediately following the consummation of the Distribution, we expect that approximately [•] shares of our common stock will be issued and outstanding, based on the number of shares of SWBI common stock expected to be outstanding as of the Record Date. The actual number of outstanding shares of SWBI common stock immediately following the consummation of the Distribution will be determined on the Record Date.

| Name of Beneficial Owner | Number of shares | Percent |
|---|---|---|
| **Directors and Executive Officers:** | | |
| Brian D. Murphy | | |
| H. Andrew Fulmer | | |
| Barry M. Monheit | | |
| Mary E. Gallagher | | |
| Gregory J. Gluchowski, Jr. | | |
| I. Marie Wadecki | | |
| All directors and executive officers as a group (6 persons) | | |
| | | |
| **Other significant stockholders:** | | |
| [●] | | |
| [●] | | |
| [●] | | |
| [●] | | |

* Percentage of ownership of less than one percent.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION

The following is a discussion of the material U.S. federal income tax consequences of the Distribution to SWBI and U.S. Holders (as defined herein) of SWBI common stock. This discussion is based on the Code, the Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this information statement and all of which may change, possibly with retroactive effect. This discussion assumes that the Separation will be consummated in accordance with the Separation and Distribution Agreement and as described in this information statement.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of SWBI common stock that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state therein, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it: (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to the control all substantial decisions; or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

This discussion addresses only the consequences of the Distribution to U.S. Holders that hold SWBI common stock as a capital asset. It does not address all aspects of U.S. federal income taxation that may be relevant to a U.S. Holder in light of that stockholder's particular circumstances or to a U.S. Holder subject to special treatment under the Code, such as:

- a financial institution, underwriter, real estate investment trust, regulated investment company, or insurance company;
- a tax-exempt organization;
- a dealer or broker in securities or currencies;
- a stockholder that holds SWBI common stock as part of a hedge, appreciated financial position, straddle, conversion, or other risk reduction transaction for U.S. federal income tax purposes;
- former citizens or former long-term residents of the United States;
- a stockholder that owns, or is deemed to own, at least 10%, by voting power or value, of SWBI's equity;
- a stockholder that is subject to the alternative minimum tax;
- a stockholder that holds SWBI common stock through a partnership or other pass-through entity;
- a stockholder that is required to accelerate the recognition of any item of gross income with respect to SWBI common stock as a result of such income being recognized on an applicable financial statement;
- a stockholder that holds SWBI common stock in a tax-deferred account, such as an individual retirement account; or
- a stockholder that acquired SWBI common stock pursuant to the exercise of employee stock options or otherwise as compensation.

If a partnership, or any entity treated as a partnership for U.S. federal income tax purposes, holds SWBI common stock, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax adviser.

This discussion of material U.S. federal income tax consequences is not a complete analysis or description of all potential U.S. federal income tax consequences of the Distribution. In addition, it does not address any estate, gift, or other non-income tax consequences or any non-U.S., state, or local tax consequences of the Distribution. Accordingly, holders of SWBI common stock should consult their tax advisers to determine the particular U.S. federal, state, or local or non-U.S. income or other tax consequences of the Distribution.

**Tax Opinion**

The consummation of the Separation is conditioned upon the receipt of an opinion of Greenberg Traurig, LLP substantially to the effect that, among other things, the Transfer and the Distribution will qualify as a tax-free transaction under Section 368(a)(1)(D) and Section 355 of the Code, or the Tax Opinion. In rendering the Tax Opinion, Greenberg Traurig, LLP will rely on (i) customary representations and covenants made by us and SWBI, including those contained in certificates of our officers and those of SWBI, and (ii) specified assumptions, including an assumption regarding the completion of the Separation and certain related transactions in the manner contemplated by the transaction agreements. The Tax Opinion will be expressed as of the date of the closing of the Separation and will not cover subsequent periods. As a result, the Tax Opinion is not expected to be issued until after the date of this information statement. In addition, Greenberg Traurig, LLP's ability to provide the Tax Opinion will depend on the absence of changes in existing facts or law between the date of this information statement and the closing date of the Distribution. If any of the representations, covenants, or assumptions on which Greenberg Traurig, LLP will rely is inaccurate, incomplete, or is violated, Greenberg Traurig, LLP may not be able to provide the Tax Opinion or the tax consequences of the Separation could differ from those described below.

An opinion of counsel represents counsel's best judgment based on current law and is not binding on the IRS or any court. We cannot assure you that the IRS will agree with the conclusions expected to be set forth in the Tax Opinion, and it is possible that the IRS or another tax authority could adopt a position contrary to one or all those conclusions and that a court could sustain that contrary position. SWBI does not intend to seek a ruling from the IRS as to the U.S. federal income tax treatment of the Distribution or related transactions and there can be no assurance that the IRS will not challenge the validity of the Distribution and related transactions as a tax-free transaction for U.S. federal income tax purposes under Section 368(a)(1)(D) and Section 355 of the Code or that any such challenge ultimately will not prevail.

**The Distribution**

Assuming that the Transfer and the Distribution qualify as a tax-free transaction under Section 368(a)(1)(D) and Section 355 of the Code, for U.S. federal income tax purposes:

- the Distribution will not result in the recognition of gain or loss to SWBI;
- no gain or loss will be recognized by, and no amount will be included in the income of, U.S. Holders of SWBI common stock solely as a result of the receipt of our common stock in connection with the Distribution;
- the aggregate tax basis of the shares of SWBI common stock and our common stock in the hands of each U.S. Holder of SWBI common stock immediately following the consummation of the Distribution (including any fractional shares deemed received, as discussed herein) will be the same as the aggregate tax basis such U.S. Holder has in the shares of SWBI common stock held immediately before the consummation of the Distribution, allocated between such SWBI common stock and our common stock (including any fractional shares deemed received) in proportion to their relative fair market values immediately following the consummation of the Distribution;
- the holding period of any shares of our common stock received by a U.S. Holder of SWBI common stock in the Distribution (including any fractional shares deemed received) will include the holding period of the shares of SWBI common stock; and
- a U.S. Holder of SWBI common stock that receives cash in lieu of a fractional share of our common stock will recognize capital gain or loss, measured by the difference between the cash received for such fractional share and the U.S. Holder's tax basis in that fractional share, determined as described above, and such gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the SWBI common stock is more than one year as of the closing date of the Distribution Date.

U.S. Holders of SWBI common stock that have acquired different blocks of SWBI common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, our common stock distributed with respect to blocks of SWBI common stock.

If, notwithstanding the conclusions that we expect to be included in the Tax Opinion, it is ultimately determined that the Transfer and the Distribution does not qualify as tax-free under Section 368(a)(1)(D) and Section 355 of the Code, then SWBI would recognize corporate level taxable gain on the Distribution in an amount equal to the excess, if any, of the fair market value of our common stock distributed to holders of SWBI common stock on the Distribution Date over SWBI's tax basis in such stock. In addition, in such circumstances, each holder of SWBI common stock that receives shares of our common stock in connection with the Distribution would be treated as receiving a distribution in an amount equal to the fair market value of our common stock received, which generally would be taxed as a dividend to the extent of such holder's ratable share of SWBI's earnings and profits, including SWBI's taxable gain, if any, on the Distribution, then treated as a non-taxable return of capital to the extent of the holder's basis in SWBI common stock and thereafter treated as capital gain from the sale or exchange of SWBI common stock.

Even if the Transfer and the Distribution were otherwise to qualify as a tax-free transaction under Sections 368(a)(1)(D) and 355 of the Code, the Distribution may result in corporate level taxable gain to SWBI under Section 355(e) of the Code if either we or SWBI undergoes a 50% or greater ownership change as part of a plan or series of related transactions that includes the Distribution, potentially including transactions occurring after the Distribution. The process for determining whether one or more acquisitions or issuances triggering Section 355(e) has occurred, the extent to which any such acquisitions or issuances results in a change of ownership and the cumulative effect of any such acquisitions or issuances together with any prior acquisitions or issuances is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. If Section 355(e) applies as a result of such an acquisition or issuance, SWBI would recognize taxable gain as described above, but the Distribution would be tax-free to you (except for tax on any cash received in lieu of fractional shares). Under some circumstances, the Tax Matters Agreement would require us to indemnify SWBI for the tax liability resulting from the application of Section 355(e). See "The Separation—Agreements with SWBI—Tax Matters Agreement."

Under the Tax Matters Agreement, we will generally be required to indemnify SWBI for the resulting taxes in the event that the Distribution and/or related transactions fail to qualify for their intended tax treatment due to any action by us or any of our subsidiaries (see "The Separation—Agreements with SWBI—Tax Matters Agreement"). If the Distribution were to be taxable to SWBI, the liability for payment of such tax by SWBI or by us under the Tax Matters Agreement could have a material adverse effect on SWBI or us, as the case may be.

**Information Reporting and Backup Withholding**

Applicable Treasury Regulations generally require holders who own at least 5% of the total outstanding stock of SWBI (by vote or value) and who receive our common stock pursuant to the Distribution to attach to their U.S. federal income tax return for the year in which the Distribution occurs a detailed statement setting forth certain information relating to the tax-free nature of the Distribution. SWBI and/or we will provide the appropriate information to each holder upon request, and each such holder is required to retain permanent records of this information.

In addition, payments of cash to a U.S. Holder of SWBI common stock in lieu of fractional shares of our common stock in connection with the Distribution may be subject to information reporting, unless the U.S. Holder provides the withholding agent with proof of an applicable exemption. Such payments that are subject to information reporting may also be subject to backup withholding, unless such U.S. Holder provides the withholding agent with a correct taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding does not constitute additional tax, but merely an advance payment, which may be refunded or credited against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely supplied to the IRS.

## DESCRIPTION OF MATERIAL INDEBTEDNESS

We intend to enter into a new financing arrangement in anticipation of the Separation consisting of a $50 million revolving line of credit secured by substantially all the assets of our company. This revolving line of credit will have no borrowings as of the Distribution Date and will be available for general corporate purposes. In addition to the revolving line of credit, we have entered into a long-term sublease of our corporate offices from SWBI that will be recorded as a finance lease in the amount of $[•] million.

## DESCRIPTION OF CAPITAL STOCK

Our current Certificate of Incorporation and Bylaws will be amended and restated in connection with the Separation. The following is a summary of the material terms of our capital stock. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws as will be in effect at the time of the consummation of the Distribution, or of the applicable provisions of Delaware law, and the summaries are qualified in their entirety by reference to the forms of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, which will be filed as exhibits to the registration statement on Form 10 of which this information statement forms a part, along with the applicable provisions of Delaware law. For more information on how you can obtain copies of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, see the section entitled "Where You Can Find More Information." We urge you to read our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws in their entirety.

### Authorized Capital Stock

At the time of the consummation of the Distribution, our authorized capital stock will consist of 100,000,000 shares of common stock, par value $0.001 per share, and 20,000,000 shares of preferred stock, par value $0.001 per share.

### Common Stock

We expect that, immediately following the consummation of the Distribution, approximately [•] million shares of our common stock will be issued and outstanding, based upon [•] shares of SWBI common stock issued and outstanding as of the record date for the Distribution and the distribution ratio.

***Voting Rights***. Holders of our common stock will be entitled to one vote for each share of our common stock held of record by them.

***Quorum***. Except as otherwise provided by Delaware law, our Amended and Restated Certificate of Incorporation, or our Amended and Restated Bylaws, at each meeting of our stockholders the presence in person or by proxy of the holders of a majority in voting power of the then outstanding shares of our stock entitled to vote at the meeting will be necessary and sufficient to constitute a quorum.

***Election of Directors***. Except for directors, if any, elected by the holders of one or more series of preferred stock created and issued by our Board of Directors and with respect to newly created directorships and vacancies on our Board of Directors, each of our directors will be elected by a majority of the votes cast with respect to the nominee for election to our Board of Directors at any meeting of our stockholders at which directors are to be elected and a quorum is present, except that directors will be elected by a plurality of the votes cast at such meeting if one or more of our stockholders have nominated one or more individuals for election at such meeting and not withdrawn such nomination or nominations on or prior to the tenth day preceding the date that we first mailed notice of such meeting to our stockholders.

Under Delaware law, stockholders do not have cumulative voting rights in connection with the election of directors unless the corporation's certificate of incorporation provides for such rights. Our Amended and Restated Certificate of Incorporation that will be in effect at the time of the consummation of the Distribution will not provide the holders of our commons stock cumulative voting rights in connection with the election of directors.

