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

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

**June 16, 2016**  
Date of Report (Date of earliest event reported)

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**Smith & Wesson Holding Corporation**  
(Exact Name of Registrant as Specified in Charter)

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**Nevada**  
(State or Other Jurisdiction  
of Incorporation)

**001-31552**  
(Commission  
File Number)

**87-0543688**  
(IRS Employer  
Identification No.)

**2100 Roosevelt Avenue**  
**Springfield, Massachusetts**  
**01104**  
(Address of Principal Executive Offices) (Zip Code)

**(800) 331-0852**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

We are furnishing the disclosure in this Item 2.02 in connection with the disclosure of information in the form of the textual information from a press release released on June 16, 2016.

The information in this Item 2.02 (including the exhibit) is furnished pursuant to Item 2.02 and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

We do not have, and expressly disclaim, any obligation to release publicly any updates or any changes in our expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based.

The text included with this Current Report on Form 8-K is available on our website located at [www.smith-wesson.com](http://www.smith-wesson.com), although we reserve the right to discontinue that availability at any time.

**Item 9.01. Financial Statements and Exhibits.**

(a) *Financial Statements of Business Acquired.*

Not applicable.

(b) *Pro Forma Financial Information.*

Not applicable.

(c) *Shell Company Transactions.*

Not applicable.

(d) *Exhibits.*

Exhibit  
Number

Exhibits

99.1 Press release from Smith & Wesson Holding Corporation, dated June 16, 2016, entitled “Smith & Wesson Holding Corporation Reports Fourth Quarter and Full Year Fiscal 2016 Financial Results”

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SMITH & WESSON HOLDING CORPORATION

Date: June 16, 2016

By: /s/ Jeffrey D. Buchanan

Jeffrey D. Buchanan

Executive Vice President, Chief Financial Officer,  
Chief Administrative Officer, and Treasurer

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**EXHIBIT INDEX**

- 99.1 Press release from Smith & Wesson Holding Corporation, dated June 16, 2016, entitled “Smith & Wesson Holding Corporation Reports Fourth Quarter and Full Year Fiscal 2016 Financial Results”



**Contact:** Liz Sharp, VP Investor Relations  
 Smith & Wesson Holding Corp.  
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## **Smith & Wesson Holding Corporation Reports Fourth Quarter and Full Year Fiscal 2016 Financial Results**

- *Net Sales of \$221.1 Million for Fourth Quarter, up 22.2% Year-Over-Year*
- *Fourth Quarter GAAP Net Income Per Diluted Share of \$0.63*
- *Fourth Quarter Non-GAAP Net Income Per Diluted Share of \$0.66*
- *Full Year Revenue of \$722.9 Million*

**SPRINGFIELD, Mass., June 16, 2016** — **Smith & Wesson Holding Corporation (NASDAQ Global Select: SWHC)**, a leader in firearm manufacturing and design, today announced financial results for the fiscal fourth quarter and full year ended April 30, 2016.

### **Fourth Quarter Fiscal 2016 Financial Highlights**

- Quarterly net sales were \$221.1 million, an increase of 22.2% over the fourth quarter last year. Firearms division net sales of \$203.7 million increased by 22.4% over the comparable quarter last year. Accessories division net sales of \$17.5 million increased by 19.8% over the comparable quarter last year.
- Gross margin for the quarter was 41.6% compared with 37.1% for the comparable quarter last year.
- Quarterly GAAP net income was \$35.6 million, or \$0.63 per diluted share, compared with \$21.9 million, or \$0.40 per diluted share, for the comparable quarter last year. Fourth quarter 2016 and 2015 GAAP net income per diluted share included an expense of \$1.7 million and \$1.5 million, respectively, for amortization, net of tax, related to the Battenfeld Technologies, Inc. (BTI) acquisition.
- Quarterly non-GAAP net income was \$37.4 million, or \$0.66 per diluted share, compared with \$24.9 million, or \$0.45 per diluted share, for the comparable quarter last year.
- Quarterly non-GAAP Adjusted EBITDAS was \$68.7 million, or 31.1% of net sales.

