

REFINITIV

DELTA REPORT

10-Q

VSTO - VISTA OUTDOOR INC.

10-Q - DECEMBER 24, 2023 COMPARED TO 10-Q - SEPTEMBER 24, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	907
CHANGES	198
DELETIONS	319
ADDITIONS	390

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

FORM 10-Q


☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 24, 2023 December 24, 2023

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-36597

 vistaoutdoors15.jpg

Vista Outdoor Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

47-1016855
(I.R.S. Employer Identification No.)

1 Vista Way
(Address of Principal Executive Offices)

Anoka MN

55303
(Zip Code)

Registrant's telephone number, including area code: (763) 433-1000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.01	VSTO	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2023 January 29, 2024, there were 58,071,728 58,146,933 shares of the registrant's common stock outstanding.

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PART I— FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

VISTA OUTDOOR INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(unaudited)					
(Amounts in thousands except share data)					
(Amounts in thousands except share data)					
(Amounts in thousands except share data)	(Amounts in thousands except share data)	September 24, 2023	March 31, 2023	December 24, 2023	March 31, 2023
ASSETS	ASSETS			ASSETS	
Current assets:	Current assets:			Current assets:	
Cash and cash equivalents	Cash and cash equivalents	\$ 39,954	\$ 86,208		
Net receivables	Net receivables	397,038	339,373		
Net inventories	Net inventories	689,989	709,897		
Income tax receivable	Income tax receivable	13,084	—		
Other current assets	Other current assets	47,824	60,636		
Total current assets	Total current assets	1,187,889	1,196,114		
Net property, plant, and equipment	Net property, plant, and equipment	213,978	228,247		
Operating lease assets	Operating lease assets	98,709	106,828		
Goodwill	Goodwill	465,709	465,709		
Net intangible assets	Net intangible assets	707,857	733,176		
Deferred income tax assets					

Deferred charges and other non-current assets, net	Deferred charges and other non-current assets, net	72,657	68,808		
Total assets	Total assets	\$ 2,746,799	\$2,798,882		
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY			LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	Current liabilities:			Current liabilities:	
Current portion of long-term debt	Current portion of long-term debt	\$ 150,000	\$ 65,000		
Accounts payable	Accounts payable	128,951	136,556		
Accrued compensation	Accrued compensation	51,726	60,719		
Accrued income taxes	Accrued income taxes	—	6,676		
Federal excise, use, and other taxes	Federal excise, use, and other taxes	33,509	38,543		
Other current liabilities	Other current liabilities	153,265	146,377		
Total current liabilities	Total current liabilities	517,451	453,871		
Long-term debt	Long-term debt	787,538	984,658		
Deferred income tax liabilities	Deferred income tax liabilities	42,771	40,749		
Long-term operating lease liabilities	Long-term operating lease liabilities	97,651	103,313		
Accrued pension and postemployment benefits	Accrued pension and postemployment benefits	24,323	25,114		
Other long-term liabilities	Other long-term liabilities	51,321	59,384		
Total liabilities	Total liabilities	1,521,055	1,667,089		
Commitments and contingencies (Notes 12 and 15)					
Commitments and contingencies (Note 12 and 15)				Commitments and contingencies (Note 12 and 15)	
Common stock — \$0.01 par value:	Common stock — \$0.01 par value:				
Authorized — 500,000,000 shares	Authorized — 500,000,000 shares				
Issued and outstanding — 58,062,364 shares as of September 24, 2023 and 57,085,756 shares as of March 31, 2023		579	570		
Authorized — 500,000,000 shares					
Authorized — 500,000,000 shares					
Issued and outstanding — 58,122,198 shares as of December 24, 2023 and 57,085,756 shares as of March 31, 2023					

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Issued and outstanding — 58,122,198 shares as of December 24, 2023 and 57,085,756 shares as of March 31, 2023

Additional paid-in capital	Additional paid-in capital	1,653,407	1,711,155
Accumulated deficit	Accumulated deficit	(128,006)	(230,528)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(76,035)	(80,802)
Common stock in treasury, at cost — 5,902,075 shares held as of September 24, 2023 and 6,878,683 shares held as of March 31, 2023		(224,201)	(268,602)
Common stock in treasury, at cost — 5,842,241 shares held as of December 24, 2023 and 6,878,683 shares held as of March 31, 2023			
Total stockholders' equity	Total stockholders' equity	1,225,744	1,131,793
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 2,746,799	\$2,798,882

See Notes to the Condensed Consolidated Financial Statements.