***Other Elections, Questions, or Business***. When a quorum is present at any meeting of our stockholders, elections, questions, or business presented to our stockholders at such meeting (other than the election of directors) will be decided by the affirmative vote of a majority of votes cast with respect to such election, question, or business unless the election, question, or business is one which, by express provision of our Amended and Restated Certificate of Incorporation, our Amended and Restated Bylaws, the laws of the state of Delaware, the rules or regulations of any stock exchange applicable to us, or any regulation applicable to us or our securities, a vote of a different number or voting by class or series is required, in which case, such express provision will govern.

***Dividends***. Subject to Delaware law and the rights, if any, of the holders of one or more series of preferred stock created and issued by our Board of Directors, dividends may be declared and paid on our common stock at such times and in such amounts as our Board of Directors may determine in its discretion.

***Liquidation***. Subject to Delaware law and the rights, if any, of the holders of one or more series of preferred stock created and issued by our Board of Directors, the holders of our common stock will be entitled to receive our assets available for distribution to our stockholders ratably in proportion to the number of shares of our common stock held by them. A merger or consolidation of us with or into another entity, or a sale or conveyance of all or any part of our assets (which does not in fact result in the liquidation, dissolution, or winding up of us and the distribution of our assets to our stockholders) will not be deemed to be a liquidation, dissolution, or winding up for purposes of the prior sentence.

***Miscellaneous***. Upon the Distribution Date, all outstanding shares of our common stock will be fully paid and non-assessable. The holders of our common stock will not have any preemptive rights to subscribe for any additional shares of our stock or other obligations convertible into or exercisable for shares of our stock that we may issue in the future. There will be no redemption or sinking fund provisions applicable to our common stock. The holders of our common stock are subject to, and may be adversely affected by, the rights, preferences, and privileges, if any, of the holders of one or more series of preferred stock that our Board of Directors may create and issue in the future.

**Preferred Stock**

Our Amended and Restated Certificate of Incorporation will authorize our Board of Directors, without further action by our stockholders, to create and issue one or more series of preferred stock and to fix the powers, preferences, and rights, if any, and the qualifications, limitations, or restrictions, if any, of each such series of preferred stock. Such powers, preferences, and rights, if any, may include, without limitation, the right to vote together with the holders of our common stock on elections, questions, and matters, special class or series voting rights, redemption rights and preferences, dividend rights and preferences, liquidation rights and preferences, and conversion or exchange rights.

The authority possessed by our Board of Directors to create and issue one or more series of preferred stock could potentially be used to discourage attempts by third parties to obtain control of our company through a merger, tender offer, proxy contest, or otherwise, by making such attempts more difficult or costly. Our Board of Directors may create and issue one or more series of preferred stock having voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of our common stock. There are no current agreements or understandings with respect to the creation and issuance of any series of preferred stock and our Board of Directors has no present intention to create or issue any series of preferred stock.

**Anti-Takeover Considerations**

The provisions of the DGCL contain, and our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws will contain, provisions that could serve to discourage or to make more difficult a change in control of our company without the support of our Board of Directors or without meeting various other conditions. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that our Board of Directors considers inadequate and to encourage persons seeking to acquire control of our company to first negotiate with our Board of Directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

***State Takeover Legislation***. Upon the Distribution Date, we will be subject to Section 203 of the DGCL, an anti-takeover statute. Subject to certain exceptions set forth therein, Section 203 of the DGCL prohibits a business combination with any interested stockholder for a period of three years following the time that the interested stockholder became an interested stockholder, unless (a) prior to such time our Board of Directors approved either the business combination or the transaction which resulted in the interested stockholder becoming an interested stockholder, (b) upon the consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our outstanding voting stock at the time the transaction commenced, excluding for purposes of determining our outstanding voting stock (but not our outstanding voting stock

held by the interested stockholder) our outstanding voting stock held by our directors and officers and our employee stock plan in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer (if any), and (c) at or subsequent to such time, the business combination is approved by our Board of Directors and authorized at a meeting of our stockholders by the affirmative vote of at least 66 2/3% of our outstanding voting stock which is not owned by the interested stockholder.

An interested stockholder generally is defined in Section 203 of the DGCL to include (a) any person (other than the corporation and any of its direct or indirect majority-owned subsidiaries) that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and (b) the affiliates and associates of any such person.

The provisions of Section 203 of the DGCL may encourage persons interested in acquiring us to negotiate in advance with our Board of Directors and may also have the effect of preventing changes in our management. It is possible that the provisions of Section 203 of the DGCL could make it more difficult to accomplish transactions which one or more of our stockholders may otherwise deem to be in their best interests.

***Stockholder Action by Written Consent***. Delaware law provides that, unless otherwise stated in the corporation's certificate of incorporation, any action which may be taken at an annual meeting or special meeting of stockholders may be taken without a meeting, if a consent in writing is signed by the holders of the outstanding stock having the minimum number of votes necessary to authorize the action at a meeting of stockholders. Our Amended and Restated Certificate of Incorporation will prohibit action by written consent of the holders of our common stock such that actions by the holders of our common stock must be effected at a duly called annual or special meeting of such holders.

***Meetings of Stockholders***. Our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws will provide for the calling of special meetings of holders of our common stock solely by the Chairperson of our Board of Directors, our President, or our Board of Directors. Delaware law requires the notice of a special meeting of stockholders to state the purpose or purposes for which the special meeting is called.

***No Cumulative Voting***. Delaware law permits stockholders to cumulate their votes and either cast them for one candidate or distribute them among two or more candidates in the election of directors only if expressly authorized in a corporation's certificate of incorporation. Our Amended and Restated Certificate of Incorporation will not authorize cumulative voting.

***Advance Notice and Procedures for Stockholder Nominations and Proposals***. Our Amended and Restated Bylaws will establish advance notice and procedures for stockholder nomination of candidates for election to our Board of Directors and the proposal of other business to be considered by our stockholders at an annual meeting. Generally, stockholder nominations of candidates for election to our Board of Directors at the annual meeting of our stockholders and stockholder proposal of other business for consideration at the annual meeting of stockholders are required to be made not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day in advance of the first anniversary of the previous year's annual meeting. Certain information relating to the stockholder nominations and proposals will also be required to be provided to our company under our amended and restated bylaws.

***Removal of Directors***. Our Amended and Restated Certificate of Incorporation will provide for the directors elected by the holders of our common stock to be classified and therefore for the removal of directors elected by such holders solely for cause. Our Amended and Restated Certificate of Incorporation will also provide for the removal of any director elected by the holders of our common stock solely by 66 2/3% of the voting power of such holders.

***Size of the Board of Directors***. Our Amended and Restated Bylaws will provide that, subject to Delaware law and the rights, if any, of the holders of any series of preferred stock then outstanding to elect one or more directors, our Board of Directors will consist of not less than three nor more than twelve directors, the exact number thereof to be determined from time to time by resolution of our Board of Directors.

***Vacancies***. Our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws will provide that subject to the rights, if any, of the holders of any series of preferred stock then outstanding, newly created directorships resulting from an increase in the number of directors or any vacancies on our Board of Directors resulting from the death, resignation, disqualification, removal, or other cause will be filled solely and exclusively by a majority of the directors then in office, although less than a quorum, or by the sole remaining director. Any director so elected will hold office until his or her successor is elected and qualified, subject to his or her earlier death, resignation, disqualification, or removal.

***Amendments to Certificate of Incorporation***. Pursuant to Section 242 of the DGCL, any amendment to our Amended and Restated Certificate of Incorporation after the Distribution Date (other than an amendment changing our name, deleting provisions of our original certificate of incorporation which named the incorporator, or effecting a change, exchange, reclassification, subdivision, combination, or cancellation of stock, if such change, exchange, reclassification, subdivision, combination, or cancellation has become effective), will require our Board of Directors to adopt a resolution setting forth the amendment proposed, declaring its advisability, and either calling a special meeting of our stockholders entitled to vote in respect thereof for the consideration of such amendment or directing that the amendment be considered at the next annual meeting of our stockholders. Section 242 of the DGCL requires that any amendment to our Amended and Restated Certificate of Incorporation so approved by our Board of Directors must be adopted by a majority of our outstanding stock entitled to vote thereon and, in the circumstances enumerated in Section 242 of the DGCL, a majority of the outstanding stock of each class entitled to vote thereon as a class. Section 242 of the DGCL requires any amendment to our Amended and Restated Certificate of Incorporation so approved by our Board of Directors and our stockholders to be filed with the Secretary of State of the state of Delaware in order to become effective.

In addition to the requirements of Section 242 of the DGCL, our Amended and Restated Certificate of Incorporation will provide that any amendment of the provisions of our Amended and Restated Certificate of Incorporation providing for (a) the directors elected by the holders of our common stock to be classified (and therefore for the removal of such directors solely for cause), (b) the removal of directors elected by the holders of our common stock solely by 66 2/3% of the voting power of such holders, (c) the filling of vacancies with respect to directors elected by the holders of our common stock and newly created directorships created from an increase in the number of such directors solely by our Board of Directors, (d) the amendment of our Amended and Restated Bylaws by our Board of Directors, (e) the amendment of our Amended and Restated Bylaws by 66 2/3% of the voting power of our stockholders, (f) the calling of special meetings solely by the Chairperson of our Board of Directors, our President, or our Board of Directors, and (g) the prohibition on the ability of holders of our common stock to act by written consent in lieu of a meeting, in each case, will require a vote of 66 2/3% of the voting power of our stockholders.

***Amendments to Bylaws***. Our Amended and Restated Certificate of Incorporation will provide that our Amended and Restated Bylaws may be amended by the Board of Directors and that any amendment of our Amended and Restated Bylaws by our stockholders requires a vote of 66 2/3% of the voting power thereof.

***Series of Preferred Stock***. Our Amended and Restated Certificate of Incorporation will empower our Board of Directors to create and issue, without stockholder approval, one or more series of preferred stock having such powers, preferences, and rights, if any, and such qualifications, limitations, and restrictions, if any, as established our Board of Directors.

**Limitations on Personal Liability of Directors, Indemnification and Advancement Rights of Directors and Officers, and Director and Officer Insurance**

Section 102(b)(7) of the DGCL permits the certificate of incorporation of a Delaware corporation to contain a provision eliminating or limiting the personal liability of a director of the corporation to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except that such provision may not eliminate or limit the liability of a director: (a) for any breach of his or her duty of loyalty to the corporation or its stockholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) under Section 174 of the DGCL (making directors of a Delaware corporation liable for willful or negligent violations of the provisions of the DGCL limiting redemptions and dividends); or (d) for any transaction form which he or she derives an improper personal benefit. Our Amended and Restated Certificate of Incorporation will contain such a provision.

Our Amended and Restated Bylaws will require our company to indemnify, to the fullest extent permitted by applicable law, any individual, or Covered Person, who was or is made or is threatened to be made a party to or is otherwise involved in any action, suit, or proceeding by reason of the fact that he or she, or an individual for whom he or she is a legal representative, is or was a director or officer of our company or a director level or above employee of our company or any of our consolidated subsidiaries (as shown in our company's or the applicable covered subsidiary's, as the case may be, human resources records) or, while a director or officer of our company or a director level or above employee of our company or any of our consolidated subsidiaries (as shown in our company's or the applicable covered subsidiary's, as the case may be, human resources records), is or was serving at the request of our company or any of our consolidated subsidiaries as a director, officer, employee, or agent of another corporation or of a partnership, joint venture, trust, enterprise, or nonprofit entity, including service with respect to employee benefit plans, its participants or beneficiaries, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except for actions brought by a Covered Person to enforce his or her indemnification or advancement rights under our Amended and Restated Bylaws, our company is required by our Amended and Restated Bylaws to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by our Board of Directors.

Our Amended and Restated Bylaws will require advance expenses (including legal expenses), to the fullest extent permitted by applicable law, incurred by a Covered Person in defending any proceeding in advance of its final disposition, except that such payment of expenses in advance of the final disposition of the proceeding will be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under our Amended and Restated Bylaws or otherwise.

The limitation of liability provision of our Amended and Restated Certificate of Incorporation may discourage our stockholders from bringing litigation asserting duty of care violations against our directors. However, these provisions will not limit or eliminate our rights, or those of our stockholders, to seek non-monetary relief such as an injunction or rescission in the event of a breach of a duty of care by our directors. Further, these provisions will not alter the liability of our directors under the federal securities laws.