### **Full Year Fiscal 2016 Financial Highlights**

- Full year net sales totaled \$722.9 million, an increase of 31.0% from last year. Firearms division net sales were \$657.6 million, an increase of 23.8% from last year. Accessories division net sales were \$65.3 million, an increase from \$20.6 million from last year, a year in which the company acquired BTI and therefore reported only five months of accessories division sales in 2015.
- Full year gross margin was 40.6% compared with 35.3% last year.
- Full year GAAP income from continuing operations was \$94.0 million, or \$1.68 per diluted share, compared with \$49.8 million, or \$0.90 per diluted share, last year.

- Full year non-GAAP income from continuing operations was \$1.83 per diluted share, compared with \$1.02 per diluted share last year.
- Full year non-GAAP Adjusted EBITDAS from continuing operations was \$202.4 million, or 28.0% of net sales.

James Debney, Smith & Wesson Holding Corporation President and Chief Executive Officer, commented, “Our solid fourth quarter and full year performance further validates our vision, which is to become the leading provider of quality products for the shooting, hunting, and rugged outdoor enthusiast. We continued to successfully execute on our long-term strategy, while delivering financial and operational results that set a number of new company records. In our firearms division, we made several important new product introductions and continued to leverage our flexible manufacturing model, allowing us to benefit from strong consumer demand. In our first full year of accessories revenue, we expanded our product portfolio organically as well as through a targeted acquisition, delivering double-digit top line revenue growth. Looking ahead to fiscal 2017, we expect that a strong balance sheet, combined with our track record of successful acquisitions, positions us well for an expanding role in the market for products for shooting, hunting, and rugged outdoor enthusiasts.”

Jeff Buchanan, Executive Vice President, Chief Financial Officer, and Chief Administrative Officer, commented, “Gross margin performance remained strong throughout fiscal 2016, driven by robust volumes in our firearms division and favorably impacted by the strong gross margins in our accessories division. In fiscal 2016, we generated \$168.6 million in operating cash flow, establishing a new company record. We ended the year with cash and cash equivalents totaling \$191.3 million and total bank debt and Senior Notes of \$175.3 million, leaving us with zero net debt. In fiscal 2017, we expect to use the strength of our balance sheet, including our unused \$175 million revolving line of credit, to fuel growth opportunities, both organic and inorganic.”

## **Financial Outlook**

### **SMITH & WESSON HOLDING CORPORATION NET SALES AND EARNINGS PER SHARE GUIDANCE, INCLUDING GAAP TO NON-GAAP RECONCILIATION (Unaudited)**

	Range for the Three Months Ending July 31, 2016		Range for the Year Ending April 30, 2017	
	\$ 190,000	\$ 200,000	\$ 740,000	\$ 760,000
Net sales (in thousands)				
GAAP income per share - diluted	\$ 0.46	\$ 0.50	\$ 1.71	\$ 1.81
Amortization of acquired intangible assets	0.05	0.05	0.19	0.19
Tax effect of non-GAAP adjustments	(0.02)	(0.02)	(0.07)	(0.07)
Non-GAAP income per share - diluted	<u>\$ 0.49</u>	<u>\$ 0.53</u>	<u>\$ 1.83</u>	<u>\$ 1.93</u>

## **Conference Call and Webcast**

The company will host a conference call and webcast today, June 16, 2016, to discuss its fourth quarter and full year fiscal 2016 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 will be webcast live and is scheduled to begin at 5:00 p.m. Eastern Time. The live audio broadcast and replay of the conference call can be accessed on Smith & Wesson’s website at [www.smith-wesson.com](http://www.smith-wesson.com) (Windows Media is required). Those interested in listening to the conference call via telephone may call directly at 844-309-6568 and reference conference code 26467969. No RSVP is necessary. The company will maintain an audio replay of this conference call on its website for a period of time 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) TCA accessories transition costs, (iii) discontinued operations, (iv) DOJ and SEC costs including insurance recovery costs, (v) acquisition-related costs, (vi) bond premium, (vii) debt extinguishment costs, (viii) the tax effect of non-GAAP adjustments, (ix) interest expense, (x) income taxes, (xi) depreciation and amortization, (xii) stock-based compensation expense, (xiii) payments for acquisitions, and (xiv) receipts from note receivable; 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 Smith & Wesson**

