# American Outdoor Brands Corporation Reports Third Quarter Fiscal 2019 Financial Results

March 7, 2019

SPRINGFIELD, Mass., March 7, 2019 /PRNewswire/ -- **American Outdoor Brands Corporation** (NASDAQ Global Select: AOBC), one of the world's leading providers of firearms and quality products for the shooting, hunting, and rugged outdoor enthusiast, today announced financial results for the third quarter fiscal 2019, ended January 31, 2019.

**Third Quarter Fiscal 2019 Financial Highlights**

- Quarterly net sales were $162.0 million compared with $157.4 million for the third quarter last year, an increase of 2.9%.
- Gross margin for the quarter was 33.4% compared with 29.8% for the third quarter last year.
- Based upon long-term sales forecasts for its Electro-Optics operating unit, the company has decided to restructure and combine that business with its Outdoor Products & Accessories operating unit in order to drive efficiencies and increase operating performance. As a result of those forecasts, the company conducted an evaluation to assess the fair value of the Electro-Optics operating unit and, as a result, recorded a $10.4 million partial impairment of the goodwill in that operating unit during the third quarter.
- Including that impairment, the company recorded a quarterly GAAP net loss of $5.7 million, or $(0.10) per diluted share, compared with $11.4 million, or $0.21 per diluted share, for the comparable quarter last year. Prior year GAAP results included a one-time, tax reform benefit of $0.17. Excluding the impairment, quarterly GAAP net income in the current third quarter would have been $4.7 million, or $0.09 per diluted share.
- Quarterly Non-GAAP net income was $8.9 million, or $0.16 per diluted share, compared with $4.7 million, or $0.09 per diluted share, for the comparable quarter last year. GAAP to non-GAAP adjustments to net income exclude a number of acquisition-related costs, including amortization, one-time transaction costs, fair value inventory step-up expense, one-time tax reform benefits, and the goodwill impairment from the Electro-Optics division. For a detailed reconciliation, see the schedules that follow in this release.
- Quarterly non-GAAP Adjusted EBITDAS improved to $24.4 million, or 15.0% of net sales, compared with $20.0 million, or 12.7% of net sales, for the comparable quarter last year.

James Debney, American Outdoor Brands Corporation President and Chief Executive Officer, said, "Our third quarter results reflect year-over-year increases in revenue and operating profit, as well as important progress on our new Logistics & Customer Services facility in Missouri. In our Outdoor Products & Accessories segment, sales growth in our Hunting & Shooting product categories, as well as our Cutlery & Tool product categories, came from a variety of retailers, particularly our online retailers. That growth, however, was more than offset by lower sales in our Electro-Optics division, driven by ongoing weakness in the firearms market. In order to address that situation, we are restructuring the Outdoor Products & Accessories segment by combining our Electro-Optics division with our Outdoor Products & Accessories division, which will allow us to focus on improving operating efficiencies via our existing supply chain, while continuing to deliver the innovation and quality that our industry-leading Crimson Trace brand has earned under the leadership of Lane Tobiassen. In connection with this restructuring, I am pleased to announce that Lane has been promoted to President of our Firearms Division, a role that I have occupied on an interim basis. With 14 years of leadership experience in the firearms industry, Lane has earned tremendous respect within our company and throughout the industry, and I am excited to add his leadership, energy, and innovative spirit to our firearms team. Within the Firearms segment, revenue growth reflected ongoing consumer preference for several of our M&P branded firearms, combined with the success of our 'bundle' promotions, which were booked earlier in the year and continued to ship in the third quarter. We attended SHOT Show 2019 in January and introduced more than 250 new products from across all of our divisions. Product innovation remains an important component in our long-term strategy."

"The ramp up of initial operations at our new Logistics & Customer Services facility in Missouri is well underway and on track. This 633,000 square foot, state-of-the-art facility will serve as our centralized logistics, warehousing, and distribution operation for all of our products, facilitating our growth, enhancing our efficiencies, and allowing us to better serve customers across our entire organization. This is an important strategic initiative supporting our objective to be the leading provider of quality products for the shooting, hunting, and rugged outdoor enthusiast."

Jeff Buchanan, Executive Vice President, Chief Financial Officer, and Chief Administrative Officer, commented, "For the nine months ending January 2019, we had positive operating cash flow of $20.7 million, as compared with cash outflow of $4.5 million for the nine months ending January 2018. During the quarter, we had $25.0 million outstanding on our $350 million line of credit, which is expandable to $500 million. Our balance sheet remains strong with approximately $37.5 million of cash and approximately $146.0 million of total net borrowings, as compared with approximately $200.0 million of net borrowings at the end of the comparable quarter last year."