The indemnification and advancements provisions of our Amended and Restated Bylaws may discourage litigation against our directors and officers, as our company may be required to advance expenses and/or indemnify our directors and officers for their expenses (including legal fees) incurred in defense of such litigation. These provisions may also have the effect of reducing the likelihood of litigation against our directors and officers, even though such litigation, if successful, might otherwise benefit our company and our stockholders. In addition, your investment in our common stock may be adversely affected to the extent that, in a class action or direct suit, we are required to pay the costs of settlement and damage awards against our directors and/or officers pursuant to these provisions. There is currently no pending material litigation against any of our directors or officers for which indemnification or advancements are sought under these provisions.

**Exclusive Forum**

Our Amended and Restated Bylaws will provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the state of Delaware will be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or employees or our stockholders, (c) any civil action to interpret, apply, or enforce any provision of the DGCL, (d) any civil action to interpret, apply, enforce, or determine the validity of the provisions of our Amended and Restated Certificate of Incorporation, or Amended and Restated Bylaws, or (e) any action asserting a claim governed by the internal affairs doctrine. However, if the Court of Chancery of the state of Delaware lacks jurisdiction over such action, our Amended and Restated Bylaws provide that the sole and exclusive forum for such action will be another state or federal court located within the state of Delaware, in all cases, subject to such court having personal jurisdiction over the indispensable parties named as defendants. Our Amended and Restated Bylaws also provide that any person purchasing or otherwise acquiring any interest in our stock will be deemed to have notice of and consented to these Delaware exclusive forum provisions. These Delaware exclusive forum provisions will require our stockholders to bring certain types of actions or proceedings relating to Delaware law in the Court of Chancery of the state of Delaware or another state or federal court in the state of Delaware and therefore may prevent our stockholders from bringing such actions or proceedings in another court that a stockholder may view as more convenient, cost-effective, or advantageous to the stockholder or the claims made in such action or proceeding, and may discourage the actions or proceedings covered by the Delaware exclusive forum provisions. These Delaware exclusive forum provisions are not intended by us to limit the forums available to our stockholders for actions or proceedings asserting claims arising under the Exchange Act or the Securities Act.

**Sale of Unregistered Securities**

On [•], 2020, we issued [•] shares of our common stock to SWBI pursuant to Section 4(a)(2) of the Securities Act. We did not register the issuance of the shares under the Securities Act because the issuance did not constitute a public offering.

**Transfer Agent and Registrar**

After the consummation of the Distribution, the transfer agent and registrar for AOUT common stock will be Issuer Direct Corporation.

**Listing**

We have applied to have our common stock listed on Nasdaq under the ticker symbol “AOUT.”

## WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to our company and our common stock, please refer to the registration statement, including its exhibits and schedules. While we believe that statements made in this information statement relating to any contract or other document generally include the material provisions of such contracts or other documents, such statements are not necessarily complete and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, as well as the annual and quarterly reports of SWBI and other information filed by SWBI with the SEC, on the Internet website maintained by the SEC at *www.sec.gov*. Information contained on any website referenced in this information statement is not incorporated by reference into this information statement.

As a result of the consummation of the Distribution, we will become subject to the full information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will be required to file periodic reports with the SEC and will also file proxy statements, current reports, and other information with the SEC, which will be available on the Internet website maintained by the SEC at *www.sec.gov*.

You can obtain any of the documents listed above from the SEC, through the SEC's website at the address described above, through our website at *www.AOB.com*, or by requesting them in writing or by telephone at the following address:

American Outdoor Brands, Inc.
1800 North Route Z
Columbia, Missouri 65202
Phone: (573) 445-9200
Attention: Investor Relations

These documents are available without charge, excluding any exhibits to them, unless the exhibit is specifically listed as an exhibit to the registration statement on Form 10 of which this information statement forms a part.

Following the Distribution Date, we intend to furnish our stockholders with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on by, and with an opinion expressed by, an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

**OUTDOOR PRODUCTS & ACCESSORIES BUSINESS OF SMITH & WESSON BRANDS, INC.**
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the stockholders of Smith & Wesson Brands, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying combined balance sheet of the Outdoor Products & Accessories business of Smith & Wesson Brands, Inc. (the "Company") as of April 30, 2019, and the related combined statements of income/(loss), comprehensive income/(loss), cash flows, and equity, for each of the two years in the period ended April 30, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2019, and the results of its operations and its cash flows for each of the two years in the period ended April 30, 2019, in conformity with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for revenue in fiscal year 2019 due to adoption of ASU, 2014-09 *Revenue from Contracts with Customers (Topic 606).*

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
June 5, 2020

We have served as the Company's auditor since 2020.

**OUTDOOR PRODUCTS & ACCESSORIES BUSINESS OF SMITH & WESSON BRANDS, INC.**
**Combined Balance Sheet**

| | As of: April 30, 2019 |
|---|---|
| | (In thousands) |
| **ASSETS** | |
| Current assets: | |
| Cash and cash equivalents | $ 162 |
| Accounts receivable, net of allowance for doubtful accounts of $93 on April 30, 2019 | 27,021 |
| Inventories | 60,941 |
| Prepaid expenses and other current assets | 2,994 |
| Total current assets | 91,118 |
| Property, plant, and equipment, net | 12,585 |
| Intangibles, net | 87,637 |
| Goodwill | 163,246 |
| Other assets | 187 |
| | $ 354,773 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | |
| Current liabilities: | |
| Accounts payable | $ 8,913 |
| Accrued expenses | 6,324 |
| Accrued payroll and incentives | 4,646 |
| Accrued income taxes | 28 |
| Accrued profit sharing | 278 |
| Total current liabilities | 20,189 |
| Deferred income taxes | 8,919 |
| Other non-current liabilities | 1,051 |
| Total liabilities | 30,159 |
| Commitments and contingencies (Note 13) | |
| Equity: | |
| Parent company investment | 324,614 |
| Total equity | 324,614 |
| | $ 354,773 |

See Notes to Combined Financial Statements.

**OUTDOOR PRODUCTS & ACCESSORIES BUSINESS OF SMITH & WESSON BRANDS, INC.**
**Combined Statements of Income/(Loss) and Comprehensive Income/(Loss)**

| | For the Years Ended April 30, | |
|---|---|---|
| | 2019 | 2018 |
| | (In thousands) | |
| Net sales ($17.5 million and $13.8 million of related party sales in fiscal 2019 and 2018, respectively) | $ 177,363 | $ 171,681 |
| Cost of sales | 93,889 | 91,775 |
| Gross profit | 83,474 | 79,906 |
| Operating expenses: | | |
| Research and development | 4,859 | 3,803 |
| Selling, marketing, and distribution | 31,955 | 28,384 |
| General and administrative | 50,329 | 50,732 |
| Goodwill impairment | 10,396 | — |
| Total operating expenses | 97,539 | 82,919 |
| Operating loss | (14,065) | (3,013) |
| Other (expense)/income, net: | | |
| Other income/(expense), net | 54 | 1,711 |
| Related party interest income, net | 5,224 | 2,309 |
| Total other (expense)/income, net | 5,278 | 4,020 |
| Income/(loss) from operations before income taxes | (8,787) | 1,007 |
| Income tax expense/(benefit) | 734 | (7,158) |
| Net income/(loss)/comprehensive income/(loss) | $ (9,521) | $ 8,165 |

See Notes to Combined Financial Statements.

**OUTDOOR PRODUCTS & ACCESSORIES BUSINESS OF SMITH & WESSON BRANDS, INC.**
**Combined Statements of Cash Flows**

| | For the Years Ended April 30, | |
|---|---|---|
| | 2019 | 2018 |
| | (In thousands) | |
| Cash flows from operating activities: | | |
| Net income/(loss) | $ (9,521) | $ 8,165 |
| Adjustments to reconcile net income to net cash provided by/(used in) operating activities: | | |
| Depreciation and amortization | 24,990 | 24,041 |
| Loss on sale/disposition of assets | 113 | — |
| Provision for losses on notes and accounts receivable | 33 | 154 |
| Goodwill impairment | 10,396 | — |
| Deferred income taxes | (2,816) | (11,313) |
| Change in fair value of contingent consideration | (60) | (1,640) |
| Stock-based compensation expense | 2,274 | 1,772 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 135 | 2,725 |
| Inventories | (18,358) | 2,888 |
| Prepaid expenses and other current assets | (1,629) | (167) |
| Income taxes | 82 | (85) |
| Accounts payable | (1,473) | (1,817) |
| Accrued payroll and incentives | 2,159 | (1,779) |
| Accrued profit sharing | 161 | (430) |
| Accrued expenses | (2,471) | 2,721 |
| Other assets | 9 | (117) |
| Other non-current liabilities | (211) | 721 |
| Net cash provided by operating activities | 3,813 | 25,839 |
| Cash flows from investing activities: | | |
| Acquisition of businesses, net of cash acquired | (1,772) | (12,130) |
| Payments to acquire patents and software | (863) | (235) |
| Payments to acquire property and equipment | (1,889) | (1,516) |
| Net cash used in investing activities | (4,524) | (13,881) |
| Cash flows from financing activities: | | |
| Net transfers from/(to) Parent | 873 | (11,958) |
| Net cash provided by/(used in) financing activities | 873 | (11,958) |
| Net decrease in cash and cash equivalents | 162 | - |
| Cash and cash equivalents, beginning of period | - | - |
| Cash and cash equivalents, end of period | $ 162 | $ - |

See Notes to Combined Financial Statements.

**OUTDOOR PRODUCTS & ACCESSORIES BUSINESS OF SMITH & WESSON BRANDS, INC.**
**Combined Statements of Equity**

| (In thousands) | | Total Equity |
|---|---|---|
| Balance at April 30, 2017 | $ | 333,313 |
| Net income | | 8,165 |
| Net transfers to Parent | | (10,143) |
| Balance at April 30, 2018 | | 331,335 |
| Impact of adoption of accounting standard update | | (430) |
| Net loss | | (9,521) |
| Net transfers from Parent | | 3,230 |
| Balance at April 30, 2019 | $ | 324,614 |

See Notes to Combined Financial Statements.

**OUTDOOR PRODUCTS & ACCESSORIES BUSINESS OF SMITH & WESSON BRANDS, INC.**
**Notes to Combined Financial Statements**

## 1. Background, Basis of Presentation, and Summary of Significant Accounting Policies

### *Background*

On November 13, 2019, Smith & Wesson Brands, Inc., or SWBI, or Parent, announced that it was proceeding with a plan to spin-off its outdoor products and accessories business to us (collectively, our "company," "we," "us," or "our"), and separate into two distinct, publicly traded companies (the "Separation"). Under the plan, SWBI would execute a tax-free spinoff of our company by way of a pro-rata distribution of common stock of our company to SWBI stockholders of record as of the close of business on the spin-off transaction Record Date. In connection with the spin-off transaction, SWBI is being treated as the accounting spinnor, consistent with the legal form of the transaction. Following the Separation, we will be an independent, publicly traded company operating under the name American Outdoor Brands, Inc., or AOUT, and SWBI will retain no ownership interest in our company.

In connection with the Separation, we will enter into a Separation and Distribution Agreement and several other agreements with SWBI to affect the Separation and provide a framework for our relationship with SWBI after the Separation. These agreements will provide for the allocation between us and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, of the assets, liabilities, legal entities, and obligations associated with the outdoor products and accessories business on the one hand, and firearm business, on the other hand, and will govern the relationship between our company and our subsidiaries, on the one hand, and SWBI and its subsidiaries, on the other hand, subsequent to the Separation. In addition to the Separation and Distribution Agreement, the other principal agreements to be entered into with SWBI include a Tax Matters Agreement, a Transition Services Agreement, an Employee Matters Agreement, a Trademark License Agreement, a Sublease, and certain commercial agreements.

### *Description of Business*

We are a leading provider of outdoor products and accessories encompassing hunting, fishing, camping, shooting, and personal security and defense products for rugged outdoor enthusiasts. We conceive, design, produce or source, and sell products and accessories, including shooting supplies, rests, vaults, and other related accessories; premium sportsman knives and tools for fishing and hunting; land management tools for hunting preparedness; harvesting products for post-hunt or post-fishing activities; electro-optical devices, including hunting optics, firearm aiming devices, flashlights, and laser grips; reloading, gunsmithing, and firearm cleaning supplies; and survival, camping, and emergency preparedness products. We develop and market our products at our facility in Columbia, Missouri and contract for the manufacture and assembly of most of our products with third-parties located in Asia. We also manufacture some of our electro-optics products in our facility in Wilsonville, Oregon.