Smith & Wesson Holding Corporation (NASDAQ Global Select: SWHC) is a leading manufacturer of firearms and a provider of quality accessory products for the shooting, hunting, and rugged outdoor enthusiast, delivering a broad portfolio of quality firearms and shooting, hunting and outdoor accessories, to the global consumer and professional markets. The company’s firearms division brands include Smith & Wesson®, M&P®, and Thompson/Center Arms™. As a leading provider of shooting, hunting, and outdoor accessories, including reloading, gunsmithing, gun cleaning supplies, tree saws, and vault accessories, the company’s accessories division produces innovative, high-quality products under several brands, including Caldwell® Shooting Supplies, Wheeler® Engineering, Tipton® Gun Cleaning Supplies, Frankford Arsenal® Reloading Tools, Lockdown® Vault Accessories, Hooyman® Premium Tree Saws, BOG POD®, and Golden Rod® Moisture Control. The company’s manufacturing services division provides forging, machining, and precision plastic service for outside businesses. Smith & Wesson facilities are located in Massachusetts, Maine, Connecticut, and Missouri. For more information on Smith & Wesson, call (800) 331-0852 or log on to [www.smith-wesson.com](http://www.smith-wesson.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 our vision, which is to become the leading provider of quality products for the shooting, hunting, and rugged outdoor enthusiast; our belief that we continued to successfully execute on our long-term strategy; our expectation for fiscal 2017 that a strong balance sheet, combined with our track record of successful acquisitions, positions us well for an expanding role in the market for products for shooting, hunting, and rugged outdoor enthusiasts; our expectation for fiscal 2017 to use the strength of our balance sheet, including our unused revolving line of credit, to fuel growth opportunities, both organic and inorganic; and our expectations for net sales, GAAP income per diluted share, amortization of acquired intangible assets, tax effect of non-GAAP adjustments, and non-GAAP income per diluted share for the first quarter of fiscal 2017 and for fiscal 2017. We caution that these statements are qualified by important factors that could cause actual results to differ materially from those reflected by such forward-looking statements. Such factors include the demand for our products; the costs and ultimate conclusion of certain legal matters; the state of the U.S. economy in general and the firearm industry in particular; general economic conditions and consumer spending patterns; the potential for increased regulation of firearms and firearm-related products; speculation surrounding fears of terrorism and crime; our growth opportunities; our anticipated growth; our ability to increase demand for our products in various markets, including consumer, law enforcement, and military channels, domestically and internationally; the position of our hunting products in the consumer discretionary marketplace and distribution channel; our penetration rates in new and existing markets; our strategies; 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 firearm 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, 2016.

**SMITH & WESSON HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

	For the Three Months Ended		For the Years Ended	
	April 30, 2016 (Unaudited)	April 30, 2015 (Unaudited)	April 30, 2016	April 30, 2015
	(In thousands, except per share data)			
Net sales	\$ 221,117	\$ 180,997	\$ 722,908	\$ 551,862
Cost of sales	129,049	113,853	429,096	356,936
Gross profit	<u>92,068</u>	<u>67,144</u>	<u>293,812</u>	<u>194,926</u>
Operating expenses:				
Research and development	2,393	2,113	10,005	6,943
Selling and marketing	8,997	9,149	42,257	36,033
General and administrative	23,781	18,558	82,907	62,322
Total operating expenses	<u>35,171</u>	<u>29,820</u>	<u>135,169</u>	<u>105,298</u>
Operating income	<u>56,897</u>	<u>37,324</u>	<u>158,643</u>	<u>89,628</u>
Other (expense)/income:				
Other (expense)/income, net	(5)	40	(22)	39
Interest income	37	119	176	395
Interest expense	(1,991)	(3,248)	(13,704)	(11,330)
Total other (expense)/income, net	<u>(1,959)</u>	<u>(3,089)</u>	<u>(13,550)</u>	<u>(10,896)</u>
Income from continuing operations before income taxes	54,938	34,235	145,093	78,732
Income tax expense	19,291	12,295	51,135	28,905
Income from continuing operations	35,647	21,940	93,958	49,827
Discontinued operations:				
Loss from operations of discontinued security solutions division	—	(52)	—	(297)
Income tax expense/(benefit)	—	1	—	(83)
Loss from discontinued operations	<u>—</u>	<u>(53)</u>	<u>—</u>	<u>(214)</u>
Net income	<u>\$ 35,647</u>	<u>\$ 21,887</u>	<u>\$ 93,958</u>	<u>\$ 49,613</u>
Net income per share:				
Basic - continuing operations	<u>\$ 0.64</u>	<u>\$ 0.41</u>	<u>\$ 1.72</u>	<u>\$ 0.92</u>
Basic - total	<u>\$ 0.64</u>	<u>\$ 0.41</u>	<u>\$ 1.72</u>	<u>\$ 0.92</u>
Diluted - continuing operations	<u>\$ 0.63</u>	<u>\$ 0.40</u>	<u>\$ 1.68</u>	<u>\$ 0.90</u>
Diluted - total	<u>\$ 0.63</u>	<u>\$ 0.40</u>	<u>\$ 1.68</u>	<u>\$ 0.90</u>
Weighted average number of common shares outstanding:				
Basic	55,554	53,846	54,765	53,988
Diluted	56,396	55,074	55,965	55,228



