

## /C O R R E C T I O N -- Smith & Wesson Brands, Inc./

## December 2, 2021

In the news release, Smith & Wesson Brands, Inc. Reports Second Quarter Fiscal 2022 Financial Results, issued 02-Dec-2021 by Smith & Wesson Brands, Inc. over PR Newswire, we are advised by the company that in the fourth paragraph, last sentence, the date should read "January 3rd" rather than "January 4th" as originally issued inadvertently. The complete, corrected release follows:

## Smith & Wesson Brands, Inc. Reports Second Quarter Fiscal 2022 Financial Results

#### - Two-Year Compounded Sales Growth of over 140%

#### - Gross Margin of 44.3%

## - EPS of \$1.05/Share and EBITDAS of 34.9%

SPRINGFIELD, Mass., Dec. 2, 2021 /PRNewswire/ -- Smith & Wesson Brands, Inc. (NASDAQ Global Select: SWBI), a U.S.-based leader in firearm manufacturing and design, today announced financial results for the second quarter of fiscal 2022, ended October 31, 2021. Unless otherwise indicated, any reference to income statement items refers to results from continuing operations.





## Second Quarter Fiscal 2022 Financial Highlights

- Net sales were \$230.5 million, a decrease of \$18.3 million, or 7.3%, from the comparable quarter last year.
- Gross margin was 44.3%, compared with 40.6% for the comparable quarter last year.
- Quarterly GAAP net income was \$50.9 million, or \$1.05 per diluted share, compared with \$49.1 million, or \$0.87 per diluted share, for the comparable quarter last year.
- Quarterly non-GAAP net income was \$55.3 million, or \$1.13 per diluted share, compared with \$52.8 million, or \$0.93 per diluted share, for the comparable quarter last year. GAAP to non-GAAP adjustments for income exclude costs related to the planned relocation of our headquarters and certain manufacturing and distribution operations to Tennessee, the spin-off of the outdoor products and accessories business in fiscal 2021, COVID-19 related expenses, and other costs. For a detailed reconciliation, see the schedules that follow in this release.
- Quarterly non-GAAP Adjusted EBITDAS was \$80.4 million, or 34.9% of net sales, compared with \$78.9 million, or 31.7% of net sales, for the comparable quarter last year.

Mark Smith, President and Chief Executive Officer, commented, "Throughout the past 18 months of unprecedented demand levels for our industry, our focus has continued to be on the long term – and our team has been hard at work positioning Smith & Wesson for continued impressive operating results and maintaining our market leadership regardless of market conditions. During our second quarter, as demand levels eased from historical highs experienced during the height of the pandemic, the results of those efforts and our flexible model were evident. Despite a year over year revenue decime, our operations team actually delivered higher gross profit, more than offsetting the decrease in the top line. Our sales, marketing, and new product teams continued our steady cadence of new product introducions, with the most recent being our brand new M&P 10MM introduced last month and we have great confidence going forward to continue being the brand of choice at retail by connecting with both the millions of new firearms owners and our loyal long time enthusiasts in new and innovative ways, continuing to introduce exciting new products, and leveraging our unique ability to adjust rapidly to market dynamics through our flexible manufacturing model."

Smith continued, "Late last quarter, we announced our intention to relocate our headquarters and certain of our operations to Maryville, Tennessee in 2023 and work on this project has begun in earnest. With a successful groundbreaking ceremony held on November 5th, we are excited about the opportunity to shape our company for generations to come. The new state-of-the-art facility will serve as our headquarters and will be the new home for our plastic injection molding, assembly, and logistics operations, and will solidify the future of Smith & Wesson – an innovative, nimble organization, whose dedicated employees leverage the latest technology to produce products that set the standard for firearms enthusiasts around the globe. We would like to thank the state of Tennessee and the Blount County community for such a warm welcome, and we look forward to calling Maryville, Tennessee home."

Deana McPherson, Executive Vice President and Chief Financial Officer, commented, "Our second quarter results continue to demonstrate our ability to react to the changing needs of the market. We delivered a 370 basis point increase in gross margin that more than offset a 7.3% decrease in revenue compared with the prior year second quarter. Although below the prior year, the current quarter's revenue represents a two-year compounded growth rate of over 140% and is one of the many examples of how our flexible manufacturing model allows our business to return impressive financial performance in both increasing and decreasing demand environments. Inventory in the channel has finally been restored in many of our product categories and we continue to replenish our internal inventories. We believe that our strong balance sheet, impressive product array, and commitment to be the market leader will enable us to continue to invest in our business and capture market share, as we fulfill our commitment to return capital to our stockholders. Our Board of Directors has again authorized our \$0.08 per share quarterly dividend, which will be paid to stockholders of record on December 16th with payment to be market on January 3rd."

#### Conference Call and Webcast

The company will host a conference call and webcast on December 2, 2021, to discuss its second quarter fiscal 2022 financial and operational results. Speakers on the conference call will include Mark Smith, President and Chief Executive Officer, and Deana McPherson, Executive Vice President and Chief Financial 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 call audio webcast can also be accessed live on the company's website at <u>www.smith-wesson.com</u>, under the Investor Relations section.

### 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, we consider and use these supplemental measures of operating performance in order to provide the reader with an improved understanding of underlying performance trends. We believe it is useful for us and the reader with an improved understanding of underlying performance trends. We believe it is useful for us and the reader with an improved understanding of underlying performance trends. We believe it is useful for us and the reader with an improved understanding of underlying performance trends. We believe it is useful for us and the reader with an improved understanding of underlying berformance trends. We believe it is useful for us and the reader with an improved understanding of underlying berformance trends. We believe it is useful for us and the reader with an improved understanding of underlying berformance trends. We believe it is useful for us and the reader with an improved understanding of underlying berformance trends. We believe it is useful for us and the reader with an improved understanding of underlying berformance trends. We believe these to non-GAAP measures that exclude such information. We present these non-GAAP measures because we consider them an important supplemental measure of our performance. Our definition of these adjusted financial measures may differ from similarly named measures used by others. We believe 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 therwise 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 our GAAP measures. The principal limitations of these measures are that they do not reflect our actual expenses and may thus have the effect of inflating its

#### About Smith & Wesson Brands, Inc.

Smith & Wesson Brands, Inc. (NASDAQ Global Select: SWBI) is a U.S.-based leader in firearm manufacturing and design, delivering a broad portfolio of quality handgun, long gun, and suppressor products to the global consumer and professional markets under the iconic Smith & Wesson®, M&P®, and Gemtech® brands. The company also provides manufacturing services including forging, machining, and precision plastic injection molding services. For more information call (800) 331-0852 or visit <a href="http://www.smith-wesson.com">www.smith-wesson.com</a>.