We focus on our brands and the establishment of product categories in which we believe our brands will resonate strongly with the activities and passions of consumers and enable us to capture an increasing share of our overall addressable markets. Our owned brands include Caldwell, Wheeler, Tipton, Frankford Arsenal, Hooyman, BOG, MEAT!, Uncle Henry, Old Timer, Imperial, Crimson Trace, LaserLyte, Lockdown, UST, BUBBA, and Schrade, and we license for use in association with certain products we sell additional brands, including M&P, Smith & Wesson, Performance Center by Smith & Wesson, and Thompson/Center Arms. In focusing on the growth of our brands, we organize our creative, product development, sourcing, and e-commerce teams into four brand lanes, each of which focuses on one of four distinct consumer verticals – Marksman, Defender, Harvester, and Adventurer – with each of our brands included in one of the brand lanes. Our sales activities focus on our various distribution channels, which we refer to as classes of trade, such as online retailers, specialty retailers, dealers, distributors, and direct to consumer.

Our Marksman brands address product needs arising from consumer activities that take place primarily at the shooting range and where firearms are cleaned, maintained, and worked on. Our Defender brands include products that help consumers aim their firearms more accurately, including situations that require self-defense, and products that help secure, store, and maintain connectivity to those possessions that some consumers would consider to be high value or high consequence. Our Harvester brands focus on the activities hunters typically engage in, including hunting preparation, the hunt itself, and the activities that follow a hunt, such as meat processing. Our Adventurer brands include products that help enhance consumers' fishing and camping experiences.

During fiscal 2018, we acquired substantially all of the net assets of Bubba Blade branded products and other assets from Fish Tales, LLC, which we refer to as the BUBBA Acquisition. See Note 2 – *Acquisitions* below for more information regarding this transaction.

In January 2019, we acquired substantially all of the LaserLyte branded products and other assets from P&L Industries Inc., which we refer to as the LaserLyte Acquisition. See Note 2 – *Acquisitions* below for more information regarding this transaction.

The BUBBA Acquisition and the LaserLyte Acquisition have been accounted for in accordance with ASC 805-20, Business Combinations, and accordingly, the results of operations from the acquired businesses have been included in our combined financial statements following their respective acquisition dates.

***Basis of Presentation***

These combined financial statements reflect the historical financial position, results of operations, and cash flows for the periods presented as historically operated within SWBI. The combined financial statements have been derived from the consolidated financial statements and accounting records of SWBI and have been prepared in conformity with accounting principles generally accepted in the United States, or GAAP. The combined financial statements may not be indicative of our future performance and do not necessarily reflect what the financial position, results of operations, and cash flows would have been had we operated as an independent, publicly traded company during the periods presented.

The combined financial statements include certain assets and liabilities that have historically been held by SWBI and various subsidiaries, but are specifically identifiable to or otherwise attributable to the outdoor products and accessories business. Our combined statements of income/(loss) and comprehensive income/(loss) also include costs for certain centralized functions and programs provided and administered by SWBI that are charged directly to SWBI businesses, including us. These centralized functions and programs, include information technology, human resources, accounting, legal, and insurance. We were directly charged for these costs that were included in general and administrative expenses in the combined statements of income/(loss) and comprehensive income/(loss).

In addition, for purposes of preparing the combined financial statements on a "carve-out" basis, a portion of SWBI's total corporate expenses were allocated to us. These expense allocations include the cost of corporate functions and resources provided by SWBI, including executive management, finance, accounting, legal, human resources, internal audit, the related benefit costs associated with such functions, such as stock-based compensation, and certain costs pertaining to SWBI's Springfield, Massachusetts corporate headquarters. We were allocated $9.9 million for fiscal 2019 and $9.0 million for fiscal 2018 for such corporate expenses, which were included within general and administrative expenses in the combined statements of income/(loss) and comprehensive income/(loss).

Costs were allocated to us based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net revenue, employee headcount, or square footage, as applicable. We consider the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or the benefit received by, us during the periods presented. However, the allocations may not reflect the expenses we would have incurred if we had been a standalone company for the periods presented. Actual costs that may have been incurred if we had been a standalone company would depend on a number of factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure. Going forward, we may perform these functions using our own resources or outsourced services. For a period following the Separation, however, some of these functions will continue to be provided by SWBI under a Transition Services Agreement. Additionally, we will provide some services to SWBI under a Transition Services Agreement. We also will enter into certain commercial arrangements with SWBI in connection with the Separation.

Subsequent to the completion of the Separation, we expect to incur costs to establish certain standalone functions, information technology systems, and other one-time costs. Recurring standalone costs include accounting, financial reporting, tax, regulatory compliance, corporate governance, treasury, legal, internal audit, and investor relations functions, as well as the annual expenses associated with running an independent, publicly traded company, including listing fees, board of director fees, and external audit costs. Recurring standalone costs may differ materially from historical allocations, which may have an impact on profitability and operating cash flows.

SWBI utilizes a centralized approach to cash management and financing its operations. The cash and cash equivalents held by SWBI at the corporate level are not specifically identifiable to us and therefore have not been reflected in our combined balance sheet. Cash transfers between us and SWBI are accounted for through parent company investment. Cash and cash equivalents in the combined balance sheet represent cash and cash equivalents held by legal entities that will be transferred to us or amounts otherwise attributable to us.

The combined financial statements include certain assets and liabilities that have historically been held at the SWBI corporate level, but are specifically identifiable or otherwise attributable to us.

SWBI incurred debt and related debt issuance costs with respect to the acquisitions of the carved-out businesses. However, such debt has been refinanced since the consummation of these acquisitions, and the proceeds of such refinancing have been utilized for retirement of original debt obligations and the funding of other SWBI expenditures. As a result, the SWBI third-party long-term debt and the related interest expense have not been allocated to us for any of the periods presented as we were not the legal obligor of such debt.

All intracompany transactions have been eliminated. All transactions between us and SWBI have been included in these combined financial statements. The aggregate net effect of such transactions that are not historically settled in cash has been reflected in the combined balance sheet as parent company investment and in the combined statements of cash flows as net transfers to and from SWBI.

*Fiscal Year*

We operate and report using a fiscal year ending on April 30 of each year.

***Significant Accounting Policies***

*Use of Estimates*

In preparing the combined financial statements in accordance with GAAP, we make estimates and assumptions that affect amounts reported in the combined financial statements and accompanying notes. Our significant estimates include the accrual for warranty, reserves for excess and obsolete inventory, rebates and other promotions, and valuation of intangible assets. Actual results may differ from those estimates.

*Principles of Consolidation*

The accompanying combined financial statements include the accounts of our company and our wholly owned subsidiaries, including Battenfeld Technologies, Inc, or BTI, BTI Tools LLC, Crimson Trace Corporation, Ultimate Survival Technologies, LLC, or UST, and AOB Consulting (Shenzhen), Co., LTD. In our opinion, all adjustments, which include only normal recurring adjustments necessary to fairly present the financial position, results of operations, changes in equity, and cash flows at April 30, 2019 and 2018 and for the periods presented, have been included. All intercompany accounts and transactions have been eliminated in consolidation.

*Fair Value of Financial Instruments*

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments not held for trading purposes, approximate the carrying values of such amounts because of their short-term nature or market rates of interest.

*Cash and Cash Equivalents*

We consider all highly liquid investments purchased with original maturities of three months or less at the date of acquisition to be cash equivalents.

*Accounts Receivable*

We record trade accounts receivable at invoiced amounts, less estimated allowances for trade terms, sales incentive programs, discounts, markdowns, chargebacks, and returns as discussed under *Revenue Recognition* below. We extend credit to our domestic customers and some foreign distributors based on their financial condition. We sometimes offer discounts for early payment on invoices. When we believe the extension of credit is not advisable, we rely on either a prepayment or a letter of credit. We write off balances deemed uncollectible by us against our allowance for doubtful accounts. We estimate our allowance for doubtful accounts through current past due balances, knowledge of our customers' financial situations, and past payment history.

*Inventories*

We state inventories at the lower of cost or net realizable value. We determine cost on the first-in, first-out method and net of discounts or rebates received from vendors. An allowance for potential non-saleable inventory due to excess stock or obsolescence is based upon a detailed review of inventory, past history, and expected future usage.

*Property, Plant, and Equipment*

We record property, plant, and equipment, consisting of leasehold improvements, machinery, equipment, software, hardware, furniture, and fixtures at cost and depreciate them using the straight-line method over their estimated useful lives. We recognize amortization expense for leasehold improvements over the shorter of their estimated useful lives or the lease terms and include them in depreciation and amortization expense. We charge expenditures for maintenance and repairs to earnings as incurred, and we capitalize additions, renewals, and betterments. Upon the retirement or other disposition of property and equipment, we remove the related cost and accumulated depreciation from the respective accounts and include any gain or loss in operations. A summary of the estimated useful lives is as follows:

| **Description** | **Useful Life** |
|---|---|
| Machinery and equipment | 2 to 10 years |
| Software and hardware | 2 to 7 years |
| Leasehold improvements | 10 to 20 years |

We include tooling, dies, furniture, and fixtures as part of machinery and equipment and depreciate them over a period generally not exceeding 10 years.

*Intangible Assets*

We record intangible assets at cost or based on the fair value of the assets acquired. Intangible assets consist of developed technology, customer relationships, trademarks, trade names, and patents. We amortize intangible assets over their estimated useful lives or in proportion to expected yearly revenue generated from the intangibles that were acquired.

Goodwill represents the excess of cost of an acquired business over the fair value of net tangible assets and identifiable intangible assets acquired.

Goodwill is assigned at the reporting unit level.

*Valuation of Long-lived Tangible and Intangible Assets*

We evaluate the recoverability of long-lived assets, or asset groups, whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. When such evaluations indicate that the related future undiscounted cash flows are not sufficient to recover the carrying values of the assets, we reduce such carrying values to fair value, and this adjusted carrying value becomes the asset's new cost basis. We determine fair value, primarily using future anticipated cash flows that are directly associated with and are expected to arise as a direct result of the use and eventual disposition of the asset, or asset group, discounted using an interest rate commensurate with the risk involved.

We have significant long-lived tangible and intangible assets, which are susceptible to valuation adjustments as a result of changes in various factors or conditions. The most significant long-lived tangible and intangible assets, other than goodwill, are property, plant, and equipment, developed technology, customer relationships, patents, trademarks, and trade names. We amortize all finite-lived intangible assets either on a straight-line basis or based upon patterns in which we expect to utilize the economic benefits of such assets. We initially determine the values of intangible assets by a risk-adjusted, discounted cash flow approach. We assess the potential impairment of identifiable intangible assets and fixed assets whenever events or changes in circumstances indicate that the carrying values may not be recoverable and at least annually. Factors we consider important, which could trigger an impairment of such assets, include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner or use of the assets or the strategy for our overall business;
- significant negative industry or economic trends;
- a significant decline in SWBI's stock price for a sustained period; and
- a decline in SWBI's market capitalization below net book value.

Future adverse changes in these or other unforeseeable factors could result in an impairment charge that could materially impact future results of operations and financial position in the reporting period identified.

In accordance with Accounting Standard Codification, or ASC, 350, *Intangibles-Goodwill and Other*, we test goodwill for impairment on an annual basis on February 1 and between annual tests if indicators of potential impairment exist. The impairment test compares the fair value of the operating units to their carrying amounts to assess whether impairment is present. We have reviewed the provisions of ASC 350-20, with respect to the criteria necessary to evaluate the number of reporting units that exist. In prior years, we had concluded that we had two operating units when reviewing ASC 350-20: Outdoor Products & Accessories and Electro-Optics. However, a combination of factors occurring in the firearms industry during the last few years, including changes in the political environment and reduced overall demand for both firearms and the accessories that are attached to firearms, such as laser sights, has resulted in us lowering our long-range sales volume, operating profit, and cash flow forecasts in our Electro-Optics operating unit. Based on those forecasts, we believe it was important to seek out efficiencies in that operating unit to increase operating performance and, as a result, decided to combine our Electro-Optics operating unit with our Outdoor Products & Accessories operating unit. The lowered forecasts and the decision to reorganize those operating units caused us to evaluate the fair value of our operating unit utilizing those forecasts. Because of that evaluation, we recorded a $10.4 million impairment of goodwill in our Electro-Optics operating unit during the three months ended January 31, 2019. Based on our review of ASC 350-20 subsequent to the reorganization of Electro-Optics into Outdoor Products & Accessories, we have determined that we now have one operating unit.