VISTA OUTDOOR INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

	Three months ended		Six months ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
(Amounts in thousands except per share data)				
Sales, net	\$ 676,808	\$ 781,678	\$ 1,370,141	\$ 1,584,290
Cost of sales	467,938	518,804	934,514	1,027,946
Gross profit	208,870	262,874	435,627	556,344
Operating expenses:				
Research and development	12,203	11,154	24,283	19,051
Selling, general, and administrative	120,882	120,553	243,373	233,701
Operating income	75,785	131,167	167,971	303,592
Other (expense) income, net (Note 5)	(1,174)	741	(1,715)	741
Interest expense, net	(16,643)	(13,934)	(32,861)	(20,244)
Income before income taxes	57,968	117,974	133,395	284,089
Income tax provision	(13,546)	(24,519)	(30,873)	(64,619)

Net income	\$ 44,422	\$ 93,455	\$ 102,522	\$ 219,470
Earnings per common share:				
Basic	\$ 0.77	\$ 1.65	\$ 1.78	\$ 3.88
Diluted	\$ 0.76	\$ 1.62	\$ 1.75	\$ 3.78
Weighted-average number of common shares outstanding:				
Basic	58,041	56,553	57,757	56,520
Diluted	58,299	57,814	58,426	58,098
Net income (from above)	\$ 44,422	\$ 93,455	\$ 102,522	\$ 219,470
Other comprehensive income (loss), net of tax:				
Pension and other postretirement benefit liabilities:				
Reclassification of net actuarial loss for pension and postretirement benefit plans recorded to net income, net of tax (expense) of \$(176) and \$(352) for the three and six months ended September 24, 2023, respectively, and \$(221) and \$(442) for the three and six months ended September 25, 2022, respectively	562	694	1,124	1,388
Change in derivatives, net of tax (expense) benefit of \$(657) and \$(1,150) for the three and six months ended September 24, 2023, respectively, and \$92 and \$781 for the three and six months ended September 25, 2022, respectively	2,098	(287)	3,672	(278)
Change in cumulative translation adjustment, net of tax (expense) of \$0 and \$0 for the three and six months ended September 24, 2023, respectively, and \$0 and \$(167) for the three and six months ended September 25, 2022, respectively	(693)	(1,398)	(29)	(1,871)
Total other comprehensive income (loss)	1,967	(991)	4,767	(761)
Comprehensive income	\$ 46,389	\$ 92,464	\$ 107,289	\$ 218,709

(Amounts in thousands except per share data)	Three months ended		Nine months ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
Sales, net	\$ 682,253	\$ 754,775	\$ 2,052,394	\$ 2,339,065
Cost of sales	479,402	515,969	1,413,916	1,543,915
Gross profit	202,851	238,806	638,478	795,150
Operating expenses:				
Research and development	12,267	12,382	36,550	31,433
Selling, general, and administrative	151,821	129,738	395,194	363,439
Impairment of goodwill and intangibles (Note 11)	218,812	—	218,812	—
Operating income (loss)	(180,049)	96,686	(12,078)	400,278
Other income (expense), net (Note 5)	86	639	(1,629)	1,380
Interest expense, net	(15,227)	(18,953)	(48,088)	(39,197)
Income (loss) before income taxes	(195,190)	78,372	(61,795)	362,461
Income tax benefit (provision)	46,995	(13,225)	16,122	(77,844)
Net income (loss)	\$ (148,195)	\$ 65,147	\$ (45,673)	\$ 284,617
Earnings (loss) per common share:				
Basic	\$ (2.55)	\$ 1.15	\$ (0.79)	\$ 5.03
Diluted	\$ (2.55)	\$ 1.13	\$ (0.79)	\$ 4.91
Weighted-average number of common shares outstanding:				
Basic	58,078	56,574	57,866	56,538
Diluted	58,078	57,843	57,866	58,022
Net income (loss) (from above)	\$ (148,195)	\$ 65,147	\$ (45,673)	\$ 284,617
Other comprehensive income, net of tax:				
Reclassification of net actuarial loss for pension and postretirement benefit plans recorded to net income, net of tax (expense) of \$(176) and \$(528) for the three and nine months ended December 24, 2023, respectively, and \$(221) and \$(663) for the three and nine months ended December 25, 2022, respectively	562	694	1,686	2,082