## 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, that (i) we have great confidence going forward to continue being the brand of choice at retail by connecting with both the millions of new firearms owners and our loyal long time enthusiasts in new and innovative ways, continuing to introduce exciting new products, and leveraging our unique ability to adjust rapidly to market dynamics through our flexible manufacturing model; (ii) we intend to relocate our headquarters and certain of our operations to Maryville, Tennessee in 2023; (iii) then ew state-of-the-art facility will serve as our headquarters and will be the new home for our plastic injection molding, assembly, and logistics operations, and will solidify the future of Smith & Wesson – an innovative, nimble organization, whose dedicated employees leverage the latest technology to produce products that set the standard for firearms enthusiasts around the globe; and (iv) we believe that our strong balance sheet, impressive product array, and commitment to be the market leader will enable us to continue to invest in our business and capture market share, as we fulfill our commitment to return capital to our stockholders. 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; our anticipated growth and growth opportunities; our strategies; our ability to maintain and enhance brand recognition and reputation; our ability to effectively manage and execute the planned relocation of our headquarters and certain of our operations to Tennessee; our ability to introduce new products; the success of new products; the potential for cancellation of orders from our backlog; and other risks detailed from time to time in our reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2021.

## SMITH & WESSON BRANDS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

As of:

	A3 01.	
	October 31, 2021	April 30, 2021
	(In thousands, except par v	alue and share data)
ASSETS		
Current assets:	<b>• • • • • • • • • •</b>	<b>•</b>
Cash and cash equivalents	\$ 159,391	\$ 113,017
Accounts receivable, net of allowances for credit losses of \$38 on October 31, 2021 and \$107 on April 30, 2021	44,226	67,442
Inventories	120,277	78,477
Prepaid expenses and other current assets	8,321	8,408
Income tax receivable	1,717	909
Total current assets	333,932	268,253
Property, plant, and equipment, net	136,932	141,612
Intangibles, net	4,322	4,417
Goodwill	19,024	19,024
Other assets	10,966	13,082
	505,176	446,388
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 49,070	\$ 57,337
Accrued expenses and deferred revenue	31,958	33,136
Accrued payroll and incentives	11,068	17,381
Accrued income taxes	1,722	1,157
Accrued profit sharing	7,777	14,445
Accrued warranty	2,142	2,199
Total current liabilities	103,737	125,655
Deferred income taxes	904	904
Finance lease payable, net of current portion	38,228	38,786
Other non-current liabilities	13,999	14,659
Total liabilities	156,868	180,004
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, 74,546,592 issued and 48,294,374 shares outstanding on October 31, 2021 and 24,204	75	74
74,222,127 shares issued and 49,937,329 shares outstanding on April 30, 2021	75 275.229	74 273,431
Additional paid-in capital Retained earnings	275,229 445,306	325,181
Retained earnings Accumulated other comprehensive income	445,306 73	325,181
	(372,375)	(332,375)
Treasury stock, at cost (26,252,218 shares on October 31, 2021 and 24,284,798 on April 30, 2021)	348,308	266,384
Total stockholders' equity		
	\$ 505,176	\$ 446,388

# SMITH & WESSON BRANDS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

For the Three Months	s Ended October 31,	For the Six Months Ended October 31,			
2021	2020	2021	2020		
	(In thousands, exce	ot per share data)			
\$230,479	\$248,729	\$505,088	\$478,614		
128,484	147,656	273,151	285,117		
101,995	101,073	231,937	193,497		
1,744	1,855	3,552	3,761		
11,423	11,614	22,057	21,609		
23,436	23,224	41,049	45,007		
36,603	36,693	66,658	70,377		
65,392	64,380	165,279	123,120		
		,	760		
			(2,806)		
367	(797)	482	(2,046)		
65,759	63,583	165,761	121,074		
			28,657		
\$ 50,935	\$ 49,118	\$127,817	\$ 92,417		
			8,209		
\$ 50,935	\$ 52,241	\$127,817	\$100,626		
\$ 1.06	\$ 0.88	\$ 2.65	\$ 1.66		
\$ 1.06	\$ 0.93	\$ 2.65	\$ 1.81		
\$ 1.05	\$ 0.87	\$ 2.63	\$ 1.64		
\$ 1.05	\$ 0.92	\$ 2.63	\$ 1.78		
48,147	55,914	48.270	55.691		
48,692	56,531	48,524	56,475		
	2021 \$230,479 128,484 101,995 1,744 11,423 23,436 36,603 65,392 833 (466) 367 65,759 14,824 \$ 50,935  \$ 50,935  \$ 1.06 \$ 1.05 \$ 1.05 \$ 1.05 } 48,147	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$		