**SMITH & WESSON HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	April 30, 2016	As of	April 30, 2015
	(In thousands, except par value and share data)		
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 191,279		\$ 42,222
Accounts receivable, net of allowance for doubtful accounts of \$680 on April 30, 2016 and \$722 on April 30, 2015	57,792		55,280
Inventories	77,789		76,895
Prepaid expenses and other current assets	4,307		6,306
Deferred income taxes	—		16,373
Income tax receivable	2,064		—
Total current assets	<u>333,231</u>		<u>197,076</u>
Property, plant, and equipment, net	135,405		133,844
Intangibles, net	62,924		73,768
Goodwill	76,357		75,426
Other assets	11,586		10,811
	<u>\$ 619,503</u>		<u>\$ 490,925</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 45,513		\$ 32,360
Accrued expenses	28,447		24,302
Accrued payroll and incentives	18,784		7,556
Accrued income taxes	5,960		4,224
Accrued profit sharing	11,459		6,165
Accrued warranty	6,129		6,404
Current portion of notes payable	6,300		—
Total current liabilities	<u>122,592</u>		<u>81,011</u>
Deferred income taxes	12,161		33,905
Notes payable, net of current portion	166,564		170,933
Other non-current liabilities	10,370		10,706
Total liabilities	<u>311,687</u>		<u>296,555</u>
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, 71,558,633 shares issued and 55,996,011 shares outstanding on April 30, 2016 and 69,625,081 shares issued and 54,062,459 shares outstanding on April 30, 2015	72		70
Additional paid-in capital	239,505		219,198
Retained earnings	241,310		147,352
Accumulated other comprehensive (loss)/income	(748)		73
Treasury stock, at cost (15,562,622 shares on April 30, 2016 and April 30, 2015)	(172,323)		(172,323)
Total stockholders' equity	<u>307,816</u>		<u>194,370</u>
	<u>\$ 619,503</u>		<u>\$ 490,925</u>

**SMITH & WESSON HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Years Ended	
	April 30, 2016	April 30, 2015
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 93,958	\$ 49,613
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	41,237	30,893
Loss on sale/disposition of assets	256	267
Provision for losses on notes and accounts receivable	511	122
Deferred income taxes	(4,448)	2,341
Stock-based compensation expense	6,472	5,808
Changes in operating assets and liabilities (net effect of acquisitions):		
Accounts receivable	(2,254)	10,983
Inventories	(804)	25,662
Prepaid expenses and other current assets	1,999	(569)
Income tax payable	(328)	8,965
Accounts payable	13,048	(7,345)
Accrued payroll and incentives	11,228	(9,525)
Accrued profit sharing	5,294	(4,895)
Accrued expenses	3,929	1,361
Accrued warranty	(275)	891
Other assets	(237)	(348)
Other non-current liabilities	(1,029)	583
Net cash provided by operating activities	<u>168,557</u>	<u>114,807</u>
Cash flows from investing activities:		
Payments for the net assets of Tri-Town Precision Plastics, Inc.	—	(23,805)
Payments to acquire Battenfeld Technologies, Inc., net of cash acquired	—	(135,437)
Payments to acquire PowerTech, Inc.	(1,220)	—
(Deposits)/refunds on machinery and equipment	(1,128)	1,431
Receipts from note receivable	84	81
Payments to acquire patents and software	(315)	(392)
Proceeds from sale of property and equipment	61	264
Payments to acquire property and equipment	(29,474)	(28,199)
Net cash used in investing activities	<u>(31,992)</u>	<u>(186,057)</u>
Cash flows from financing activities:		
Proceeds from loans and notes payable	105,000	175,000
Cash paid for debt issuance costs	(1,024)	(2,558)
Payments on capital lease obligation	(596)	(596)
Payments on notes payable	(104,725)	(100,000)
Proceeds from Economic Development Incentive Program	—	640
Payments to acquire treasury stock	—	(30,040)
Proceeds from exercise of options to acquire common stock, including employee stock purchase plan	11,265	3,103
Payment of employee withholding tax related to restricted stock units	(2,646)	(1,708)
Excess tax benefit of stock-based compensation	5,218	771
Net cash provided by financing activities	<u>12,492</u>	<u>44,612</u>
Net increase/(decrease) in cash and cash equivalents	149,057	(26,638)
Cash and cash equivalents, beginning of period	42,222	68,860
Cash and cash equivalents, end of period	<u>\$ 191,279</u>	<u>\$ 42,222</u>
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest	\$ 13,007	\$ 8,617
Income taxes	50,924	16,926