Change in derivatives, net of tax (expense) benefit of \$254 and \$(896) for the three and nine months ended December 24, 2023, respectively, and \$164 and \$945 for the three and nine months ended December 25, 2022, respectively	(812)	(515)	2,860	(793)
Change in cumulative translation adjustment, net of tax (expense) of \$0 and \$0 for the three and nine months ended December 24, 2023, respectively, and \$(3) and \$(171) for the three and nine months ended December 25, 2022, respectively	954	994	925	(877)
Total other comprehensive income	704	1,173	5,471	412
Comprehensive income (loss)	<u>\$ (147,491)</u>	<u>\$ 66,320</u>	<u>\$ (40,202)</u>	<u>\$ 285,029</u>

See Notes to the Condensed Consolidated Financial Statements.

VISTA OUTDOOR INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(Amounts in thousands)	(Amounts in thousands)	Six months ended		(Amounts in thousands)	Nine months ended	
		September 24, 2023	September 25, 2022		December 24, 2023	December 25, 2022
Operating Activities:	Operating Activities:			Operating Activities:		
Net income		\$ 102,522	\$ 219,470			
Adjustments to net income to arrive at cash provided by operating activities:						
Net income (loss)						
Adjustments to net income (loss) to arrive at cash provided by operating activities:						
Depreciation						
Depreciation						
Depreciation	Depreciation	24,470	23,317			
Amortization of intangible assets	Amortization of intangible assets	25,336	18,983			
Amortization of deferred financing costs	Amortization of deferred financing costs	4,154	2,518			
Impairment of goodwill and intangibles (Note 11)						
Impairment of long-lived assets	Impairment of long-lived assets	2,802	—			
Change in fair value of contingent consideration	Change in fair value of contingent consideration	—	(11,425)			

Deferred income taxes	Deferred income taxes	514	(124)
Gain on foreign exchange	Gain on foreign exchange	(240)	(741)
Loss on disposal of property, plant, and equipment	Loss on disposal of property, plant, and equipment	69	551
Share-based compensation	Share-based compensation	2,680	14,756
Changes in assets and liabilities:	Changes in assets and liabilities:		
Net receivables			
Net receivables			
Net receivables	Net receivables	(57,128)	(25,601)
Net inventories	Net inventories	13,541	(36,042)
Accounts payable	Accounts payable	(5,104)	10,092
Accrued compensation	Accrued compensation	(8,859)	(26,233)
Accrued income taxes	Accrued income taxes	(17,125)	4,313
Federal excise, use, and other taxes	Federal excise, use, and other taxes	(5,027)	(1,261)
Pension and other postretirement benefits	Pension and other postretirement benefits	685	944
Other assets and liabilities	Other assets and liabilities	24,250	(115)
Cash provided by operating activities	Cash provided by operating activities	107,540	193,402
Investing Activities:	Investing Activities:		
Capital expenditures	Capital expenditures	(13,425)	(12,957)
Capital expenditures			
Capital expenditures			
Acquisition of businesses, net of cash received	Acquisition of businesses, net of cash received	—	(761,170)
Proceeds from the disposition of property, plant, and equipment	Proceeds from the disposition of property, plant, and equipment	137	43