SMITH & WESSON BRANDS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

October 31.2021         October 31.2021 <t< th=""><th></th><th colspan="4">For the Six Months Ended</th></t<>		For the Six Months Ended			
Cash flows from operating activities:       \$ 127,817       \$ 92,417         Adjustments to recordle net income to net cash provided by operating activities:       57       17,129         Depretication and amoritzation       15,210       17,129         Income from continuing operations and accounts receivable       57       29         Ingainment of long-lived tangble assets       86          Stock-based compensation expense       2,366       2,075         Changes in operating assets and labilities:       24       77,787         Accounts receivable       24,452       (7,787)         Income taxes       (41,000)       24,852         Prepaid expenses and other current assets       (8,514)       28,331         Accounts payable       (6,568)       4,613         Accounts payable       (6,668)       4,613         Accound expenses and defered revenue       (1,066)       (16,212)         Accound warranty       (57)       1,055         Other assets		Octo			
Income from continuing operations\$\$\$\$\$92.417Depreciation and amoritzation15.21017.129Loss on sale/disposition of assets78129Impairment of long-lived inarphile assets86-Stock-based compensation expense2,3662,075Changes in operating assets and liabilities:22.435(7.787)Inventionies(41.800)24.852Prepaid expenses and other current assets(20.75)(48.90)Income taxes(22.43)(7.787)Income taxes(23.61)(1.043)Accounts prepaible(6.581)(1.043)Accounts payable(6.688)(4.130)Accound expenses and deferred revenue(1.1260)(16.212)Accound expenses and deferred revenue(1.060)(1.625)Other assets(200)2.261(1.625)Cash provided by operating activities - continuing operations-(2.225)Cash provided by operating activities - discontinued operations-(2.225)Cash provided by operating activities - discontinued operations-(2.250)Cash tows from investing activities - discontinued operations-(1.630)Cash tows from investing activities - discontinued operations-(1.630)Cash tows from investing activities - discontinued operations-(1.630)Cash tows from investing activities - continuing operations-(1.630)Cash tows from investing activities - continuing operations-(1.633)Cash tows					
Adjustments to records net income to net cash provided by operating activities:       15,210       17,129         Depreciation and amorization       15,210       17,129         Depreciation and amorization       781       29         Provision for losses on notes and accounts receivable       781       29         Stock-based compensation expense       2,366       2075         Changes in operating assets and liabilities:       24,435       (7,787)         Accounts receivable       87       (43)         Income taxes       (242)       (8,2514)       28,331         Accounts prepaid expenses and other current assets       (8,514)       28,331       (1,043)         Account payable       (6,668)       4,613       (6,668)       4,613         Accound expenses and deferred revenue       (1,1206)       (1,625)       (1,625)         Charmany       (57)       1,055       (1,625)       (1,625)       (1,625)         Other non-current liabilities       (10,113)       (1,425)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)       (1,625)	Cash flows from operating activities:				
Depreciation and amorization         15.210         17.219           Loss on asledidepsition of assets         57         3.           Provision for losses on notes and accounts receivable         781         2.9           Impairment of long-inde tangble assets         8.6         -           Stock-based compensation expense         2.366         2.075           Changes in operating assets and liabilities:         2.435         (7.787)           Inventories         (41.800)         24.852           Prepaid expenses and other current assets         87         (4.3)           Income taxes         (242)         (8.267)           Accrued profit sharing         (6.668)         4.613           Accrued profit sharing         (6.668)         4.613           Accrued profit sharing         (6.668)         4.613           Accrued warrany         (577)         1.055           Other assets         2.030         2.561           Other on-current liabilities - continuing operations         105.364         138.088           Cash nowided by operating activities - continuing operations         105.364         138.083           Cash now from investing activities - discontinued operations         -         (4.225)           Not cash provided by operating activities - disconti		\$	127,817	\$	92,417
Loss on sale/disposition of assets         57         3           Provision for losses on notes and accounts receivable         781         29           Impairment of long-lived tangible assets         86            Stock-based compensation expense         2,366         2,075           Changes in operating assets and liabilities:         22,435         (7,787)           Inventories         (41,800)         24,855           Prepaid expenses and other current assets         87         (43)           Income taxes         (242)         (8,267)           Accounts payable         (6,668)         4,613           Accound payroll and incentives         (6,668)         4,613           Accound expenses and deferred revenue         (1,206)         (1,625)           Other non-current liabilities         (705)         (1,625)           Other non-current liabilities         (705)         (1,625)           Cash provided by operating activities - continuing operations         105,384         138,088           Cash lows from sine adtropayery and equipment         70            Proceeds from sine for payery and equipment         70            Proceeds from sine adtropayery and equipment          (1,631)           Cash lows from sine					
Provision for losses on notes and accounts receivable         781         29           Impairment of long-investion expense         2,366         2.075           Changes in operating assets and liabilities:         2,435         (7,787)           Inventories         (41,800)         24,852           Prepaid expenses and other current assets         87         (43)           Income taxes         (242)         (8,514)         28,331           Acccurds payable         (8,514)         28,331         (1,043)           Acccurde profit sharing         (6,668)         4,613         (1,625)           Accured portin sharing         (6,668)         4,613         (1,625)           Accured expenses and defered revenue         (1,206)         (1,627)         (1,625)           Cash provided by operating activities - continuing operations         105,364         138,088         138,088           Cash flows from investing activities - discontinued operations         (1,613)         (1,44964)         135,863           Cash flows from investing activities - continuing operations         (1,613)         (1,44964)         135,863           Cash flows from investing activities - continuing operations         (1,613)         (1,44964)         135,863           Cash flows from investing activities - discontinued operations			-, -		17,129
Impairment of long-lived tangbile assets         86         —           Stock-based compensation expense         2,366         2,075           Changes in operating assets and liabilities:         22,435         (7,787)           Inventories         (41,800)         24,852           Prepaid expenses and other current assets         87         (43)           Income taxes         (242)         (6,267)           Accounts payable         (6,513)         (1,043)           Accound payroll and incentives         (6,613)         (1,043)           Accound expenses and defered revenue         (1,206)         (16,212)           Accound expenses and defered revenue         (1,206)         (16,212)           Accrued warranty         (57)         1,065           Other non-current liabilities         -         (2,225)           Cash provided by operating activities - continuing operations         105,364         138,083           Cash flows from investing activities - discontinued operations         -         (2,225)           Cash flows from investing activities - discontinued operations         -         (16,251)           Cash flows from investing activities - discontinued operations         -         (16,251)           Cash flows from investing activities - discontinued operations         -					-
Slock-based compensation expense         2,366         2,075           Changes in operating assets and liabilities:         22,435         (7,787)           Inventories         (41,800)         22,435         (7,787)           Inventories         (24,21)         (6,2514)         22,831           Accounts payable         (6,514)         28,331         (1,043)           Accrued payroll and incentives         (6,618)         4,613           Accrued profit sharing         (6,668)         4,613           Accrued exponds sharing         (0,574)         (16,212)           Accrued exponds sharing         (0,514)         22,331           Accrued exponds sharing         (0,517)         1,055           Other assets         (2,030)         2,2561           Accrued expanses and deferred revenue         (1,206)         (16,212)           Accrued expanses         (1,625)         (350)           Prosends to acquire patients and software         (10,534         135,863           Cash used in investing activities - ontinuing operations         (10,113)         (14,264)           Net cash used in investing activities - ontinuing operations         (10,119)         (15,514)           Cash used in investing activities - ontinuing operations         (10,199)         (15,514)<					29
Changes in operating assets and liabilities:       22,435       (7,787)         Inventories       (41,800)       24,852         Prepaid expenses and other current assets       87       (43)         Income taxes       (242)       (8,267)         Accounts payable       (8,514)       22,331         Accound payroll and incentives       (6,613)       (1,043)         Accound payroll and incentives       (6,686)       4,613         Accured payroll and incentives       (1,206)       (16,212)         Accured expenses and deferred revenue       (1,206)       (1,625)         Other non-current liabilities       (2,030)       2,561         Cash provided by operating activities - continuing operations       105,364       133,088         Cash used in operating activities - discontinued operations       -       (2,225)         Net cash provided by operating activities - discontinued operations       -       (2,225)         Payments to acquire predients and software       (15)       (350)         Proceeds from sale of property and equipment       70       -         Payments to acquire predient activities - discontinued operations       -       (11,43)         Cash lows from financing activities - discontinued operations       -       (11,43)         Cash used in i	Impairment of long-lived tangible assets		86		_