**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 Years Ended			
	April 30, 2016		April 30, 2015		April 30, 2016		April 30, 2015	
	\$	% of Sales	\$	% of Sales	\$	% of Sales	\$	% of Sales
GAAP gross profit	\$92,068	41.6%	\$67,144	37.1%	\$293,812	40.6%	\$194,926	35.3%
Fair value inventory step-up and backlog expense	—	—	2,398	1.3%	—	—	4,404	0.8%
Discontinued operations	—	—	—	—	52	0.0%	—	—
Non-GAAP gross profit	<u>\$92,068</u>	<u>41.6%</u>	<u>\$69,542</u>	<u>38.4%</u>	<u>\$293,864</u>	<u>40.7%</u>	<u>\$199,330</u>	<u>36.1%</u>
GAAP operating expenses	\$35,171	15.9%	\$29,820	16.5%	\$135,169	18.7%	\$105,298	19.1%
Amortization of acquired intangible assets	(2,686)	-1.2%	(2,324)	-1.3%	(10,067)	-1.4%	(3,748)	-0.7%
TCA accessories transition costs	—	—	—	—	(161)	0.0%	—	—
Discontinued operations	(25)	0.0%	—	—	(90)	0.0%	—	—
DOJ/SEC costs including insurance recovery costs	6	0.0%	—	—	1,787	0.2%	—	—
Acquisition-related costs	(27)	0.0%	(48)	0.0%	(27)	0.0%	(2,090)	-0.4%
Non-GAAP operating expenses	<u>\$32,439</u>	<u>14.7%</u>	<u>\$27,448</u>	<u>15.2%</u>	<u>\$126,611</u>	<u>17.5%</u>	<u>\$ 99,460</u>	<u>18.0%</u>
GAAP operating income	\$56,897	25.7%	\$37,324	20.6%	\$158,643	21.9%	\$ 89,628	16.2%
Fair value inventory step-up and backlog expense	—	—	2,398	1.3%	—	—	4,404	0.8%
Amortization of acquired intangible assets	2,686	1.2%	2,324	1.3%	10,067	1.4%	3,748	0.7%
TCA accessories transition costs	—	—	—	—	161	0.0%	—	—
Discontinued operations	25	0.0%	—	—	142	0.0%	—	—
DOJ/SEC costs including insurance recovery costs	(6)	0.0%	—	—	(1,787)	-0.2%	—	—
Acquisition-related costs	27	0.0%	48	0.0%	27	0.0%	2,090	0.4%
Non-GAAP operating income	<u>\$59,629</u>	<u>27.0%</u>	<u>\$42,094</u>	<u>23.3%</u>	<u>\$167,253</u>	<u>23.1%</u>	<u>\$ 99,870</u>	<u>18.1%</u>
GAAP net income	\$35,647	16.1%	\$21,940	12.1%	\$ 93,958	13.0%	\$ 49,827	9.0%
Bond premium paid	—	—	—	—	2,938	0.4%	—	—
Fair value inventory step-up and backlog expense	—	—	2,398	1.3%	—	—	4,404	0.8%
Amortization of acquired intangible assets	2,686	1.2%	2,324	1.3%	10,067	1.4%	3,748	0.7%
Debt extinguishment costs	—	—	—	—	1,723	0.2%	—	—
TCA accessories transition costs	—	—	—	—	161	0.0%	—	—
Discontinued operations	25	0.0%	—	—	142	0.0%	—	—
DOJ/SEC costs including insurance recovery costs	(6)	0.0%	—	—	(1,787)	-0.2%	—	—
Acquisition-related costs	27	0.0%	48	0.0%	27	0.0%	2,090	0.4%
Tax effect of non-GAAP adjustments	(945)	-0.4%	(1,765)	-1.0%	(4,685)	-0.6%	(3,790)	-0.7%
Non-GAAP net income	<u>\$37,434</u>	<u>16.9%</u>	<u>\$24,945</u>	<u>13.8%</u>	<u>\$102,544</u>	<u>14.2%</u>	<u>\$ 56,279</u>	<u>10.2%</u>
GAAP net income per share - diluted	\$ 0.63		\$ 0.40		\$ 1.68		\$ 0.90	
Bond premium paid	—		—		0.05		—	
Fair value inventory step-up and backlog expense	—		0.04		—		0.08	
Amortization of acquired intangible assets	0.05		0.04		0.18		0.07	
Debt extinguishment costs	—		—		0.03		—	
TCA accessories transition costs	—		—		0.00		—	
Discontinued operations	0.00		—		0.00		—	
DOJ/SEC costs including insurance recovery costs	(0.00)		—		(0.03)		—	
Acquisition-related costs	0.00		0.00		0.00		0.04	
Tax effect of non-GAAP adjustments	(0.02)		(0.03)		(0.08)		(0.07)	
Non-GAAP net income per share - diluted	<u>\$ 0.66</u>		<u>\$ 0.45</u>		<u>\$ 1.83</u>		<u>\$ 1.02</u>	