Cash used in investing activities	Cash used in investing activities	(13,288)	(774,084)
Financing Activities:	Financing Activities:		
Proceeds from credit facility	Proceeds from credit facility		
Proceeds from credit facility	Proceeds from credit facility	102,000	465,000
Repayments of credit facility	Repayments of credit facility	(162,000)	(165,000)
Proceeds from issuance of long-term debt	Proceeds from issuance of long-term debt	—	350,000
Debt issuance costs	Debt issuance costs	(60)	(15,905)
Payments on long-term debt	Payments on long-term debt	(55,000)	—
Payments made for contingent consideration	Payments made for contingent consideration	(8,585)	—
Proceeds from exercise of stock options	Proceeds from exercise of stock options	39	181
Payment of employee taxes related to vested stock awards	Payment of employee taxes related to vested stock awards	(16,200)	(8,889)
Cash (used in) provided by financing activities	Cash (used in) provided by financing activities	(139,806)	625,387
Effect of foreign exchange rate fluctuations on cash	Effect of foreign exchange rate fluctuations on cash	(700)	(1,224)
Increase (decrease) in cash and cash equivalents	Increase (decrease) in cash and cash equivalents	(46,254)	43,481
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	86,208	22,584
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 39,954	\$ 66,065
Supplemental Cash Flow Disclosures:	Supplemental Cash Flow Disclosures:		
Non-cash investing activity:	Non-cash investing activity:		

Capital expenditures included in accounts payable	\$	1,731	\$	2,681
Non-cash investing activity:				
Non-cash investing activity:				
Capital expenditures included in accounts payable and other current liabilities				
Capital expenditures included in accounts payable and other current liabilities				
Capital expenditures included in accounts payable and other current liabilities				
Contingent consideration in connection with business combinations	Contingent consideration in connection with business combinations	\$	—	\$ 11,400

See Notes to the Condensed Consolidated Financial Statements.

VISTA OUTDOOR INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)

(Amounts in thousands except share data)	(Amounts in thousands except share data)								(Amounts in thousands except share data)							
		Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity		Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity
Balance, March 31, 2023		57,085,756	\$ 570	\$ 1,711,155	\$ (230,528)	\$ (80,802)	\$ (268,602)	\$ 1,131,793								
Balance, September 24, 2023																
Comprehensive income (loss)																
Exercise of stock options																
Share-based compensation																
Restricted stock vested and shares withheld																
Employee stock purchase plan																
Other																
Balance, December 24, 2023																
Balance, September 25, 2022																
Balance, September 25, 2022																
Balance, September 25, 2022																
Comprehensive income	Comprehensive income	—	—	—	58,100	2,800	—	60,900								

Exercise of stock options	Exercise of stock options	2,410	—	(55)	—	—	94	39
Share-based compensation	Share-based compensation	—	—	3,307	—	—	—	3,307
Restricted stock vested and shares withheld	Restricted stock vested and shares withheld	901,094	—	(57,520)	—	—	41,483	(16,037)
Employee stock purchase plan								
Other								
Balance, December 25, 2022								
Other		8,390	9	(329)	—	—	320	—
Balance, June 25, 2023		57,997,650	\$ 579	\$1,656,558	\$ (172,428)	\$ (78,002)	\$(226,705)	\$1,180,002
Comprehensive income		—	—	—	44,422	1,967	—	46,389

	Balance, March 31, 2022	\$ 56,093,456	\$ 560	\$ 1,730,927	\$ (220,810)	\$ (76,679)	\$ (309,599)	\$ 1,124,399
Comprehensive income	Comprehensive income	—	—	—	126,015	230	—	126,245
Exercise of stock options	Exercise of stock options	9,150	—	(212)	—	—	359	147
Share-based compensation	Share-based compensation	—	—	7,257	—	—	—	7,257

Restricted stock vested and shares withheld	Restricted stock vested and shares withheld	413,089	—	(25,892)	—	—	17,156	(8,736)
Employee stock purchase plan								
Other	Other	8,387	5	(321)	—	—	316	—
Balance, June 26, 2022		56,524,082	\$ 565	\$1,711,759	\$ (94,795)	\$ (76,449)	\$(291,768)	\$1,249,312
Comprehensive income		—	—	—	93,455	(991)	—	92,464
Exercise of stock options		4,000	—	(123)	—	—	157	34
Share-based compensation		—	—	7,499	—	—	—	7,499
Restricted stock vested and shares withheld		1,276	—	(72)	—	—	55	(17)
Employee stock purchase plan		6,002	—	(76)	—	—	235	159
Other		31,555	1	(1,237)	—	—	1,236	—
Balance, September 25, 2022		56,566,915	\$ 566	\$1,717,750	\$ (1,340)	\$ (77,440)	\$(290,085)	\$1,349,451
Balance, December 25, 2022								

See Notes to the Condensed Consolidated Financial Statements.