Accounts receivable         22,435         (7,787)           Inventories         (41,800)         24,852           Prepaid expenses and other current assets         87         (43)           Income taxes         (242)         (8,287)           Accounts payable         (8,514)         28,331           Accound profit sharing         (6,668)         4,613           Accrued varently         (57)         1,065           Accrued warrantly         (57)         1,055           Other assets         2,030         2,561           Other assets         2,030         2,561           Net cash provided by operating activities         105,364         133,088           Cash used in operating activities         105,364         133,683           Cash used in operating activities         105,364         135,863           Payments to acquire patents and software         (10,113)         (14,964)           Cash used in investing activities - continuing operations         -         (1,143)           Net cash used in investing activities - continuing operations         -         (1,143)           Cash used in investing activities - continuing operations         -         (1,143)           Cash used in investing activities - continuing operations         - <t< td=""><td>Stock-based compensation expense</td><td></td><td>2,366</td><td></td><td>2,075</td></t<>	Stock-based compensation expense		2,366		2,075
Inventories         (41,800)         24,852           Prepaid expenses and other current assets         87         (43)           Income taxes         (242)         (8,267)           Accounts payable         (8,514)         28,331           Account of payable         (8,514)         28,331           Accound payroll and incentives         (6,613)         (1,043)           Accrued vergenses and deferred revenue         (1,206)         (16,212)           Accrued warranty         (57)         1,065           Other non-current liabilities         (2,030)         2,561           Other non-current liabilities - continuing operations         -         (2,225)           Cash provided by operating activities - discontinued operations         -         (2,225)           Net cash provided by operating activities         105,364         135,083           Cash lows from investing activities         (10,113)         (14,494)           Cash used on property and equipment         70         -           Payments to acquire patents and software         (10,113)         (14,494)           Cash used in investing activities - continuing operations         -         (11,43)           Cash used in investing activities         -         25,000         -           Paymene					
Prepaid expenses and other current assets         87         (43)           Income taxes         (242)         (8,257)           Accounts payable         (6,514)         28,331           Accrued payroll and incentives         (6,68)         4,613           Accrued profit sharing         (6,668)         4,613           Accrued varenty         (7)         1,065           Other assets         2,030         2,561           Cash provided by operating activities - continuing operations         105,364         138,083           Cash provided by operating activities - discontinued operations					
Income taxies         (242)         (8,287)           Accounds payable         (8,514)         28,331           Accrued payroll and incentives         (6,313)         (1,043)           Accrued payroll and incentives         (6,668)         4,613           Accrued expenses and deferred revenue         (1,206)         (16,212)           Accrued warranty         (57)         1,055           Other non-current liabilities         (705)         (1,622)           Cash provided by operating activities - continuing operations         105,364         138,088           Cash used in operating activities - discontinued operations         (222)         (350)           Net cash provided by operating activities         105,364         135,863           Cash tows from investing activities - discontinued operations         (10,13)         (14,964)           Proceeds from sale of property and equipment         70         -           Payments to acquire property and equipment         (10,119)         (16,457)           Cash used in investing activities - continuing operations         -         (14,51)           Cash toset from loans and notes payable         -         (16,457)           Cash flows from financing activities - discontinued operations         -         (450)           Payments to acquire property and eqq					
Accounts payable         (8,514)         28,331           Accrued payroll and incentives         (6,313)         (1,043)           Accrued profit sharing         (6,668)         4,613           Accrued verses and deferred revenue         (1,206)         (16,212)           Accrued warranty         (57)         1,055           Other assets         2,030         2,561           Cash provided by operating activities - continuing operations         105,364         138,088           Cash used in operating activities - discontinued operations	Prepaid expenses and other current assets		87		(43)
Accrued payroll and incentives         (6,313)         (1,043)           Accrued profit sharing         (6,688)         4,613           Accrued expenses and deferred revenue         (1,206)         (16,212)           Accrued warranty         (57)         1,055           Other assets         2,030         2,561           Other non-current liabilities         (705)         (1,625)           Cash provided by operating activities - continued operations         (705)         (1,625)           Cash used in operating activities         105,364         138,088           Cash used in operating activities         (10,13)         (14,964)           Cash all of property and equipment         70         -           Payments to acquire property and equipment         70         -           Payments to acquire property and equipment         (10,113)         (14,4964)           Cash used in investing activities - continuing operations         (10,199)         (15,314)           Cash used in investing activities         -         25,000           Cash used in investing activities         -         26,000           Cash used in investing activities         -         (45,000)           Payments to acquire property and equipment         -         (25,000)           Cash used	Income taxes		(242)		(8,267)
Accrued priofit sharing(6,668)4,613Accrued expenses and deferred revenue(1,206)(16,212)Accrued waranty(57)1,055Other assets2,0302,561Other non-current liabilities(705)(1,625)Cash provided by operating activities - discontinued operations105,364133,088Cash used in operating activities105,364135,863Cash used in operating activities105,364135,863Payments to acquire patients and software(166)(350)Proceeds from sale of property and equipment70-Payments to acquire pativities - discontinued operations(10,113)(14,964)Cash used in investing activities - discontinued operations(10,113)(14,964)Cash used in investing activities - discontinued operations(10,113)(14,964)Cash used in investing activities - discontinued operations(10,119)(16,457)Cash used in investing activities-25,000-Proceeds from loans and notes payable-(450)-Payments on notes and loans payable-(185,000)-Dividend distribution to AOUT-(25,000)-(25,000)Payments to acquire property stock(40,000)-(12,13)Dividend distribution to Acquire common stock, including employee stock purchase plan8312,195Payments to acquire propertions(44,791)(18,500)-Dividend distribution to priot(7,692)(2,795)(2,795)Procee	Accounts payable		(8,514)		28,331
Accrued expenses and deferred revenue(1,206)(16,212)Accrued warrany(57)1,055Other non-current liabilities2,0302,561Other non-current liabilities(705)(1,625)Cash provided by operating activities - continuing operations105,364138,088Cash used in operating activities105,364135,663Cash flow from investing activities105,364135,663Cash flow from investing activities105,364135,663Payments to acquire patents and software(156)(350)Proceeds from sale of property and equipment70-Payments to acquire property and equipment(10,113)(14,964)Cash used in investing activities - continuing operations(10,199)(15,314)Cash used in investing activities(10,199)(16,457)Cash flows from financing activities(10,199)(16,457)Cash paid for debt issuance costs-(450)Payments on notes and loans payable-(14,500)Payments on notes and loans payable-(16,500)Payments on acquire resury stock(40,000)-Dividend distribution(7,692)(2,795)Payments dend in such active - continuing operations(1,399)(2,173)Cash used in by financial activities - continuing operations(48,791)(188,702)Cash payable-(16,812)(25,000)Payments on notes and loans payable-(18,702)Cash used in provided by financing activities(10,99) <td< td=""><td>Accrued payroll and incentives</td><td></td><td>(6,313)</td><td></td><td>(1,043)</td></td<>	Accrued payroll and incentives		(6,313)		(1,043)
Accrued warranty(57)1,055Other assets2,0302,561Other non-current liabilities(705)(1,625)Cash provided by operating activities - discontinued operations105,364138,088Cash used in operating activities - discontinued operations	Accrued profit sharing		(6,668)		4,613
Other assets2,0302,561Other non-current liabilities(705)(1.625)Cash provided by operating activities - discontinued operations105,364138,088Cash used in operating activities105,364138,083Cash flow form investing activities:105,364135,863Payments to acquire patents and software(156)(350)Proceeds from sale of property and equipment70-Payments to acquire poperty and equipment(10,113)(14,964)Cash used in investing activities - continuing operations(10,199)(15,314)Cash used in investing activities - discontinued operations-(11,143)Net cash used in investing activities-25,000Cash flows from financing activities:-(450)Proceeds from lanas and notes payable-25,000Cash flow for financing activities:-(186,000)Payments on notes and loans payable-(188,000)Distribution to AOUT-(125,000)Payments to acquire reasury stock(40,000)-Dividend distribution(7,692)(2,795)Proceeds from excise of options to acquire common stock, including employee stock purchase plan8312,193Payment of employee withholding tax related to restricted stock units(13,99)(2,173)Cash used in financial activities - continuing operations-(166,139)Net cash used inprovided by financing activities(48,791)(188,702)Cash used in financial activities - discontinued operations<	Accrued expenses and deferred revenue		(1,206)		(16,212)