**SMITH & WESSON HOLDING CORPORATION AND SUBSIDIARIES**  
**RECONCILIATION OF NET OPERATING CASH FLOW TO FREE CASH FLOW**  
(In thousands)  
(Unaudited)

	<b>For the Three Months Ended</b>		<b>For the Years Ended</b>	
	<u>April 30, 2016</u>	<u>April 30, 2015</u>	<u>April 30, 2016</u>	<u>April 30, 2015</u>
Net cash provided by operating activities	\$ 94,814	\$ 84,860	\$ 168,557	\$ 114,807
Net cash used in investing activities	(13,150)	(3,410)	(31,992)	(186,057)
Payments for the net assets of Tri-Town Precision Plastics, Inc.	—	—	—	23,805
Payments to acquire Battenfeld Technologies, Inc., net of cash acquired	—	(715)	—	135,437
Payments to acquire PowerTech, Inc.	1,220	—	1,220	—
Receipts from note receivable	(28)	(21)	(84)	(81)
Free cash flow	<u>\$ 82,856</u>	<u>\$ 80,714</u>	<u>\$ 137,701</u>	<u>\$ 87,911</u>

**SMITH & WESSON HOLDING CORPORATION AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP NET INCOME TO NON-GAAP ADJUSTED EBITDAS**  
(In thousands)  
(Unaudited)

	<b>For the Three Months Ended</b>	
	<u>April 30, 2016</u>	<u>April 30, 2015</u>
GAAP net income	\$ 35,647	\$ 21,887
Interest expense	1,991	3,248
Income tax expense	19,291	12,296
Depreciation and amortization	10,186	9,295
Stock-based compensation expense	1,587	1,560
Fair value inventory step-up and backlog expense	—	2,398
Discontinued operations	25	—
DOJ/SEC costs	(6)	4
Acquisition-related costs	27	48
Non-GAAP Adjusted EBITDAS	<u>\$ 68,748</u>	<u>\$ 50,736</u>

**SMITH & WESSON HOLDING CORPORATION AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP NET INCOME TO NON-GAAP ADJUSTED EBITDAS**  
(In thousands)  
(Unaudited)

	<b>For the Years Ended</b>	
	<u>April 30, 2016</u>	<u>April 30, 2015</u>
GAAP net income	\$ 93,958	\$ 49,613
Interest expense	13,704	11,330
Income tax expense	51,135	28,822
Depreciation and amortization	38,558	29,435
Stock-based compensation expense	6,472	5,808
Fair value inventory step-up and backlog expense	—	4,404
TCA Accessories transition costs	161	—
Discontinued operations	142	—
DOJ/SEC costs, including insurance recovery costs	(1,787)	711
Acquisition-related costs	27	2,090
Non-GAAP Adjusted EBITDAS	<u>\$ 202,370</u>	<u>\$ 132,213</u>