We estimate the fair value of our operating unit using an equal weighting of the fair values derived from the income approach and the market approach because we believe a market participant would equally weight both approaches when valuing the operating units. The income approach is based on the projected cash flows that are discounted to their present value using discount rates that consider the timing and risk of the forecasted cash flows. Fair value is estimated using internally developed forecasts and assumptions. The discount rate used is the average estimated value of a market participant's cost of capital and debt, derived using customary market metrics. Other significant assumptions include revenue growth rates, profitability projections, and terminal value growth rates. The market approach estimates fair values based on the determination of appropriate publicly traded market comparison

companies and market multiples of revenue and earnings derived from those companies with similar operating and investment characteristics as the operating unit being valued. Finally, we compare and reconcile our overall fair value to SWBI's market capitalization in order to assess the reasonableness of the calculated fair values of our operating units. We recognize an impairment loss for goodwill if the implied fair value of goodwill is less than the carrying value.

As of our valuation date, our operating unit had $163.2 million of goodwill and its fair value significantly exceeded its carrying value. Although we concluded that there was no additional impairment on the goodwill associated with our operating unit as of April 30, 2019, we will continue to closely monitor our performance and related market conditions for future indicators of potential impairment and reassess accordingly.

Subsequent to April 30, 2019, our business has been negatively impacted by several factors related to the COVID-19 crisis, including a major online retail customer's decision to halt or delay most non-essential product orders, COVID-19-related supply chain issues, as well as COVID-19-related "stay at home" orders and sporting goods store closures, which have reduced retail foot traffic in many states. Based on these factors, we expect reduced revenue and cash flows in our business, which resulted in lowering our forecasted results. The lowered forecasts caused us to evaluate the fair value of our business and, based on the results of this evaluation, we recorded an $88.9 million non-cash impairment of goodwill during our fourth quarter of fiscal 2020.

Our assumptions related to the development of fair value could deviate materially from actual results and forecasts used to support asset carrying values may change in the future, which could result in non-cash charges that would adversely affect our results of operations. The re-measurement of goodwill is classified as a Level 3 fair value assessment as described in Note 8 - *Fair Value Measurement*, due to the significance of unobservable inputs developed using company-specific information.

*Revenue Recognition*

We recognize revenue in accordance with the provisions of Accounting Standards Update, or ASU, *Revenue from Contracts with Customers (Topic 606)*, which became effective for us on May 1, 2018. Performance obligations are satisfied and revenue is recognized when control of ownership has transferred to the customer, which is generally upon shipment, but could be delayed until the receipt of customer acceptance.

In some instances, sales include multiple performance obligations. The most common of these instances relates to sales promotion programs under which customers are entitled to receive free goods based upon their purchase of our products, which we have identified as a material right. The fulfillment of these free goods is our responsibility. In such instances, we allocate the transaction price of the promotional sales based on the estimated level of participation in the sales promotional program and the timing of the shipment of all of the products included in the promotional program, including the free goods. We recognize revenue related to the material right proportionally as each performance obligation is satisfied. The net change in contract liabilities for a given period is reported as an increase or decrease to sales.

We generally sell our products free on board, or FOB, shipping point and provide payment terms to most commercial customers ranging from 20 to 90 days of product shipment with a discount available to some customers for early payment. Generally, framework contracts define the general terms of sales, including payment terms, freight terms, insurance requirements, and cancelation provisions. Purchase orders define the terms for specific sales, including description, quantity, and price of each product purchased. We estimate variable consideration relative to the amount of cash discounts to which customers are likely to be entitled. In some instances, we provide longer payment terms, particularly as it relates to promotional programs. As a result of utilizing practical expedience upon the adoption of ASC 606, we do not consider these extended terms to be a significant financing component of the contract because the payment terms are less than one year. In all cases, we consider our costs related to shipping and handling to be a cost of fulfilling the contract with the customer.

We sponsor direct to consumer customer loyalty programs in which customers earn rewards from qualifying purchases or activities. We defer revenue for a portion of the transaction price from product sales to customers that earn loyalty points. We recognize revenue upon shipment of the products associated with the loyalty points and record an offsetting reserve utilizing a breakage factor based on historical redemption.

Net revenue reflects adjustments for estimated allowances for trade terms, sales incentive programs, discounts, markdowns, chargebacks, and returns. These allowances are estimated based on evaluations of specific product and customer circumstances, historical and anticipated trends, and current economic conditions.

The following table sets forth certain information regarding trade channel net sales for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| e-commerce channels | $ | $ 47,429 | $ (47,429) | -100.0% | $ 37,222 |
| Traditional channels | | 129,934 | (129,934) | -100.0% | 134,459 |
| Total net sales | $ | $ 177,363 | $ (177,363) | -100.0% | $ 171,681 |

Our e-commerce channels include net sales from customers that do not operate a physical brick and mortar store but rather generate their revenues from consumer purchases from their retail websites. Our traditional channels include net sales from customers that operate out of physical brick and mortar stores and generate the large majority of revenues from consumer purchases inside their brick and mortar locations.

We sell our products worldwide. The following table sets forth certain information regarding geographic makeup of net sales included in the above table for the fiscal years ended April 30, 2020, 2019, and 2018 (dollars in thousands):

| | 2020 | 2019 | $ Change | % Change | 2018 |
|---|---|---|---|---|---|
| Domestic net sales | $ | $ 170,621 | $ (170,621) | -100.0% | $ 164,885 |
| International net sales | | 6,742 | (6,742) | -100.0% | 6,796 |
| Total net sales | $ | $ 177,363 | $ (177,363) | -100.0% | $ 171,681 |

*Cost of Goods Sold*

Cost of goods sold for our purchased finished goods includes the purchase costs and related overhead. We source most of our purchased finished goods from manufacturers in Asia. Cost of goods sold for our manufactured goods includes all materials, labor, and overhead costs incurred in the production process. Overhead includes all costs related to manufacturing or purchasing finished goods, including costs of planning, purchasing, quality control, depreciation, freight, duties, royalties, and shrinkage.

*Research and Development*

We engage in both internal and external research and development, or R&D, in order to remain competitive and to exploit possible untapped market opportunities. We approve prospective R&D projects after analysis of the costs and benefits associated with the potential product. Costs in R&D expense include, among other items, salaries, materials, utilities, and administrative costs.

*Advertising*

We expense advertising costs, primarily consisting of digital, printed, or television advertisements, either as incurred or upon the first occurrence of the advertising. Advertising expense, included in selling, marketing, and distribution expenses totaled $10.4 million and $10.5 million in fiscal 2019 and 2018, respectively. We have co-op advertising program expense, which we record within advertising expense, in recognition of a distinct service that we receive from our customers at the retail level.

*Warranty*

We generally provide either a limited one-year, three-year, lifetime, or full lifetime warranty program to the original purchaser of most of our products. We will also repair or replace certain products or parts found to be defective under normal use and service with an item of equivalent value, at our option, without charge during the warranty period. We provide for estimated warranty obligations in the period in which we recognize the related revenue. We quantify and record an estimate for warranty-related costs based on our actual historical claims experience and current repair costs. We make adjustments to accruals as warranty claims data and historical experience warrant. Should we experience actual claims and repair costs that are higher than the

estimated claims and repair costs used to calculate the provision, our operating results for the period or periods in which such returns or additional costs materialize could be adversely impacted.

In May 2018, we initiated a recall of certain models of our electro-optics products that incorporated diodes manufactured by a particular third party because the diodes failed to comply with a Food and Drug Administration, or FDA, standard for laser products. We have made efforts to notify all consumers that may be impacted by this recall. As of April 30, 2019, the remaining cost of this recall was $254,000, which was recorded in accrued expenses on our combined balance sheet.

Warranty expense for the fiscal years ended April 30, 2019 and 2018 amounted to $135,000 and $2.1 million, respectively.

The following table sets forth the change in accrued warranties, which is recorded in accrued expenses, in the fiscal years ended April 30, 2019 and 2018 (in thousands):

| | April 30, 2019 | April 30, 2018 |
|---|---|---|
| Beginning Balance | $ 1,720 | $ 303 |
| Warranties issued and adjustments to provisions | 135 | 2,114 |
| Changes related to preexisting product recall accruals | (589 ) | — |
| Warranty claims | (679 ) | (697) |
| Ending Balance | $ 587 | $ 1,720 |

*Rent Expense*

We occasionally enter into non-cancelable operating leases for office space, distribution facilities, and equipment. Leases for real estate typically have initial terms ranging from one to 10 years, generally with renewal options. Leases for equipment typically have initial terms ranging from one to 10 years. Most leases have fixed rentals, with many of the real estate leases requiring additional payments for real estate taxes and occupancy-related costs. We record rent expense for leases containing landlord incentives or scheduled rent increases on a straight-line basis over the lease term beginning with the earlier of the lease commencement date or the date we take possession or control of the leased premises. The amount of the excess straight-line rent expense over scheduled payments is recorded as a deferred liability.

*Self-insurance*

SWBI is self-insured for a significant portion of its employee medical, workers' compensation, vehicle, property, and general liability exposures and records an accrual for its retained liability. SWBI businesses, including us, are charged directly for their estimated share of the cost of these self-insured programs, and our share of the cost is included in the combined statements of income/(loss) and comprehensive income/(loss). Our estimated share of SWBI retained liability for these programs has been reflected in the combined balance sheet within accrued expenses.

*Stock-Based Compensation*

Certain employees currently participate in the stock-based compensation plan sponsored by SWBI. SWBI stock-based compensation awards consist of stock options, performance-based restricted stock units, or PSUs, restricted stock units, or RSUs, and are based on SWBI common shares. As such, the awards to our employees are reflected in parent company investment within the combined statements of equity at the time they are expensed. Compensation costs for all awards expected to vest are recognized over the vesting period, which generally vest annually in four-year tranches, and are included in costs of goods sold; research and development; selling, marketing, and distribution; and general and administrative expenses in the combined statements of income/(loss) and comprehensive income/(loss). The combined statements of income/(loss) and comprehensive income/(loss) also include an allocation of SWBI corporate and shared employee stock-based compensation expenses. See Note 10 – *Stock-Based Compensation* for additional information.

*Income Taxes*

We account for income taxes in accordance with ASC 740, *Income Taxes* (ASC 740). Income taxes, as presented in our combined financial statements, have been allocated in a manner that is systematic, rational, and consistent with the broad principles of ASC 740. Historically, our operations have been included in the SWBI federal consolidated tax return, certain foreign tax returns, and certain state tax returns. For the purposes of these financial statements, our income tax provisions were computed as if we filed separate tax returns (i.e., as if we had not been included in the consolidated income tax return group with SWBI). The separate return method applies ASC 740 to the combined financial statements of each member of a consolidated tax group as if the group member were a separate taxpayer. As a result, actual tax transactions included in the consolidated financial statements of SWBI may not be included in these combined financial statements. Further, our tax results as presented in the combined financial statements may not be reflective of the results that we expect to generate in the future. Also, the tax treatment of certain items reflected in the combined financial statements may not be reflected in the consolidated financial statements and tax returns of SWBI. It is conceivable that items such as net operating losses, other deferred taxes, uncertain tax positions, and valuation allowances may exist in the combined financial statements that may or may not exist in SWBI's consolidated financial statements.

Since our results are included in SWBI consolidated tax returns, payments to certain tax authorities are made by SWBI and not by us. For tax jurisdictions in which we are included with SWBI in a consolidated tax filing, we do not maintain taxes payable to or from SWBI and the payments are deemed to be settled immediately with the legal entities paying the tax in the respective tax jurisdictions through changes in parent company investment. Taxes payable in jurisdictions where we do not file a consolidated tax return with SWBI, such as certain state tax returns, are recorded as accrued liabilities.

Deferred income tax assets and liabilities, as presented in the combined balance sheet, reflect the net future tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We periodically assess whether deferred tax assets will be realized and the adequacy of deferred tax liabilities, including the results of local, state, federal or foreign statutory tax audits or estimates and judgments used. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not (likelihood of more than 50%) that some portion or all of the deferred tax asset will not be realized. Accrued income taxes in the combined balance sheet includes unrecognized income tax benefits along with related interest and penalties, appropriately classified as current or noncurrent. All deferred tax assets and liabilities are classified as noncurrent in the combined balance sheet.

*Parent Company Investment*

Parent company investment in the combined balance sheet represents SWBI's historical investment in us, the accumulated net earnings after taxes, and the net effect of the transactions with and allocations from SWBI. See *Basis of Presentation* above and Note 15- *Related Party Transactions* for additional information.

*Concentration of Risks*

Financial instruments that potentially subject us to concentration of credit risk consist principally of cash, cash equivalents, and trade receivables. We place our cash and cash equivalents in overnight U.S. government securities. Concentrations of credit risk with respect to trade receivables are limited by the large number of customers comprising our customer base and their geographic and business dispersion. We perform ongoing credit evaluations of our customers' financial condition and generally do not require collateral.