Other non-current liabilities(705)(1.625)Cash provided by operating activities - continuing operations105,364138,088Cash used in operating activities - discontinued operations—(2.225)Net cash provided by operating activities105,364135,863Cash flows from investing activities105,364135,863Cash to acquire patents and software(156)(350)Proceeds from sale of property and equipment70—Payments to acquire patents and software(10,113)(14,964)Cash used in investing activities - continuing operations(10,119)(16,517)Cash used in investing activities - continuing operations—(10,199)Other software—(10,199)(16,457)Cash flows from financing activities:—25,000—Proceeds from loans and notes payable——(450)Payments on notes and loans payable—(16,50)(25,000)Payments on notes and loans payable—(18,500)[25,000)Payments on once and loans payable—(25,000)[25,000)Payments on once and loans payable—(18,500)[27,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(48,791)(188,702)Cash used in financial activities - continuing operations—(168,808)Net cash used in financial activities - continuing operations—(46,374)	Accrued warranty		(57)		1,055
Cash provided by operating activities - continuing operations105,364138,088Cash used in operating activities - discontinued operations—(2,225)Net cash provided by operating activities105,364135,863Cash flows from investing activities:105,364135,863Payments to acquire patents and software(156)(350)Proceeds from sale of property and equipment70—Cash used in investing activities - continuing operations(10,113)(14,964)Cash used in investing activities - discontinued operations—(10,199)Net cash used in investing activities(10,199)(15,314)Cash flows from financing activities:—(10,199)Proceeds from loans and notes payable—25,000Cash flows from finance lease obligation(531)(479)Payments to acquire treasury stock(40,000)—Payments to acquire treasury stock(40,000)—Dividend distributionC(2,795)(2,795)Payment of employee withholding tax related to restricted stock units(1,399)(2,173)Cash used in financial activities - discontinued operations—(166)Net cash used inprovided by financing activities(48,791)(188,868)Net cash used in provided by financing activities(44,791)(188,868)Net cash used inprovided by financing activities(48,791)(188,868)Net cash used inprovided by financing activities(48,791)(188,868)Net cash used inprovided by financing activities(48,791	Other assets		2,030		2,561
Cash used in operating activities - discontinued operations-(2,225)Net cash provided by operating activities105,364135,863Cash flows from investing activities:105,364135,863Payments to acquire patents and software(156)(350)Proceeds from sale of property and equipment70-Payments to acquire property and equipment(10,113)(14,964)Cash used in investing activities - continuing operations(10,199)(15,314)Cash used in investing activities - continuing operations(10,199)(16,457)Cash used in investing activities-(14,964)Cash used in investing activities-(16,457)Cash used in innace lease obligation(531)(479)Payments on notes and loans payable(125,000)-(185,000)Distribution-(126,000)-Payments to acquire treasury stock(40,000)-Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195	Other non-current liabilities		(705)		(1,625)
Net cash provided by operating activities105,364135,863Cash flows from investing activities:(156)(350)Payments to acquire patents and software(10,113)(14,964)Cash used in investing activities - continuing operations(10,113)(14,964)Cash used in investing activities - discontinued operations-(1,143)Cash used in investing activities - discontinued operations-(1,143)Net cash used in investing activities(10,119)(16,457)Cash flows from financing activities-25,000Cash paid for debt issuance costs-(450)Payments to acquire treasury stock-(450)Payments to acquire treasury stock(40,000)-Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units-(166)Net cash used in financial activities - discontinued operations-(166)Net cash used in provided by financing activities-(166)Net cash used in financial activities - discontinued operations-(166)Net cash used in financial activities - discontinued operationsCash and ca	Cash provided by operating activities - continuing operations		105,364		138,088
Cash flows from investing activities:(156)(350)Proceeds from sale of property and equipment70Payments to acquire property and equipment(10,113)(14,964)Cash used in investing activities - continuing operations(10,113)(14,964)Cash used in investing activities - discontinued operations(10,119)(15,314)Cash used in investing activities:(10,199)(16,457)Cash flows from financing activities:(10,199)(16,457)Cash flows from loans and notes payable25,000Cash paid for debt issuance costs(450)Payments on notes and loans payable(185,000)Distribution to AOUT(25,000)Payments to acquire treasury stock(40,000)Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(13,39)(2,173)(2,173)Cash used in financial activities - discontinued operations(166)(188,702)Net cash used inprovided by financing activities(166)(80,462)Cash and cash equivalents, end of period113,017112,011126,011Cash and cash equivalents, end of period\$159,391\$55,549Supplemental disclosure of cash flow information\$159,391\$55,549Supplemental disclosure of cash flow information\$113,017<	Cash used in operating activities - discontinued operations				(2,225)
Cash flows from investing activities:(156)(350)Payments to acquire patents and software(106)(300)Proceeds from sale of property and equipment(10,113)(14,964)Cash used in investing activities - continuing operations(10,199)(15,314)Cash used in investing activities - discontinued operations(10,199)(16,457)Cash flows from financing activities:(10,199)(16,457)Proceeds from loans and notes payable-25,000Cash paid for debt issuance costs-(148)Payments on notes and loans payable-(185,000)Distribution to AOUT-(25,000)Payments to acquire treasury stock(40,000)-Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(13,99)(2,173)Cash used in financial activities - discontinued operations-(166)Net cash used in provided by financing activities-(166)Net crease use in cash and cash equivalents44,8791)(188,868)Net increase() in cash and cash equivalents-113,017Cash used in financial activities - discontinued operations-113,017Cash used in financial activities - discontinued operations-113,017Cash used in financial activities - discontinued operations-113,017Cash used in financial activities - discontinued operations </td <td>Net cash provided by operating activities</td> <td></td> <td>105,364</td> <td></td> <td>135,863</td>	Net cash provided by operating activities		105,364		135,863
Payments to acquire patents and software(156)(350)Proceeds from sale of property and equipment70-Payments to acquire property and equipment(10,113)(14,964)Cash used in investing activities - continuing operations(10,199)(15,314)Cash used in investing activities - discontinued operations(10,199)(16,457)Cash flows from financing activities:(10,199)(16,457)Proceeds from loans and notes payable-(450)Payments on finance lease obligation(531)(479)Payments on notes and loans payable-(185,000)Distribution to AOUT-(25,000)Payments to acquire treasury stock(40,000)-Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units-(166)Net cash used in financial activities - discontinued operations-(166)Net cash used in provided by financing activities-(166)Net cash used in provided by financing activities-(166)Net increase (idcerease) in cash and cash equivalents46,374(69,462)Cash and cash equivalents, end of period\$113,0171125,011Cash and cash equivalents, end of period\$159,391\$Stopplemental disclosure of cash flow information\$159,391\$Cash and cash equivalents, end of period\$15					
Payments to acquire property and equipment(10,113)(14,964)Cash used in investing activities - continuing operations(10,199)(15,314)Cash used in investing activities - discontinued operations-(1,143)Net cash used in investing activities:(10,199)(16,457)Cash flows from financing activities:-25,000Cash paid for debt issuance costs-(450)Payments on finance lease obligation(531)(479)Payments on notes and loans payable-(185,000)Distribution to AOUT-(25,000)Payments to acquire treasury stock(40,000)-Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(1,399)(12,2173)Cash used in financial activities - continuing operations(48,791)(188,702)Cash used in provided by financing activities-(166)Net cash used in provided by financing activities-(166)Net cash used in provided by financing activities-(166)Net cash used in provided by financing activities-113.017Cash and cash equivalents, equinal activities - discontinued operations-113.017Cash and cash equivalents, equinal activities-113.017125.011Cash and cash equivalents, end of period113.017125.011125.011Cash and cash equivalents, end of period<	Payments to acquire patents and software		(156)		(350)
Payments to acquire property and equipment(10,113)(14,964)Cash used in investing activities - continuing operations(10,199)(15,314)Cash used in investing activities(10,199)(16,457)Cash flows from financing activities:(10,199)(16,457)Proceeds from loans and notes payable–(450)Cash paid for debt issuance costs–(450)Payments on notes and loans payable–(18,000)Distribution to AOUT–(185,000)Distribution to AOUT–(25,000)Payments on cotes and loans payable–(185,000)Distribution to AOUT–(25,000)Payments to acquire treasury stock(40,000)–Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(13,399)(12,173)Cash used in financial activities - discontinued operations–(166)Net cash used in provided by financing activities(48,791)(188,702)Cash and cash equivalents, beginning of period113,017125,011Cash and cash equivalents, equivalents(46,374)(69,462)Cash and cash equivalents, ed of period\$159,391\$Stypelemental disclosure of cash flow information\$159,391\$Cash paid for: Interest\$1,116\$2,188	Proceeds from sale of property and equipment		70		· _
Cash used in investing activities - continuing operations(10,199)(15,314)Cash used in investing activities - discontinued operations-(1,143)Net cash used in investing activities:(10,199)(16,457)Cash flows from financing activities:-25,000Cash paid for debt issuance costs-(450)Payments on finance lease obligation(531)(479)Payments on notes and loans payable-(185,000)Distribution to AOUT-(25,000)Payments to acquire treasury stock(40,000)-Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(1399)(2,173)(166)Net cash used in financial activities - discontinued operations(48,791)(188,702)(26,9462)Cash and cash equivalents, end of period113,017126,001113,017126,001Net increase(idcerease) in cash and cash equivalents46,374(69,462)(69,462)Cash and cash equivalents, end of period\$159,391\$55,549Supplemental disclosure of cash flow information\$159,391\$55,549Cash and cash equivalents, end of period\$159,391\$55,549Supplemental disclosure of cash flow information\$1,116\$2,188	Payments to acquire property and equipment		(10,113)		(14,964)