**Financial Outlook**

**AMERICAN OUTDOOR BRANDS CORPORATION**
**NET SALES AND EARNINGS PER SHARE GUIDANCE, INCLUDING GAAP TO NON-GAAP RECONCILIATION**
**(Unaudited)**

| | Range for the Three Months Ending April 30, 2019 | | Range for the Year Ending April 30, 2019 | |
|---|---|---|---|---|
| Net sales (in thousands) | $ 162,000 | $ 172,000 | $ 625,000 | $ 635,000 |
| GAAP income per share - diluted | $ 0.03 | $ 0.07 | $ 0.19 | $ 0.23 |
| Amortization of acquired intangible assets | 0.11 | 0.11 | 0.41 | 0.41 |
| Inventory step-up expense | — | — | 0.01 | 0.01 |
| Goodwill impairment | — | — | 0.19 | 0.19 |
| Transition costs | — | — | 0.01 | 0.01 |
| Tax effect of non-GAAP adjustments | (0.03) | (0.03) | (0.12) | (0.12) |
| Non-GAAP income per share - diluted | $ 0.11 | $ 0.15 | $ 0.69 | $ 0.73 |

**Conference Call and Webcast**

The company will host a conference call and webcast today, March 7, 2019, to discuss its third quarter fiscal 2019 financial and operational results. Speakers on the conference call will include James Debney, President and Chief Executive Officer, and Jeffrey D. Buchanan, Executive Vice President, Chief Financial Officer, and Chief Administrative Officer. The conference call may include forward-looking statements. The conference call and webcast will begin at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time). Those interested in listening to the conference call via telephone may call directly at (844) 309-6568 and reference conference identification number 9683518. No RSVP is necessary. The conference call audio webcast can also be accessed live and for replay on the company's website at www.aob.com, under the Investor Relations section. The company will maintain an audio replay of this conference call on its website for a period after the call. No other audio replay will be available.

**Reconciliation of U.S. GAAP to Non-GAAP Financial Measures**

In this press release, certain non-GAAP financial measures, including "non-GAAP net income," "Adjusted EBITDAS," and "free cash flow" are presented. From time-to-time, the company considers and uses these supplemental measures of operating performance in order to provide the reader with an improved understanding of underlying performance trends. The company believes it is useful for itself and the reader to review, as applicable, both (1) GAAP measures that include (i) amortization of acquired intangible assets, (ii) transition costs, (iii) acquisition-related costs, (iv) fair value inventory step-up, (v) the tax effect of non-GAAP adjustments, (vi) net cash (used in)/provided by operating activities, (vii) net cash used in investing activities, (viii) acquisition of businesses, net of cash acquired, (ix) interest expense (x) income tax (benefit)/expense, (xi) depreciation and amortization, (xii) stock-based compensation expenses, (xiii) changes in contingent consideration; and (xiv) goodwill impairment; and (2) the non-GAAP measures that exclude such information. The company presents these non-GAAP measures because it considers them an important supplemental measure of its performance. The company's definition of these adjusted financial measures may differ from similarly named measures used by others. The company believes these measures facilitate operating performance comparisons from period to period by eliminating potential differences caused by the existence and timing of certain expense items that would not otherwise be apparent on a GAAP basis. These non-GAAP measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for the company's GAAP measures. The principal limitations of these measures are that they do not reflect the company's actual expenses and may thus have the effect of inflating its financial measures on a GAAP basis.

**About American Outdoor Brands Corporation**

American Outdoor Brands Corporation (NASDAQ Global Select: AOBC) is a provider of quality products for shooting, hunting, and rugged outdoor enthusiasts in the global consumer and professional markets. The Company reports two segments: Firearms and Outdoor Products & Accessories. Firearms manufactures handgun, long gun, and suppressor products sold under the Smith & Wesson®, M&P®, Thompson/Center Arms™, and Gemtech® brands, as well as provides forging, machining, and precision plastic injection molding services. AOB Outdoor Products & Accessories is the industry leading provider of shooting, reloading, gunsmithing, gun cleaning supplies, specialty tools and cutlery, and electro-optics products and technology for firearms. We produce innovative, top quality products under the brands Caldwell®; Wheeler®; Tipton®; Frankford Arsenal®; Lockdown®; BOG®; Hooyman®; Smith & Wesson® Accessories; M&P® Accessories; Thompson/Center Arms™ Accessories; Schrade®; Old Timer®; Uncle Henry®; Imperial®; BUBBA®; UST®; Lasergrips®, Laserguard®, LiNQ®, Lightguard®, Defender Series™, Rail Master®, and LaserLyte®. For more information on American Outdoor Brands Corporation, call (844) 363-5386 or log on to www.aob.com.