For the fiscal years ended April 30, 2019 and 2018, two of our external customers accounted for more than 10% of our net sales. These customers accounted for $36.8 million, or 20.8%, and $19.0 million, or 10.7%, of our fiscal 2019 net sales, respectively. These customers also accounted for $25.6 million, or 14.9%, and $19.0 million, or 11.1%, of our fiscal 2018 net sales, respectively. As of April 30, 2019, three of our external customers exceeded 10% or more of our accounts receivable and accounted for $6.3 million, or 23.5%, $2.9 million, or 10.9%, and $2.7 million, or 10.2%, respectively, of our accounts receivable. We are not aware of any issues with respect to relationships with any of our top customers.

We source a majority of our purchased finished goods from Asia.

*Shipping and Handling*

In the accompanying combined financial statements, we included amounts billed to customers for shipping and handling in net sales. We include costs relating to shipping and handling charges, including inbound freight charges and internal transfer costs, in cost of goods sold; however, costs incurred to distribute products to customers is included in distribution expenses.

*Legal and Other Contingencies*

We periodically assess liabilities and contingencies in connection with legal proceedings and other claims that may arise from time to time. When it is probable that a loss has been or will be incurred, we record an estimate of the loss in the combined financial statements. We adjust estimates of losses when additional information becomes available or circumstances change. We disclose a contingent liability when there is at least a reasonable possibility that a material loss may have been incurred. We believe that the outcome of any outstanding or pending matters, individually and in the aggregate, will not have a material adverse effect on the combined financial statements.

*Recently Adopted Accounting Standards*

In May 2014, the Financial Accounting Standards Board, of FASB, issued Accounting Standard Update, or ASU, 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for interim reporting periods beginning after December 15, 2017, and early adoption is permitted. Additionally, in March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*, which clarifies the identification of performance obligations and the licensing implementation guidance. In May 2016, the FASB issued ASU 2016-12, *Narrow-Scope Improvements and Practical Expedients (Topic 606)*, which provides clarifying guidance in certain narrow areas and adds some practical expedients. The effective dates for these ASU's are the same as the effective date for ASU 2014-09.

We have evaluated the new standard against our existing accounting policies and practices, including reviewing standard purchase orders, invoices, shipping terms, and agreements with customers. We adopted the new standard on May 1, 2018 using the modified retrospective approach and will not restate our prior year combined financial statements. Based on this adoption, we will modify the timing of revenue recognition related to certain of our sales promotions that involve the shipment of free goods. We will recognize the cumulative effect of adopting this standard as an adjustment to parent company investment. We recorded an adjustment to parent company investment of $430,000, with an impact to fiscal 2019 revenue of $834,000 relating to fiscal 2018 sales promotions. Prior periods will not be retrospectively restated. The impact on our combined financial statements was not material.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which amends the existing guidance to require lessees to recognize right-of-use assets and lease liabilities in a classified balance sheet (with the exception of leases with a term equal to or less than 12 months). The most prominent among the changes in the standard is the requirement for lessees to recognize right-of-use assets and lease liabilities for those leases classified as operating leases under current U.S. GAAP. The requirements of this ASU are effective for financial statements for annual periods beginning after December 15, 2018, and early adoption is permitted. We will be implementing leasing software to assist us in the accounting and tracking of leases and plan to use the optional transition method allowed by ASU 2016-02. Under this method, the standard will be applied prospectively in the year of adoption. We will elect to use the package of practical expedients, which permits us to not reassess certain lease contract provisions. We expect the effect of ASU 2016-02 will result in the recognition of right-of-use assets of $3.4 million, the recognition of lease liabilities of $4.5 million, and the elimination of deferred rent and lease incentive liabilities of $1.1 million, primarily relating to our real estate operating leases, with no impact to retained earnings. We will adopt the new standard as of the beginning of the year ending April 30, 2020.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. A goodwill impairment will be the amount by which a reporting unit's carrying value exceeds it fair value, not to exceed the amount of the goodwill. The requirements of ASU 2017-04 are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We elected to early adopt this standard during the fiscal year ended April 30, 2017, which had no impact on our combined financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which includes multiple amendments intended to simplify aspects of share-based payment transactions, including accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The amendments of this ASU are effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning December 15, 2018, and early adoption is permitted. We elected to early adopt ASU 2016-09 on a prospective basis during the year ended April 30, 2017. The impact on our combined financial statements was not material.

In March 2018, the FASB issued ASU 2018-05, *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*, which allowed us to record provisional amounts in earnings for the year ended December 30, 2017 due to the complexities involved in accounting for the enactment of the Tax Cuts and Jobs Act (the "Tax Act"). We recognized the estimated income tax effects of the Tax Act in our fiscal 2018 combined financial statements in accordance with SEC Staff Accounting Bulletin No. 118 ("SAB 118").

*Recently Issued Accounting Standards*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model and adds certain new required disclosures. Under the expected loss model, entities will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. The requirements of this ASU are effective for financial statements for annual periods beginning after December 15, 2019, and early adoption is permitted. We are currently evaluating the impact this standard will have on our combined financial statements, which we do not expect to be material.

**2. Acquisitions**

*LaserLyte Acquisition*

In January 2019, we acquired substantially all of the LaserLyte branded products and other assets from P&L Industries, Inc., for a purchase price of $2.0 million. P&L Industries was a provider of laser training and sighting products for the consumer market. The operations of LaserLyte were fully integrated into our facility located in Wilsonville, Oregon. This acquisition did not have a material impact on our combined financial statements for any period presented. Included in general and administrative costs are $28,000 of acquisition-related costs incurred for the LaserLyte Acquisition during the year ended April 30, 2019.

*BUBBA Acquisition*

In August 2017, we acquired Bubba Blade branded products and other assets from Fish Tales, LLC., referred to as the BUBBA Acquisition, for a purchase price of $12.1 million. Fish Tales, LLC, based in Tucson, Arizona, was a provider of premium sportsmen knives and tools for fishing and hunting, including the premium knife brand, Bubba Blade. The operations of Fish Tales, LLC were fully integrated into our facility located in Columbia, Missouri.

The following table summarizes the allocation of the purchase price for the BUBBA Acquisition (in thousands):

| | BUBBA Acquisition (As Adjusted) |
|---|---|
| Inventories | $ 729 |
| Intangibles | 4,100 |
| Goodwill | 7,301 |
| Total assets acquired | 12,130 |
| Total liabilities assumed | — |
| | $ 12,130 |

Included in general and administrative costs were $397,000 of acquisition-related costs incurred during the year ended April 30, 2018 related to the BUBBA Acquisition.

We amortize intangible assets in proportion to expected annual revenue generated from the intangibles that we acquire. The following are the identifiable intangible assets acquired (in thousands) in the BUBBA Acquisition and their respective weighted average lives:

| | Amount | Weighted Average Life (In years) |
|---|---|---|
| Developed technology | $ 1,500 | 6.4 |
| Customer relationships | 1,600 | 5.2 |
| Trade names | 1,000 | 5.0 |
| | $ 4,100 | |

Additionally, the following tables reflects the unaudited pro forma results of operations assuming that the BUBBA Acquisition had occurred on May 1, 2017 (in thousands):

| | For the Year Ended April 30, 2018 |
|---|---|
| Net sales | $ 172,735 |
| Income from operations | 1,154 |

**3. Inventory**

The following table sets forth a summary of inventories, net of reserves, stated at lower of cost or net realizable value, as of April 30, 2019 (in thousands):

| | April 30, 2019 |
|---|---|
| Finished goods | $ 50,894 |
| Finished parts | 3,377 |
| Work in process | 579 |
| Raw material | 6,091 |
| Total inventories | $ 60,941 |

**4. Property, Plant, and Equipment**

The following table summarizes property, plant, and equipment as of April 30, 2019 (in thousands):

| | April 30, 2019 |
|---|---|
| Machinery and equipment | $ 13,360 |
| Software and hardware | 4,943 |
| Leasehold improvements | 3,003 |
| | 21,306 |
| Less: Accumulated depreciation and amortization | (8,997) |
| | 12,309 |
| Construction in progress | 276 |
| Total property, plant, and equipment, net | $ 12,585 |

We recorded $2.2 million of leasehold improvements for the office buildout of our Columbia, Missouri facility for which we received a cash incentive from the lessor at the inception of the lease for that facility. We also recorded a corresponding lease incentive liability at the inception of the lease when we received the funds from the lessor. As of April 30, 2019, we have a $1.0 million lease incentive liability that is amortized as a reduction of rent expense over the life of the lease, of which $103,000 is included in accrued expenses and $924,000 is included in non-current liabilities on the combined balance sheet.

Depreciation expense was $3.4 million and $2.8 million in 2019 and 2018, respectively.

The following table summarizes depreciation and amortization expense, which includes amortization of intangibles, by line item for the fiscal years ended April 30, 2019 and 2018 (in thousands):

| | For the Years Ended April 30, | |
|---|---|---|
| | 2019 | 2018 |
| Cost of sales | $ 1,969 | $ 1,936 |
| Research and development | 81 | 73 |
| Selling and marketing | 39 | – |
| General and administrative (a) | 22,901 | 22,032 |
| Total depreciation and amortization | $ 24,990 | $ 24,041 |

(a) General and administrative expenses included $21.5 million and $21.3 million of amortization for the fiscal years ended April 30, 2019 and 2018, respectively, which were recorded as a result of our acquisitions.

**5. Intangible Assets**

The following table summarizes intangible assets as of April 30, 2019 (in thousands):

| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
|---|---|---|---|
| Customer relationships | $ 89,980 | $ (39,877 ) | $ 50,103 |
| Developed technology | 21,588 | (10,359 ) | 11,229 |
| Patents, trademarks, and trade names | 49,493 | (23,703 ) | 25,790 |
| Backlog | 1,150 | (1,150 ) | — |
| | 162,211 | (75,089 ) | 87,122 |
| Patents in progress | 515 | — | 515 |
| Total intangible assets | $ 162,726 | (75,089 ) | $ 87,637 |

We amortize intangible assets with determinable lives over a weighted-average period of approximately five years. The weighted-average periods of amortization by intangible asset class is approximately five years for customer relationships, six years for developed technology, and five years for patents, trademarks, and trade names. Amortization expense amounted to $21.6 million and $20.6 million for the fiscal years ended April 30, 2019 and 2018, respectively.

The following table represents future expected amortization expense as of April 30, 2019 (in thousands):

| Fiscal | Amount |
|---|---|
| 2020 | $ 18,854 |
| 2021 | 16,254 |
| 2022 | 13,876 |
| 2023 | 11,400 |
| 2024 | 9,661 |
| Thereafter | 17,077 |
| Total | $ 87,122 |

We did not record any impairment charges for long-lived intangible assets in 2019 or 2018, excluding the goodwill impairment charge noted below.

**6. Goodwill**

Changes in goodwill are summarized as follows:

| | Total Goodwill |
|---|---|
| Balance as of April 30, 2018 | $ 172,798 |
| Acquisitions | 844 |
| Goodwill impairment | (10,396) |
| Balance as of April 30, 2019 | $ 163,246 |

We recorded a $10.4 million impairment of goodwill during fiscal 2019 as a result of restructuring our two reporting units into one reporting unit. Refer to Note 1 – *Background, Basis of Presentation, and Summary of Significant Accounting Policies* for more details relating to this impairment. We did not record any impairment charges in fiscal 2018 based on the results of our annual goodwill impairment testing. Refer to Note 8 – *Fair Value Measurement* for additional information on fair value measurement.

Subsequent to April 30, 2019, we recorded an additional $88.9 million impairment of goodwill during our fourth quarter of fiscal 2020 as a result of the negative impacts of COVID-19 on our business. Refer to Note 1 – *Background, Basis of Presentation, and Summary of Significant Accounting Policies* for more details relating to this impairment.

**7. Accrued Expenses**

The following table sets forth other accrued expenses as of April 30, 2019 (in thousands):

| | April 30, 2019 |
|---|---|
| Accrued rebates and promotions | $ 1,516 |
| Accrued freight | 1,016 |
| Accrued commissions | 887 |
| Accrued employee benefits | 872 |
| Accrued professional fees | 731 |
| Accrued taxes other than income | 169 |
| Lease incentive liability | 103 |
| Accrued warranty | 587 |
| Accrued other | 443 |
| Total accrued expenses | $ 6,324 |

**8. Fair Value Measurement**

We follow the provisions of ASC 820-10, *Fair Value Measurements and Disclosures Topic*, or ASC 820-10, for our financial assets and liabilities. ASC 820-10 provides a framework for measuring fair value under GAAP and requires expanded disclosures regarding fair value measurements. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value.