Cash used in investing activities - discontinued operations-(1.143)Net cash used in investing activities(10.199)(16.457)Cash flows from financing activities:-25,000Cash paid for debt issuance costs-(450)Payments on finance lease obligation(531)(479)Payments on notes and loars payable-(185,000)Distribution to AOUT-(25,000)Payments to acquire treasury stock(40,000)-Dividend distribution(7,682)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(48,791)(188,702)Cash used in financial activities - continuing operations(48,791)(188,702)Net cash used inprovided by financing activities(48,791)(188,868)Net increasel (decrease) in cash and cash equivalents46,374(69,462)Cash and cash equivalents, end of period\$113,0171125,011Cash and cash equivalents, end of period\$159,391\$Supplemental disclosure of cash flow information\$159,391\$Cash and cash equivalents, end of period\$159,391\$Cash paid for:Interest\$1,116\$2,188			(10,199)		
Net cash used in investing activities(10,199)(16,457)Cash flows from financing activities:-25,000Cash paid for debt issuance costs-(450)Payments on finance lease obligation(531)(479)Payments on notes and loans payable-(185,000)Distribution to AOUT-(25,000)Payments to acquire treasury stock(40,000)-Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(1,399)(2,173)Cash used in by financial activities - continuing operations(48,791)(188,702)Cash used in provided by financing activities(48,791)(188,702)Cash and cash equivalents46,374(69,462)Cash and cash equivalents, beginning of period113,017125,011Cash paid for:\$159,391\$Supplemental disclosure of cash flow information\$119,391Cash paid for:\$1116\$Literest\$1,116\$Supplemental disclosure of cash flow information\$1,116Cash paid for:\$1,116\$Literest\$1,116\$2,188			( - , ,		
Cash flows from financing activities:       -       25,000         Proceeds from loans and notes payable       -       (450)         Payments on finance lease obligation       (531)       (479)         Payments on notes and loans payable       -       (185,000)         Distribution to AOUT       -       (25,000)         Payments on insance lease obligation       (531)       (479)         Payments on otes and loans payable       -       (25,000)         Distribution to AOUT       -       (25,000)         Payments to acquire treasury stock       (40,000)       -         Dividend distribution       (7,692)       (2,795)         Proceeds from exercise of options to acquire common stock, including employee stock purchase plan       831       2,195         Payment of employee withholding tax related to restricted stock units       (1,399)       (2,2173)         Cash used in financial activities - continuing operations       (48,791)       (188,702)         Cash used in provided by financing activities       -       (460,462)         Cash used in funancial activities - discontinued operations       -       (113017         Net cash used inprovided by financing activities       46,374       (69,462)         Cash and cash equivalents, eqinning of period       113.017       125,011 </td <td><b>o</b></td> <td></td> <td>(10.199)</td> <td></td> <td></td>	<b>o</b>		(10.199)		
Proceeds from loans and notes payable	0		(10,100)		(10,101)
Cash paid for debt issuance costs—(450)Payments on finance lease obligation(531)(479)Payments on notes and loans payable—(185,000)Distribution to AOUT—(25,000)Payments to acquire treasury stock(40,000)—Distribution to AOUT—(25,000)Payments to acquire treasury stock(40,000)—Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(1,399)(2,173)Cash used in by financial activities - continuing operations(48,791)(188,702)Cash used in financial activities - discontinued operations(48,791)(188,808)Net cash used inprovided by financing activities46,374(69,462)Cash and cash equivalents, beginning of period\$113,017125,011Cash and cash equivalents, end of period\$159,391\$55,549Supplemental disclosure of cash flow information\$1,116\$2,188					25 000
Payments on finance lease obligation(531)(479)Payments on notes and loans payable—(185,000)Distribution to AOUT—(25,000)Payments to acquire treasury stock(40,000)—Dividend distribution(7,692)(2,795)Proceeds from exercise of options to acquire common stock, including employee stock purchase plan8312,195Payment of employee withholding tax related to restricted stock units(1,399)(2,173)Cash used in by financial activities - continuing operations(48,791)(188,702)Cash used in financial activities - discontinued operations—(166)Net cash used inprovided by financing activities(48,791)(188,868)Net cash used inprovided by financing activities46,374(69,462)Cash and cash equivalents, beginning of period113,017125,011Cash and cash equivalents, end of period\$159,391\$Supplemental disclosure of cash flow information\$1,116\$Cash paid for:Interest\$1,116\$Interest\$1,116\$2,188					- /
Payments on notes and loans payable       –       (185,000)         Distribution to AOUT       –       (25,000)         Payments to acquire treasury stock       (40,000)       –         Dividend distribution       (7,692)       (2,795)         Proceeds from exercise of options to acquire common stock, including employee stock purchase plan       831       2,195         Payment of employee withholding tax related to restricted stock units       (1,399)       (2,173)         Cash used in by financial activities - continuing operations       (48,791)       (188,702)         Cash used in financial activities - discontinued operations       –       (166)         Net cash used inprovided by financing activities       (48,791)       (188,868)         Net increase(idecrease) in cash and cash equivalents       46,374       (69,462)         Cash and cash equivalents, end of period       113,017       125,011         Cash paid cash flow information       \$       159,391       \$ 55,549         Supplemental disclosure of cash flow information       \$       1,116       \$ 2,188			(531)		
Distribution to AOUT       —       (25,000)         Payments to acquire treasury stock       (40,000)       —         Dividend distribution       (7,692)       (2,795)         Proceeds from exercise of options to acquire common stock, including employee stock purchase plan       831       2,195         Payment of employee withholding tax related to restricted stock units       (1,399)       (2,173)         Cash used in by financial activities - continuing operations       (48,791)       (188,702)         Cash used in by financial activities - discontinued operations       —       (166)         Net cash used inprovided by financing activities       (48,791)       (188,868)         Net increase/(decrease) in cash and cash equivalents       46,374       (69,462)         Cash and cash equivalents, beginning of period       113,017       125,011         Cash and cash equivalents, end of period       \$       159,391       \$         Supplemental disclosure of cash flow information			(001)		
Payments to acquire treasury stock       (40,000)			_		
Dividend distribution       (7,692)       (2,795)         Proceeds from exercise of options to acquire common stock, including employee stock purchase plan       831       2,195         Payment of employee withholding tax related to restricted stock units       (1,399)       (2,173)         Cash used in by financial activities - continuing operations       (48,791)       (188,702)         Cash used in financial activities - discontinued operations			(40,000)		(20,000)
Proceeds from exercise of options to acquire common stock, including employee stock purchase plan       831       2,195         Payment of employee withholding tax related to restricted stock units       (1,399)       (2,173)         Cash used in by financial activities - continuing operations       (48,791)       (188,702)         Cash used in provided by financing activities       (48,791)       (188,702)         Net cash used inprovided by financing activities       (48,791)       (188,868)         Net increase/(decrease) in cash and cash equivalents       46,374       (69,462)         Cash and cash equivalents, beginning of period       113,017       125,011         Cash paid for:       interest       \$ 1,116       \$ 2,188			· · /		(2 795)
Payment of employee withholding tax related to restricted stock units       (1,399)       (2,173)         Cash used in by financial activities - continuing operations       (48,791)       (188,702)         Cash used in by financial activities - discontinued operations       —       (166)         Net cash used inprovided by financing activities       (48,791)       (188,868)         Net increase/(decrease) in cash and cash equivalents       46,374       (69,462)         Cash and cash equivalents, beginning of period       113,017       125,011         Cash paid for:       \$       159,391       \$         Interest       \$       1,116       \$       2,188					
Cash used in by financial activities - continuing operations     (48,791)     (188,702)       Cash used in financial activities - discontinued operations     —     (166)       Net cash used in provided by financing activities     (48,791)     (188,868)       Net increase/(decrease) in cash and cash equivalents     46,374     (69,462)       Cash and cash equivalents, beginning of period     113,017     125,011       Cash and cash equivalents, end of period     \$     159,391     \$       Supplemental disclosure of cash flow information     Cash paid for:     Interest     \$					
Cash used in financial activities - discontinued operations			1		
Net cash used inprovided by financing activities     (48,791)     (188,868)       Net increase/(decrease) in cash and cash equivalents     46,374     (69,462)       Cash and cash equivalents, beginning of period     113,017     125,011       Cash and cash equivalents, end of period     \$ 159,391     \$ 55,549       Supplemental disclosure of cash flow information     Cash paid for:     1       Interest     \$ 1,116     \$ 2,188			(40,701)		,
Net increase/(decrease) in cash and cash equivalents       46,374       (69,462)         Cash and cash equivalents, beginning of period       113,017       125,011         Cash and cash equivalents, end of period       \$ 159,391       \$ 55,549         Supplemental disclosure of cash flow information       Cash paid for:       111,017       125,011         Interest       \$ 1,116       \$ 2,188	•		(48 701)		
Cash and cash equivalents, beginning of period     113,017     125,011       Cash and cash equivalents, end of period     \$ 159,391     \$ 55,549       Supplemental disclosure of cash flow information     Cash paid for:     \$ 1,116       Interest     \$ 1,116     \$ 2,188					
Cash and cash equivalents, end of period       \$ 159,391       \$ 55,549         Supplemental disclosure of cash flow information       Cash paid for:       \$ 1,116       \$ 2,188					
Supplemental disclosure of cash flow information Cash paid for: Interest \$ 1,116 \$ 2,188		¢		¢	
Cash paid for: Interest \$ 1,116 \$ 2,188		ð	159,391	ð	55,549
Interest \$ 1,116 \$ 2,188					
	•				_
Income taxes \$ 38,186 \$ 40,888					
	Income taxes	\$	38,186	\$	40,888