**Safe Harbor Statement**

Certain statements contained in this press release may be deemed to be forward-looking statements under federal securities laws, and we intend that such forward-looking statements be subject to the safe-harbor created thereby. Such forward-looking statements include, among others, our long-term strategy of being the leading provider of quality products for the shooting, hunting, and rugged outdoor enthusiast; our belief that our new logistics and customer service facility will serve as our centralized logistics, warehousing, and distribution operation for all of our products, enabling us to facilitate growth, enhance efficiencies, and better serve customers across our entire organization; our belief that combining our Electro-Optics business with our Outdoor Products & Accessories business will improve operating efficiencies via our existing supply chain; and our expectations for net sales, GAAP income per diluted share, amortization of acquired intangible assets, inventory step-up expense, goodwill impairment, transition costs, tax effect of non-GAAP adjustments, and non-GAAP income per diluted share for the fourth quarter of fiscal 2019 and for fiscal 2019. We caution that these statements are qualified by important risks, uncertainties and other factors that could cause actual results to differ materially from those reflected by such forward-looking statements. Such factors include, among others, economic, social, political, legislative, and regulatory factors; the potential for increased regulation of firearms and firearm-related products; actions of social activists that could have an adverse effect on our business; the impact of lawsuits; the demand for our products; the state of the U.S. economy in general and the firearm industry in particular; general economic conditions and consumer spending patterns; our competitive environment; the supply, availability and costs of raw materials and components; speculation surrounding fears of terrorism and crime; our anticipated growth and growth opportunities; our ability to increase demand for our products in various markets, including consumer, law enforcement, and military channels, domestically and internationally; our penetration rates in new and existing markets; our strategies; our ability to maintain and enhance brand recognition and reputation; risks associated with the establishment of our new 633,000 square foot national logistics and customer service facility; our ability to introduce new products; the success of new products; our ability to expand our markets; our ability to integrate acquired businesses in a successful manner; the general growth of our outdoor products and accessories business; the potential for cancellation of orders from our backlog; and other risks detailed from time to time in our reports filed with the SEC, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2018.

**Contact:** Liz Sharp, VP Investor Relations
American Outdoor Brands Corporation
(413) 747-6284
lsharp@aob.com

**AMERICAN OUTDOOR BRANDS CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| | As of: January 31, 2019 | As of: April 30, 2018 |
|---|---|---|
| | (In thousands, except par value and share data) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 37,470 | $ 48,860 |
| Accounts receivable, net of allowance for doubtful accounts of $1,943 on January 31, 2019 and $1,824 on April 30, 2018 | 75,493 | 56,676 |
| Inventories | 173,515 | 153,353 |
| Prepaid expenses and other current assets | 7,602 | 6,893 |
| Income tax receivable | 3,327 | 4,582 |
| Total current assets | 297,407 | 270,364 |
| Property, plant, and equipment, net | 185,599 | 159,125 |
| Intangibles, net | 97,208 | 112,760 |
| Goodwill | 182,101 | 191,287 |
| Other assets | 10,523 | 11,524 |
| | $ 772,838 | $ 745,060 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 33,895 | $ 33,617 |
| Accrued expenses and deferred revenue | 37,515 | 41,632 |
| Accrued payroll and incentives | 16,329 | 10,514 |
| Accrued income taxes | 404 | 513 |
| Accrued profit sharing | 1,580 | 1,283 |
| Accrued warranty | 5,273 | 6,823 |
| Current portion of notes and loans payable | 6,300 | 6,300 |
| Total current liabilities | 101,296 | 100,682 |
| Deferred income taxes | 11,118 | 12,895 |
| Notes and loans payable, net of current portion | 175,902 | 180,304 |
| Capital lease payable, net of current portion | 45,580 | 22,143 |
| Other non-current liabilities | 6,955 | 6,888 |
| Total liabilities | 340,851 | 322,912 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, $.001 par value, 20,000,000 shares authorized, no shares issued or outstanding | — | — |
| Common stock, $.001 par value, 100,000,000 shares authorized, 72,715,052 shares issued and 54,548,190 shares outstanding on January 31, 2019 and 72,433,705 shares issued and 54,266,843 shares outstanding on April 30, 2018 | 73 | 72 |
| Additional paid-in capital | 260,212 | 253,616 |
| Retained earnings | 393,122 | 389,146 |
| Accumulated other comprehensive income | 955 | 1,689 |
| Treasury stock, at cost (18,166,862 shares on January 31, 2019 and April 30, 2018) | (222,375) | (222,375) |
| Total stockholders' equity | 431,987 | 422,148 |
| | $ 772,838 | $ 745,060 |