VISTA OUTDOOR INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
Six Nine Months Ended September 24, 2023 December 24, 2023
(Amounts in thousands except per share data and unless otherwise indicated)

1. The Company and Basis of Presentation

Nature of Operations—Vista Outdoor Inc. (together with our subsidiaries, "Vista Outdoor", "we", "our", and "us", unless the context otherwise requires) is a leading global designer, manufacturer, and marketer of outdoor recreation and shooting sports products. We operate through two reportable segments, **The Kinetic Group (formerly Sporting Products Products)** and **Revelyst (formerly Outdoor Products. Products)**, which were renamed during our third fiscal quarter. See Note 16, *Operating Segment Information*, for further information. We are headquartered in Anoka, Minnesota and have manufacturing and distribution facilities in the United States, Canada, Mexico, and Puerto Rico along with international customer service, sales and sourcing operations in Asia and Europe. We have a robust global distribution network serving customers in over 100 countries. Vista Outdoor was incorporated in Delaware in 2014.

Basis of Presentation—Our unaudited condensed consolidated financial statements have been prepared in accordance with the requirements of the Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain disclosures and other financial information that normally are required by accounting principles generally accepted in the United States have been condensed or omitted. Management is responsible for the unaudited condensed consolidated financial statements included in this report, which in the opinion of management, include all adjustments necessary for a fair presentation of our financial position, results of operations, and cash flows for the periods and dates presented. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023 ("fiscal year 2023"), which was filed with the SEC on May 25, 2023.

Change in Presentation—In connection with our preparation of the condensed consolidated financial statements for the three and **six nine** months ended **September 24, 2023 December 24, 2023**, we changed the presentation of "Earnings (loss) before interest, **income taxes**, and **income taxes** other" to "Operating **income** **income** (loss)" within the condensed consolidated statements of comprehensive **income. income** (loss). This correction did not affect previously reported net income (loss) and is immaterial to the previously issued financial statements.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates. We review our estimates to ensure that these estimates properly reflect changes in our business or as new information becomes available.

New Accounting Pronouncements—Our accounting policies are described in Note 1 of the audited consolidated financial statements in our Annual Report on Form 10-K for fiscal year 2023, which was filed with the SEC on May 25, 2023. Such significant accounting policies are applicable for periods prior to the following new accounting standards.

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, "*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*." This ASU improves financial reporting by requiring disclosure of incremental segment information. The new guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU 2023-07 on our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures* ("ASU 2023-09"), which improves the transparency of income tax disclosures by requiring companies to (1) disclose consistent categories and greater disaggregation of information in the effective rate reconciliation and (2) provide information on income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, although early adoption is permitted. The guidance should be applied on a prospective basis with the option to apply the standard retrospectively. We are currently evaluating the impact of adopting this ASU 2023-09 on our consolidated financial statements and disclosures.

Accounting Standards Adopted During this Fiscal Year—In September 2022, the FASB issued ASU 2022-04, Liabilities—Supplier Finance Programs (Subtopic 405-50): *Disclosure of Supplier Finance Program Obligations*, which requires a buyer in a supplier finance program to disclose qualitative and quantitative information about its program to allow a user of the financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. The amendments in ASU 2022-04 are effective for fiscal years, and interim periods within those fiscal years,

beginning after December 15, 2022, with the exception for the amendment on roll-forward information, which is effective for fiscal years beginning after December 15, 2023. The guidance should be applied retrospectively, except for the amendment on roll-forward information, which should be applied prospectively. This ASU was effective for us in the first quarter of fiscal year 2024, with the exception of the amendment on roll-forward information, which will be effective for us in our Form 10-K for fiscal year 2025. We adopted this ASU during the first quarter of fiscal 2024 and the adoption did not have an impact on our condensed consolidated financial statement disclosures.

Goodwill—Our policy is to test goodwill for impairment on the first day of the fourth fiscal quarter or upon the occurrence of events or changes in circumstances that indicate that the asset might be impaired. Goodwill is assigned to our reporting units, which are our operating segments, or components of an operating segment, that constitute a business for which discrete financial information is available, and for which segment management regularly reviews the operating results.