## SMITH & WESSON BRANDS, INC. AND SUBSIDIARIES RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES (Dollars in thousands, except per share data)

(U	Inaud	lited	)
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	For the Three Months Ended				For the Six Months Ended			
	October 31, 2021		October 31, 2020		October 31, 2021		October	31, 2020
	\$	% of Sales	\$	% of Sales	\$	% of Sales	\$	% of Sales
GAAP gross profit	\$ 101,995	44.3%	\$ 101,073	40.6%	\$ 231,937	45.9%	\$ 193,497	40.4%
Relocation expenses	1,087	0.5%	_	_	1,087	0.2%	—	_
COVID-19	3	0.0%	10	0.0%	31	0.0%	896	0.2%
Non-GAAP gross profit	\$ 103,085	44.7%	\$ 101,083	40.6%	\$ 233,055	46.1%	\$ 194,393	40.6%
GAAP operating expenses	\$ 36,603	15.9%	\$ 36,693	14.8%	\$ 66,658	13.2%	\$ 70,377	14.7%
Amortization of acquired intangible assets	(70)	0.0%	(83)	0.0%	(142)	0.0%	(166)	0.0%
Transition costs	80	0.0%	(4,338)	-1.7%	80	0.0%	(7,933)	-1.7%
COVID-19	(52)	0.0%	(92)	0.0%	(100)	0.0%	(159)	0.0%
Spin related stock-based compensation	10	0.0%	(442)	-0.2%	(62)	0.0%	(442)	-0.1%
Relocation expenses	(4,461)	-1.9%			(4,461)	-0.9%		
Non-GAAP operating expenses	\$ 32,110	13.9%	\$ 31,738	12.8%	\$ 61,973	12.3%	\$ 61,677	12.9%
GAAP operating income	\$ 65,392	28.4%	\$ 64,380	25.9%	\$ 165,279	32.7%	\$ 123,120	25.7%
Amortization of acquired intangible assets	70	0.0%	83	0.0%	142	0.0%	166	0.0%
Transition costs	(80)	0.0%	4,338	1.7%	(80)	0.0%	7,933	1.7%
COVID-19	55	0.0%	102	0.0%	131	0.0%	1,055	0.2%
Spin related stock-based compensation	(10)	0.0%	442	0.2%	62	0.0%	442	0.1%
Relocation expenses	5,548	2.4%			5,548	1.1%		
Non-GAAP operating income	\$ 70,975	30.8%	\$ 69,345	27.9%	\$ 171,082	33.9%	\$ 132,716	27.7%
GAAP income from continuing operations	\$ 50,935	22.1%	\$ 49,118	19.7%	\$ 127,817	25.3%	\$ 92,417	19.3%
Amortization of acquired intangible assets	70	0.0%	83	0.0%	142	0.0%	166	0.0%
Transition costs	(80)	0.0%	4,338	1.7%	(80)	0.0%	7,933	1.7%
COVID-19	55	0.0%	102	0.0%	131	0.0%	1,055	0.2%
Spin related stock-based compensation	(10)	0.0%	442	0.2%	62	0.0%	442	0.1%
Relocation expenses	5,548	2.4%	_	_	5,548	1.1%	_	-
Tax effect of non-GAAP adjustments	(1,258)	-0.5%	(1,241)	-0.5%	(1,328)	-0.3%	(2,399)	-0.5%
Non-GAAP income from continuing operations	\$ 55,260	24.0%	\$ 52,842	21.2%	\$ 132,292	26.2%	\$ 99,614	20.8%
GAAP income from continuing operations per share - diluted	\$ 1.05		\$ 0.87		\$ 2.63		\$ 1.64	
Amortization of acquired intangible assets	—		_		_		—	
Transition costs	—		0.08		—		0.14	
COVID-19	_		_		—		0.02	