**AMERICAN OUTDOOR BRANDS CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF (LOSS)/INCOME**
**(Unaudited)**

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | January 31, 2019 | January 31, 2018 | January 31, 2019 | January 31, 2018 |
| | (In thousands, except per share data) | | | |
| Net sales | $ 162,008 | $ 157,376 | $ 462,544 | $ 434,825 |
| Cost of sales | 107,949 | 110,459 | 299,677 | 296,477 |
| Gross profit | 54,059 | 46,917 | 162,867 | 138,348 |
| Operating expenses: | | | | |

| | | | | |
|---|---|---|---|---|
| Research and development | 3,297 | 3,148 | 9,358 | 8,680 |
| Selling and marketing | 15,373 | 16,142 | 42,279 | 43,210 |
| General and administrative | 27,026 | 21,785 | 78,065 | 75,826 |
| Goodwill Impairment | 10,396 | — | 10,396 | — |
| Total operating expenses | 56,092 | 41,075 | 140,098 | 127,716 |
| Operating (loss)/income | (2,033) | 5,842 | 22,769 | 10,632 |
| Other (expense)/income, net: | | | | |
| Other income/(expense), net | 47 | 87 | 38 | 1,382 |
| Interest expense, net | (2,548) | (2,999) | (6,822) | (8,353) |
| Total other (expense)/income, net | (2,501) | (2,912) | (6,784) | (6,971) |
| (Loss)/income from operations before income taxes | (4,534) | 2,930 | 15,985 | 3,661 |
| Income tax expense/(benefit) | 1,191 | (8,465) | 7,399 | (8,803) |
| Net (loss)/income | (5,725) | 11,395 | 8,586 | 12,464 |
| Net (loss)/income per share: | | | | |
| Basic | $ (0.10) | $ 0.21 | $ 0.16 | $ 0.23 |
| Diluted | $ (0.10) | $ 0.21 | $ 0.16 | $ 0.23 |
| Weighted average number of common shares outstanding: | | | | |
| Basic | 54,544 | 54,122 | 54,444 | 54,024 |
| Diluted | 54,544 | 54,657 | 55,132 | 54,830 |

**AMERICAN OUTDOOR BRANDS CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | For the Nine Months Ended | |
|---|---|---|
| | January 31, 2019 | January 31, 2018 |
| | (In thousands) | |
| Cash flows from operating activities: | | |
| Net income | $ 8,586 | $ 12,464 |
| Adjustments to reconcile net income to net cash provided by/(used in) operating activities: | | |
| Depreciation and amortization | 39,624 | 38,775 |
| (Loss)/gain on sale/disposition of assets | (1,033) | 36 |
| Provision for losses on accounts receivable | 832 | 304 |
| Goodwill impairment | 10,396 | — |
| Deferred income taxes | (1,519) | (10,622) |
| Change in fair value of contingent consideration | (60) | (1,300) |
| Stock-based compensation expense | 6,070 | 5,764 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (19,347) | 34,103 |
| Inventories | (20,186) | (25,914) |
| Prepaid expenses and other current assets | (591) | (803) |
| Income taxes | 1,146 | 931 |
| Accounts payable | 664 | (20,385) |
| Accrued payroll and incentives | 5,815 | (11,197) |
| Accrued profit sharing | 297 | (12,404) |
| Accrued expenses and deferred revenue | (8,532) | (14,667) |
| Accrued warranty | (1,550) | 201 |
| Other assets | 10 | (403) |
| Other non-current liabilities | 123 | 613 |
| Net cash provided by/(used in) operating activities | 20,745 | (4,504) |
| Cash flows from investing activities: | | |
| Acquisition of businesses, net of cash acquired | (1,791) | (23,120) |
| Payments to acquire patents and software | (355) | (384) |
| Proceeds from sale of property and equipment | 1,223 | 6 |
| Payments to acquire property and equipment | (25,989) | (13,956) |
| Net cash used in investing activities | (26,912) | (37,454) |
| Cash flows from financing activities: | | |
| Proceeds from loans and notes payable | 50,000 | 75,000 |
| Payments on capital lease obligation | (1,025) | (484) |
| Payments on notes and loans payable | (54,725) | (54,725) |
| Proceeds from exercise of options to acquire common stock, including employee stock purchase plan | 1,158 | 1,081 |
| Payment of employee withholding tax related to restricted stock units | (631) | (2,271) |
| Net cash (used in)/provided by financing activities | (5,223) | 18,601 |
| Net (decrease)/increase in cash and cash equivalents | (11,390) | (23,357) |
| Cash and cash equivalents, beginning of period | 48,860 | 61,549 |
| Cash and cash equivalents, end of period | $ 37,470 | $ 38,192 |
| Supplemental disclosure of cash flow information | | |