Financial assets and liabilities recorded on the accompanying combined balance sheets are categorized based on the inputs to the valuation techniques as follows:

*Level 1* — Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access at the measurement date (examples include active exchange-traded equity securities, listed derivatives, and most U.S. Government and agency securities).

Our cash and cash equivalents, which are measured at fair value on a recurring basis, totaled $162,000 as of April 30, 2019. We utilized Level 1 of the value hierarchy to determine the fair values of these assets.

*Level 2* — Financial assets and liabilities whose values are based on quoted prices in markets in which trading occurs infrequently or whose values are based on quoted prices of instruments with similar attributes in active markets. Level 2 inputs include the following:

- quoted prices for identical or similar assets or liabilities in non-active markets (such as corporate and municipal bonds, which trade infrequently);
- inputs other than quoted prices that are observable for substantially the full term of the asset or liability (such as interest rate and currency swaps); and
- inputs that are derived principally from or corroborated by observable market data for substantially the full term of the asset or liability (such as certain securities and derivatives).

*Level 3* — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect our assumptions about the assumptions a market participant would use in pricing the asset or liability.

The acquisition-related contingent consideration liability represents the estimated fair value of additional future earn-outs payable for acquisitions of businesses that included earn-out clauses. The valuation of the contingent

consideration will be evaluated on an ongoing basis and is based on management estimates and entity-specific assumptions which are considered Level 3 inputs.

In connection with the purchase of Ultimate Survival Technology, Inc. in fiscal 2017, up to an additional $2.0 million might have been paid over a period of two years, contingent upon the financial performance of the acquired business. The valuation of this contingent consideration liability was established in accordance with ASC 805 — *Business Combinations*. The initial fair value of this contingent consideration liability was $1.7 million. Based on the forecasted revenue, during fiscal 2018, we recorded a $1.6 million reduction in the fair value of this contingent consideration liability because we did not expect that the acquired business would achieve the performance metrics. During fiscal 2019, we recorded a $60,000 reduction in the remaining fair value of this contingent liability because we confirmed the performance metrics were not achieved. We recorded these reductions in other income on the combined statements of income/(loss) and comprehensive income/(loss).

**9. Self-Insurance Reserves**

As of April 30, 2019, we had reserves for workers' compensation, product liability, and medical/dental costs totaling $615,000, of which $34,000 was classified as other non-current liabilities and the remainder was included in accrued expenses on the accompanying combined balance sheets. While we believe these reserves to be adequate, it is possible that the ultimate liabilities will exceed such estimates.

The following table summarizes the activity in the workers' compensation, product liability, and medical/dental reserves in the fiscal year ended April 30, 2019 (in thousands):

| | April 30, 2019 |
|---|---|
| Beginning balance | $ 554 |
| Additional provision charged to expense | 3,694 |
| Payments | (3,633) |
| Ending balance | $ 615 |

It is our policy to provide an estimate for loss as a result of expected adverse findings or legal settlements on product liability, workers' compensation, and other matters when such losses are probable and are reasonably estimable. It is also our policy to accrue for reasonable estimable legal costs associated with defending such litigation. While such estimates involve a range of possible costs, we determine, in consultation with counsel, the most likely cost within such range on a case-by-case basis.

**10. Stock-Based Compensation**

***Incentive Stock and Employee Stock Purchase Plans***

SWBI sponsors two stock incentive plans, or SPs: the 2004 Incentive Stock Plan and the 2013 Incentive Stock Plan. New grants under the 2004 Incentive Stock Plan have not been made since the approval of the 2013 Incentive Stock Plan at the SWBI September 23, 2013 annual meeting of stockholders. All new grants covering all participants are issued under the 2013 Incentive Stock Plan.

Certain of our employees participate in the 2013 Incentive Stock Plan. The following disclosures of stock-based compensation expense recognized by us are based on grants related directly to our employees, and an allocation of SWBI corporate and shared employee stock-based compensation expenses. Accordingly, the amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that we would have experienced as an independent company for the periods presented.

The 2013 Incentive Stock Plan authorizes the issuance of 3,000,000 shares, plus any shares that were reserved and remained available for grant and delivery under the 2004 Incentive Stock Plan as of September 23, 2013, the effective date of the 2013 Incentive Stock Plan. The 2013 Incentive Stock Plan permits the grant of options to acquire common stock, restricted stock awards, RSUs, stock appreciation rights, bonus stock and awards in lieu of obligations, performance awards, and dividend equivalents. SWBI's Board of Directors, or a committee established by the SWBI

Board, administers the SPs, selects recipients to whom awards are granted, and determines the grants to be awarded. Options granted under the SPs are exercisable at a price determined by the SWBI Board or their designated committee at the time of grant, but in no event, less than fair market value of the SWBI common stock on the date granted. Grants of options may be made to employees and directors without regard to any performance measures. All options issued pursuant to the SPs are generally nontransferable and subject to forfeiture.

Unless terminated earlier by SWBI's Board of Directors, the 2013 Incentive Stock Plan will terminate at the earliest of (1) the tenth anniversary of the effective date of the 2013 Stock Plan, or (2) such time as no shares of common stock remain available for issuance under the plan and have no further rights or obligations with respect to outstanding awards under the plan. The date of grant of an award is deemed to be the date upon which the SWBI Board of Directors or their designated committee authorizes the granting of such award.

Except in specific circumstances, grants vest over a period of three or four years and grants of stock options are exercisable for a period of 10 years. The plan also permits the grant of awards to non-employees, which the SWBI Board of Directors or their designated committee has authorized in the past. No stock options have been granted to our employees under the 2013 Incentive Stock Plan.

We recognized $2.3 million and $1.8 million of stock-based compensation expense during fiscal 2019 and 2018, respectively. Of the total stock-based compensation cost recognized by us in 2019 and 2018, $1.1 million and $467,000, respectively, related directly to our employees and $1.2 million and $1.3 million, respectively, is related to allocations of SWBI corporate and shared employee stock-based compensation expenses.

An RSU represents the right to acquire one share of SWBI common stock at no cost to the recipient and does not carry voting or dividend rights. Except in specific circumstances, RSU grants to employees generally vest over a period of three or four years with one-third or one-fourth of the units vesting, respectively, on each anniversary date of the grant date. The aggregate fair value of RSU grants is amortized to compensation expense over the applicable vesting period. Awards that do not vest are forfeited.

We grant PSUs to executive officers and certain management employees who are not executive officers. At the time of grant, we calculate the fair value of our PSUs using the Monte-Carlo simulation. We incorporate the following variables into the valuation model:

| | For the Years Ended April 30, | |
|---|---|---|
| | 2019 | 2018 |
| Grant date fair market value | | |
| Smith & Wesson Brands, Inc. | $ 9.85 | $ 11.11 |
| Russell 2000 Index | $ 1,591.21 | $ 1,557.89 |
| Volatility (a) | | |
| Smith & Wesson Brands, Inc. | 45.19% | 42.27% |
| Russell 2000 Index | 15.65% | 16.26% |
| Correlation coefficient (b) | 0.14 | 0.19 |
| Risk-free interest rate (c) | 2.23% | 2.61% |
| Dividend yield (d) | 0% | 0% |

(a) Expected volatility is calculated over the most recent period that represents the remaining term of the performance period as of the valuation date, or three years.

(b) The correlation coefficient utilizes the same historical price data used to develop the volatility assumptions.

(c) The risk-free interest rate is based on the yield of a zero-coupon U.S. Treasury bill, commensurate with the three-year performance period.

(d) We do not expect to pay dividends in the foreseeable future.

The PSUs vest, and the fair value of such PSUs will be recognized, over the corresponding three-year performance period. Our PSUs have a maximum aggregate award equal to 200% of the target amount granted. Generally, the number of PSUs that may be earned depends upon the total stockholder return, or TSR, of our common stock compared with the TSR of the Russell 2000 Index, or RUT, over the three-year performance period. For PSUs, our stock must outperform the RUT by 5% in order for the target award to vest. In addition, there is a cap on the number of shares that can be earned under our PSUs, which is equal to six times the grant-date value of each award.

In certain circumstances, the vested awards will be delivered on the first anniversary of the applicable vesting date. A discount rate has been applied to the grant date fair value when determining the amount of compensation expense to be recorded for these RSUs and PSUs.

During the fiscal year ended April 30, 2019, 28,800 PSUs and 64,191 RSUs were granted to our employees.

During the fiscal year ended April 30, 2019, 11,462 RSUs were cancelled as a result of the service period condition not being met. We delivered 27,203 shares of common stock to current employees under vested RSUs with a total market value of $336,000.

The grant date fair value of RSUs and PSUs that vested in fiscal 2019 was $519,000.

A summary of activity for our employees' unvested RSUs and PSUs for fiscal 2019 is as follows:

| | Total # of Restricted Stock Units | Weighted Average Grant Date Fair Value |
|---|---|---|
| RSUs and PSUs outstanding, April 30, 2018 | 127,426 | $ 17.67 |
| Awarded | 92,991 | 10.52 |
| Vested | (27,203 ) | 19.09 |
| Forfeited | (11,462 ) | 19.04 |
| RSUs and PSUs outstanding, April 30, 2019 | 181,752 | $ 13.71 |

As of April 30, 2019, there was $1.1 million of unrecognized compensation cost related to unvested RSUs and PSUs. This cost is expected to be recognized over a weighted average remaining contractual term of 1.9 years.

On September 26, 2011, SWBI stockholders approved the 2011 Employee Stock Purchase Plan, or ESPP, which authorizes the sale of up to 6,000,000 shares of SWBI common stock to employees, including our employees. All options and rights to participate in the ESPP are nontransferable and subject to forfeiture in accordance with the ESPP guidelines. The ESPP will be implemented in a series of successive offering periods, each with a maximum duration of 12 months. If the fair market value, or FMV, per share of SWBI common stock on any purchase date is less than the FMV per share on the start date of a 12-month offering period, then that offering period will automatically terminate, and a new 12-month offering period will begin on the next business day. Each offering period will begin on April 1 or October 1, as applicable, immediately following the end of the previous offering period. Payroll deductions will be on an after-tax basis, in an amount of not less than 1% and not more than 20% (or such greater percentage as the committee appointed to administer the SWBI ESPP may establish from time to time before the first day of an offering period) of a participant's compensation on each payroll date. The option exercise price per share will equal 85% of the lower of the FMV on the first day of the offering period or the FMV on the exercise date. The maximum number of shares that a participant may purchase during any purchase period is 12,500 shares, or a total of $25,000 in shares, based on the FMV on the first day of the offering period. The ESPP will remain in effect until the earliest of (a) the exercise date that participants become entitled to purchase a number of shares greater than the number of reserved shares available for purchase under the SWBI ESPP, (b) such date as is determined by the SWBI Board of Directors in its sole discretion, or (c) March 31, 2022. In the event of certain corporate transactions, each option outstanding under the ESPP will be assumed or an equivalent option will be substituted by the successor corporation or a parent or subsidiary of such successor corporation. During fiscal 2019, 37,345 shares were purchased by our employees under the ESPP.

We measure the cost of employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. We amortize the fair value of the award over the vesting period of the option. Under the ESPP, fair value is determined at the beginning of the purchase period and amortized over the term of each exercise period.

The following assumptions were used in valuing ESPP purchases during the year ended April 30, 2019 and 2018:

| | For the Years Ended April 30, | |
|---|---|---|
| | 2019 | 2018 |
| Risk-free interest rate | 2.21% | 1.62% |
| Expected term | 6 months | 6 months |
| Expected volatility | 45.3% | 42.3% |
| Dividend yield | 0% | 0% |

We estimate expected volatility using historical volatility for the expected term. The fair value of each stock option or ESPP purchase was estimated on the date of the grant using the Black-Scholes option pricing model (using the risk-free interest rate, expected term, expected volatility, and dividend yield variables, as noted in the above table).

**11. Employer Sponsored Benefit Plans**

*Contributory Defined Investment Plan* — Our employees currently participate in two contributory defined investment plans sponsored by SWBI, subject to service requirements. For one plan, employees may contribute up to 100% of their annual pay with no employer matching contributions. For the other plan, employees may contribute from 1% to 30% of their annual pay and SWBI generally makes discretionary matching contributions of up to 50% of the first 6% of employee contributions to the plan. We contributed $384,000 and $365,000 for the fiscal years ended April 30, 2019 and 2018, respectively.