Spin related stock-based compensation	_	0.01	_	0.01
Relocation expenses	0.11	—	0.11	_
Tax effect of non-GAAP adjustments	(0.03)	(0.02)	(0.03)	(0.04)
Non-GAAP income from continuing operations per share - diluted	\$ 1.13	<u>\$ 0.93</u> (a)	<u>\$ 2.73</u> (a)	<u>\$ 1.76</u> (a)

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

#### SMITH & WESSON BRANDS, INC. AND SUBSIDIARIES RECONCILIATION OF OPERATING CASH FLOW FROM CONTINUING OPERATIONS TO FREE CASH FLOW (In thousands) (Unaudited)

	For the Three Months Ended				For the Six Months Ended			
	October 31, 2021		October 31, 2020		Octobe	er 31, 2021	October 31, 2020	
Net cash (used in)/provided by operating activities	\$	(3,723)	\$	55,265	\$	105,364	\$	138,088
Net cash used in investing activities		(4,431)		(8,674)		(10,199)		(15,314)
Free cash flow	\$	(8,154)	\$	46,591	\$	95,165	\$	122,774

# SMITH & WESSON BRANDS, INC. AND SUBSIDIARIES RECONCILIATION OF GAAP INCOME FROM CONTINUIG OPERATIONS TO NON-GAAP ADJUSTED EBITDAS

(in thousands) (Unaudited) For the Three Months Ended For the Six Months Ended October 31, 2021 October 31, 2020 October 31, 2021 October 31, 2020 GAAP income from continuing operations Interest expense 49,118 1,517 127,817 1,101 92,417 2,879 50,935 \$ \$ \$ \$ 516 Income tax expense 14,824 14,465 37,944 28,657 Depreciation and amortization Stock-based compensation expense 7,724 8,145 1,191 15,166 2,366 16,282 2,075 914 COVID-19 55 102 131 1,055 Transition costs (80) 4,338 (80) 7,933 Relocation expense 5,548 5,548 78,876 151,298 Non-GAAP Adjusted EBITDAS 80,436 189,993 \$ \$ \$ \$

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