| | | | | |
|---|---|---|---|---|
| Cash paid for: | | | | |
| Interest | $ | 5,554 | $ | 8,574 |
| Income taxes | $ | 6,885 | $ | 1,355 |

**RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES**
**(Dollars in thousands, except per share data)**
**(Unaudited)**

| | For the Three Months Ended | | | | For the Nine Months Ended | | | |
|---|---|---|---|---|---|---|---|---|
| | January 31, 2019 | | January 31, 2018 | | January 31, 2019 | | January 31, 2018 | |
| | $ | % of Sales | $ | % of Sales | $ | % of Sales | $ | % of Sales |
| GAAP gross profit | $ 54,059 | 33.4% | $ 46,917 | 29.8% | $ 162,867 | 35.2% | $ 138,348 | 31.8% |
| Fair value inventory step-up | 92 | 0.1% | 137 | 0.1% | 362 | 0.1% | 228 | 0.1% |
| Non-GAAP gross profit | $ 54,151 | 33.4% | $ 47,054 | 29.9% | $ 163,229 | 35.3% | $ 138,576 | 31.9% |
| GAAP operating expenses | $ 56,092 | 34.6% | $ 41,075 | 26.1% | $ 140,099 | 30.3% | $ 127,716 | 29.4% |
| Amortization of acquired intangible assets | (5,445) | -3.4% | (5,311) | -3.4% | (16,335) | -3.5% | (15,264) | -3.5% |
| Goodwill impairment | (10,396) | -6.4% | — | — | (10,396) | -2.2% | — | — |
| Transition costs | (369) | -0.2% | (50) | 0.0% | (751) | -0.2% | (441) | -0.1% |
| Acquisition-related costs | (6) | 0.0% | (79) | -0.1% | (6) | 0.0% | (755) | -0.2% |
| Non-GAAP operating expenses | $ 39,876 | 24.6% | $ 35,635 | 22.6% | $ 112,611 | 24.3% | $ 111,256 | 25.6% |
| GAAP operating (loss)/income | $ (2,033) | -1.3% | $ 5,842 | 3.7% | $ 22,768 | 4.9% | $ 10,632 | 2.4% |
| Fair value inventory step-up | 92 | 0.1% | 137 | 0.1% | 362 | 0.1% | 228 | 0.1% |
| Amortization of acquired intangible assets | 5,445 | 3.4% | 5,311 | 3.4% | 16,335 | 3.5% | 15,264 | 3.5% |
| Goodwill impairments | 10,396 | 6.4% | — | — | 10,396 | 2.2% | — | 0.0% |
| Transition costs | 369 | 0.2% | 50 | 0.0% | 751 | 0.2% | 441 | 0.1% |
| Acquisition-related costs | 6 | 0.0% | 79 | 0.1% | 6 | 0.0% | 755 | 0.2% |
| Non-GAAP operating income | $ 14,275 | 8.8% | $ 11,419 | 7.3% | $ 50,618 | 10.9% | $ 27,320 | 6.3% |
| GAAP net (loss)/income | $ (5,725) | -3.5% | $ 11,395 | 7.2% | $ 8,586 | 1.9% | $ 12,464 | 2.9% |
| Fair value inventory step-up | 92 | 0.1% | 137 | 0.1% | 362 | 0.1% | 228 | 0.1% |
| Amortization of acquired intangible assets | 5,445 | 3.4% | 5,311 | 3.4% | 16,335 | 3.5% | 15,264 | 3.5% |
| Goodwill impairment | 10,396 | 6.4% | — | — | 10,396 | 2.2% | — | — |
| Transition costs | 369 | 0.2% | 50 | 0.0% | 751 | 0.2% | 441 | 0.1% |
| Acquisition-related costs | 6 | 0.0% | 79 | 0.1% | 6 | 0.0% | 755 | 0.2% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Change in contingent consideration | (60) | 0.0% | — | — | (60) | 0.0% | (1,300) | -0.3% |
| Tax Reform | — | — | (9,409) | -6.0% | — | — | (9,409) | -2.2% |
| Tax effect of non-GAAP adjustments | (1,580) | -1.0% | (2,856) | -1.8% | (4,696) | -1.0% | (6,388) | -1.5% |
| Non-GAAP net income | $ 8,943 | 5.5% | $ 4,707 | 3.0% | $ 31,680 | 6.8% | $ 12,055 | 2.8% |
| | | | | | | | | |
| GAAP net income per share - diluted | $ (0.10) | | $ 0.21 | | $ 0.16 | | $ 0.23 | |
| Fair value inventory step-up | — | | — | | 0.01 | | — | |
| Amortization of acquired intangible assets | 0.10 | | 0.10 | | 0.30 | | 0.28 | |
| Goodwill impairment | 0.19 | | — | | 0.19 | | — | |
| Transition costs | 0.01 | | — | | 0.01 | | 0.01 | |
| Acquisition-related costs | — | | — | | — | | 0.01 | |
| Change in contingent consideration | — | | — | | — | | (0.02) | |
| Tax Reform | — | | (0.17) | | — | | (0.17) | |
| Tax effect of non-GAAP adjustments | (0.03) | | (0.05) | | (0.09) | | (0.12) | |
| Non-GAAP net income per share - diluted | $ 0.16 | (a) | $ 0.09 | | $ 0.57 | (a) | $ 0.22 | |