*Non-Contributory Profit Sharing Plan* — Our employees currently participate in a non-contributory profit sharing plan sponsored by SWBI upon meeting certain eligibility requirements. Employees become eligible on May 1 following the completion of a full fiscal year of continuous service. Our contributions to the plan are discretionary. For fiscal 2019 and 2018, we contributed $278,000 and $117,000, respectively, which has been recorded in general and administrative costs. Contributions are funded after the fiscal year-end.

**12. Income Taxes**

For purposes of our combined financial statements, income taxes have been calculated as if we file income tax returns on a standalone basis. Our U.S. operations and certain of our non-U.S. operations historically have been included in the tax returns of SWBI or its subsidiaries that may not be part of the spin-off transaction. We believe the assumptions supporting our allocation and presentation of income taxes on a separate return basis are reasonable. However, our tax results, as presented in the combined financial statements, may not be reflective of the results that we expect to generate in the future.

Income tax expense/(benefit) from operations consists of the following (in thousands):

| | For the Year Ended April 30, | |
|---|---|---|
| | 2019 | 2018 |
| Current: | | |
| Federal | $ 2,833 | $ 3,827 |
| State | 583 | 439 |
| Foreign | 5 | — |
| Total current | 3,421 | 4,266 |
| Deferred: | | |
| Deferred federal | (2,442 ) | (11,244) |
| Deferred state | (245 ) | (180) |
| Total deferred | (2,687 ) | (11,424) |
| Total income tax expense/(benefit) | $ 734 | $ (7,158) |

The following table presents a reconciliation of the provision for income taxes from continuing operations at statutory rates to the provision (benefit) in the combined financial statements (in thousands):

| | For the Year Ended April 30, | |
|---|---|---|
| | 2019 | 2018 |
| Federal income taxes expected at the statutory rate (a) | $ (1,845 ) | $ 301 |
| State income taxes, less federal income tax benefit | 222 | 136 |
| Stock compensation | 321 | 407 |
| Business meals and entertainment | 37 | 37 |
| Domestic production activity deduction | — | (140) |
| Research and development tax credit | (218 ) | (166) |
| Goodwill impairment | 2,183 | — |
| Other | 3 | 14 |
| Federal tax rate change on deferred taxes | 31 | (7,747) |
| Total income tax expense/(benefit) | $ 734 | $ (7,158) |

(a) We had a federal statutory rate of 21% in fiscal 2019 and a blended federal statutory rate of 29.9% in fiscal 2018 because of Tax Reform.

Deferred tax assets (liabilities) related to temporary differences are the following (in thousands):

| | April 30, 2019 |
|---|---|
| **Non-current tax assets (liabilities):** | |
| Inventories | $ 994 |
| Accrued expenses, including compensation | 1,461 |
| Workers' compensation | 15 |
| Warranty reserve | 134 |
| Stock-based compensation | 394 |
| State bonus depreciation | 74 |
| Property, plant, and equipment | (2,204) |
| Intangible assets | (9,837) |
| Pension | 35 |
| Other | 15 |
| Net deferred tax asset/(liability) — total | $ (8,919) |

There were no federal or state net operating loss carryforwards as of April 30, 2019. As of April 30, 2019, no valuation allowances were provided on our deferred tax assets.

On December 22, 2017, the U.S. federal government enacted comprehensive tax legislation with Tax Reform, which makes broad and complex changes to the U.S. tax code. Tax Reform significantly revises the corporate federal income tax by, among other things, lowering the corporate federal income tax rate, limiting various deductions, and repealing the domestic manufacturing deduction. Tax Reform reduced the U.S. federal statutory income tax rate from 35% to 21% generally effective for tax years beginning on or after January 1, 2018. However, companies with fiscal years that include January 1, 2018 must use a blended rate. Our U.S. federal statutory rate is 21% starting in fiscal year 2019.

On December 22, 2017, the SEC issued Staff Accounting Bulletin 118, or SAB 118, that provided additional guidance allowing companies to use a measurement period, similar to that used in business combinations, to account for the impacts of Tax Reform in their financial statements. This measurement period was not permitted to extend beyond one year from the Tax Reform enactment date. In accordance with SAB 118, to the extent that a company's accounting for certain income tax effects of the Tax Reform is incomplete, but we were able to determine a reasonably estimating the effects, we were permitted to record a provisional estimate in our financial statements. All provisional estimates related to Tax Reform were finalized within the measurement period.

The income tax provisions (benefit) represent effective tax rates of (8.4%) and (710.8%) for the fiscal year ended April 30, 2019 and 2018, respectively. Excluding the impact of the non-cash goodwill impairment charge as a discrete item, our effective tax rate for the fiscal year ended April 30, 2019 was 45.6%. The tax benefit in fiscal 2018 was primarily caused by the effect of Tax Reform, which resulted in the remeasurement of deferred tax assets and liabilities, as well as lower operating profit. Excluding the impact of Tax Reform and other discrete items, our effective tax rate for the fiscal year ended April 30, 2018 was 39.5%.

U.S. income taxes have not been provided on $50,000 of undistributed earnings of our foreign subsidiary since it is our intention to permanently reinvest such earnings offshore. If the earnings were distributed in the form of dividends, we would not be subject to U.S. tax as a result of the Tax Act but could be subject to foreign income and withholding taxes. Determination of the amount of this unrecognized deferred income tax liability is not practical.

At April 30, 2019 and 2018, we did not have any gross tax-effected unrecognized tax benefits.

With limited exception, we are subject to U.S. federal, state, and local, or non-U.S. income tax audits by tax authorities for fiscal years subsequent to April 30, 2015.

**13. Commitments and Contingencies**

***Litigation***

From time to time, we are involved in lawsuits, claims, investigations, and proceedings, including product liability claims, primarily alleging defective product design, defective manufacturing, or failure to provide adequate warning, as well as commercial and employment matters, which arise in the ordinary course of business.

The relief sought in individual cases primarily includes unspecified compensatory damages. We believe that our accruals for product liability cases and claims, as described below, are a reasonable quantitative measure of the cost to us of product liability cases and claims.

We are vigorously defending ourselves in the lawsuits to which we are subject, none of which is expected to have a material adverse effect on our results of operations or financial condition. However, an unfavorable outcome or prolonged litigation could harm our business. Litigation of this nature can be expensive, time consuming, and divert the time and attention of our management.

We monitor the status of known claims and the related product liability accrual, which includes amounts for defense costs for asserted and unasserted claims. After consultation with litigation counsel and a review of the merit of each claim, we have concluded that we are unable to reasonably estimate the probability or the estimated range of reasonably possible losses related to adverse judgments related to such claims and, therefore, we have not accrued for any such judgments. In the future, should we determine that a loss (or an additional loss in excess of our accrual) is at least reasonably possible and material, we would then disclose an estimate of the possible loss or range of loss, if such estimate could be made, or disclose that an estimate could not be made. We believe that we have provided adequate accruals for defense costs.

For the fiscal years ended April 30, 2019 and 2018, we did not incur any material expenses in defense and administrative costs relative to product liability litigation. In addition, we did not encounter any settlement fees related to product liability cases in those fiscal years.

At this time, an estimated range of reasonably possible additional losses relating to unfavorable outcomes cannot be made.

***Contracts***

*Employment Agreements* — We have employment, severance, and change of control agreements with certain officers and managers.

*Other Agreements* — We have distribution agreements with various third parties in the ordinary course of business.

***Leases***

We lease machinery, photocopiers, and other equipment with various expiration dates. Future minimum lease payments for succeeding fiscal years is as follows (in thousands):

| For the Year Ended April 30, | Amount |
|---|---|
| 2020 | $ 1,242 |
| 2021 | 1,231 |
| 2022 | 1,228 |
| 2023 | 1,095 |
| 2024 | 57 |
| Thereafter | — |
| | $ 4,853 |

Rent expense in the fiscal years ended April 30, 2019 and 2018 was $2.1 million.

The following summarizes our operating leases for office and/or manufacturing space:

| Location of Lease | Expiration Date |
|---|---|
| Bentonville, Arkansas | December 31, 2023 |
| Jacksonville, Florida | June 30, 2019 |
| Shenzhen, China | October 31, 2019 |
| Wilsonville, Oregon | October 31, 2022 |
| Columbia, Missouri | April 30, 2023 |

**14. Segment Reporting**

We have evaluated our operations under ASC 280-10-50-1 – *Segment Reporting* and have concluded that we are operating as one segment based on several key factors, including the reporting and review process used by the chief operating decision maker, our Chief Executive Officer, who reviews only one set of complete financial statements and makes decisions to allocate resources based on those financial statements. Although we currently sell our products under 20 distinct brands that are organized into four brand lanes and include specific product sales that have identified revenue streams, these brand lanes are focused almost entirely on product development and marketing activities and do not qualify as separate reporting units under ASC 280-10-50-1. Other sales and customer focused activities, operating activities, and administrative activities are not divided by brand lane and, therefore, expenses related to each

brand lane are not accumulated or reviewed individually. Our business is evaluated based upon a number of financial and operating measures, including sales, gross profit and gross margin, operating expenses, and operating margin.

Our business includes our outdoor products and accessories products, which we develop, source, market, and distribute at our facilities in Columbia, Missouri, and our electro-optics products, which we assemble in our Wilsonville, Oregon facility. We report operating costs based on the activities performed.

**15. Related Party Transactions**

The combined financial statements have been prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of SWBI. The following discussion summarizes activity between us and SWBI (and its affiliates that are not part of the planned spin-off transaction).

***Allocation of General Corporate Expenses***

The combined statements of income/(loss) and comprehensive income/(loss) include expenses for certain centralized functions and other programs provided and administered by SWBI that are charged directly to us. In addition, for purposes of preparing these combined financial statements on a carve-out basis, we have allocated a portion of SWBI total corporate expenses to us. See Note 1 – *Background, Basis of Presentation, and Summary of Significant Accounting Policies* for a discussion of the methodology used to allocate corporate-related costs for purposes of preparing these financial statements on a carve-out basis.

***Related Party Sales and Purchases***

During the years ended April 30, 2019 and 2018, our sales to SWBI totaled $17.5 million and $13.8 million, respectively, which are included in net sales in the combined statements of income/(loss) and comprehensive income/(loss). Our cost of goods sold includes items purchased from SWBI totaling $363,000 and $347,000 in fiscal 2019 and 2018, respectively. At April 30, 2019, the aggregate amount of inventories purchased from SWBI that remained on our combined balance sheet was $521,000.

***Net Transfers To and From SWBI***

SWBI utilizes a centralized approach to cash management and financing its operations. Disbursements are made through centralized accounts payable systems, which are operated by SWBI. Cash receipts are transferred to centralized accounts, which are also maintained by SWBI. As cash is received and disbursed by SWBI, it is accounted for by us through parent company investment. Certain related party transactions between us and SWBI have been included within parent company investment in the combined balance sheets in the historical periods presented. The parent company investment includes related party receivables due from SWBI of $138.9 million as of April 30, 2019. The interest income and expense related to the activity with SWBI that was historically included in our results is presented on a net basis in the combined statements of income/(loss) and comprehensive income/(loss). Interest income on the activity with SWBI was $5.2 million and $2.3 million for the years ended April 30, 2019 and 2018, respectively. The total effect of the settlement of these related party transactions is reflected as a financing activity in the combined statements of cash flows.

**16. Subsequent Events**

We have evaluated any material subsequent events through June 5, 2020. On June 18, 2019, we approved a restructuring plan involving the previously announced consolidation of the Electro-Optics division into the Outdoor Products & Accessories division in order to improve efficiencies. We recorded restructuring charges of approximately $296,000 comprising severance, retention, and relocation costs in fiscal year 2020.

**Exhibit 99.3**

**CONSENT TO BE NAMED AS DIRECTOR**

In connection with the Registration Statement on Form 10 (including any and all amendments, including post-effective amendments, or supplements thereto, the "Registration Statement") of American Outdoor Brands Spin Co., which has announced that it will change its name to American Outdoor Brands, Inc. (the "Company"), the undersigned hereby consents to being named and described in the Registration Statement filed with the U.S. Securities and Exchange Commission as a person to become a director of the Company, with such appointment to become effective upon the effective time of the spin-off of the Company's shares of common stock to the Stockholders of American Outdoor Brands Corporation, which has announced that it will change its name to Smith & Wesson Brands, Inc., and to the filing or attachment of this Consent with such Registration Statement.

IN WITNESS WHEREOF, the undersigned has executed this Consent as of the 15th day of April, 2020.

*/s/ Mary E. Gallagher*
Print Name: Mary E. Gallagher