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

**AMERICAN OUTDOOR BRANDS CORPORATION AND SUBSIDIARIES**
**RECONCILIATION OF NET OPERATING CASH FLOW TO FREE CASH FLOW**
**(In thousands)**
**(Unaudited)**

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | January 31, 2019 | January 31, 2018 | January 31, 2019 | January 31, 2018 |
| Net cash provided by/(used in) operating activities | $ 11,694 | $ 26,148 | $ 20,745 | $ (4,504) |
| Net cash used in investing activities | (8,323) | (4,327) | (26,912) | (37,454) |
| Acquisition of businesses, net of cash acquired | 1,791 | 104 | 1,791 | 23,120 |
| Free cash flow | 5,162 | $ 21,925 | $ (4,376) | $ (18,838) |

**AMERICAN OUTDOOR BRANDS CORPORATION AND SUBSIDIARIES**
**RECONCILIATION OF GAAP NET (LOSS)/INCOME TO NON-GAAP ADJUSTED EBITDAS**
**(in thousands)**
**(Unaudited)**

| | For the Three Months Ended | | For the Nine Months Ended | |
|---|---|---|---|---|
| | January 31, 2019 | January 31, 2018 | January 31, 2019 | January 31, 2018 |
| GAAP net (loss)/income | $ (5,725) | $ 11,395 | $ 8,586 | $ 12,464 |
| Interest expense | 2,661 | 3,030 | 7,043 | 8,454 |
| Income tax expense/(benefit) | 1,191 | (8,465) | 7,399 | (8,803) |
| Depreciation and amortization | 13,303 | 12,217 | 38,863 | 38,048 |
| Stock-based compensation expense | 2,118 | 1,585 | 6,070 | 5,764 |
| Goodwill impairment | 10,396 | — | 10,396 | — |
| Fair value inventory step-up | 92 | 137 | 362 | 228 |
| Acquisition-related costs | 6 | 79 | 6 | 755 |
| Transition costs | 369 | 50 | 751 | 441 |

| | | | | |
|---|---|---|---|---|
| Change in contingent consideration | (60) | — | (60) | (1,300) |
| Non-GAAP Adjusted EBITDAS | $ 24,351 | $ 20,028 | $ 79,416 | $ 56,051 |

View original content to download multimedia:http://www.prnewswire.com/news-releases/american-outdoor-brands-corporation-reports-third-quarter-fiscal-2019-financial-results-300808852.html

SOURCE American Outdoor Brands Corporation