During the third quarter of fiscal year 2024, as a result of an increasingly challenging economic environment for consumers due to higher interest rate expectations continuing, and other factors affecting the market for our products, we reduced our projections for fiscal year 2024 and beyond for the majority of our reporting units within the Revelyst reportable segment. As a result of a downward revision of forecasted cash flows due to lower volume and profitability expectations, combined with the decline in our stock price in the third fiscal quarter, we concluded that triggering events had occurred potentially indicating that the fair values of certain reporting units within our Revelyst reportable segment were less than their carrying values. Based on these events, we completed an interim quantitative goodwill impairment analysis and recognized goodwill impairment losses of \$161,714 related to reporting units within our Revelyst reportable segment, which are included in "Impairment of goodwill and intangibles" on our condensed consolidated statements of comprehensive income (loss) for the three and nine months ended December 24, 2023. See Note 11, *Goodwill and Intangible Assets*, for further information.

For the third quarter fiscal year 2024 interim quantitative goodwill impairment analysis, we determined the estimated fair value of each reporting unit and compared it to their respective carrying amounts, including goodwill. The fair value of each reporting unit was determined considering both an income and market approach. We weighted the valuations of our Revelyst segment reporting units using 100% of the income approach, specifically the discounted cash flow method. The weighted average cost of capital used in the income approach ranged between 12.5% and 16.0%, which was derived from the financial structures of comparable companies corresponding to the industry of each reporting unit. We weighted the value of The Kinetic Group reporting unit using 100% of the market approach, based on the offer accepted in the Sporting Products Sale. This market approach method estimates the price reasonably expected to be realized. See *Sale of Sporting Products and Planned Separation* in the Executive Summary and Financial Highlights of Part I, Item 2 of this Quarterly Report on Form 10-Q for further discussion of the Sporting Products Sale.

In developing the discounted cash flow analysis, our assumptions about forecasted revenues and operating margins, capital expenditures, and changes in working capital were based on forecasts, as reviewed by the Board of Directors, and assume a terminal growth rate thereafter. A separate discount rate was determined for each Revelyst reporting unit and these cash flows were then discounted to determine the fair value of the reporting unit. The discounted cash flow analysis is derived from valuation techniques in which one or more significant inputs are not observable (Level 3 fair value measurements).

In order to assess the reasonableness of the calculated fair values of our reporting units, we also compared the sum of the reporting units' fair values to our market capitalization and calculated an implied control premium (the excess of the sum of the reporting units' fair values over the market capitalization). We evaluated the control premium by comparing it to control premiums of recent comparable transactions. If the implied control premium was not reasonable in light of this assessment, we would have reevaluated our fair value estimates of the reporting units by adjusting the discount rates and other assumptions as necessary.

Indefinite-Lived Intangible Assets—Indefinite lived intangibles are not amortized and are tested for impairment annually on the first day of the fourth fiscal quarter or upon the occurrence of events or changes in circumstances that indicate that the assets might be impaired. In conjunction with our interim quantitative goodwill impairment analysis, we performed a fair value analysis on our indefinite-lived trademarks and trade names within the Revelyst reportable segment, which resulted in impairment losses of \$50,300, related to indefinite lived intangible assets. These losses are included in "Impairment of goodwill and intangibles" on our condensed consolidated statements of comprehensive income (loss) for the three and nine months ended December 24, 2023. We performed a step zero analysis on The Kinetic Group indefinite-lived trade names. See Note 11, *Goodwill and Intangible Assets*, for further information.

We calculated the fair value of our indefinite lived intangibles using the relief-from-royalty method which assumes that the asset has value to the extent that the owner is relieved of the obligation to pay royalties for the benefits received from them. We estimated the future revenue for the related brands and technology, the appropriate royalty rate, and the weighted average cost of capital. We based our fair values and estimates on assumptions we believed to be reasonable, but which are unpredictable and inherently uncertain.

Our assumptions used to develop the discounted cash flow analysis and the relief-from-royalty calculation require us to make significant estimates. The projections also take into account several factors including current and estimated economic trends and outlook, costs of raw materials and other factors that are beyond our control. If the current economic conditions were to deteriorate, or if we were to lose significant business, it is possible that the estimated fair value of certain reporting units or trade names could fall below their carrying value resulting in the necessity to conduct additional impairment tests in future periods. We continually monitor the reporting units and trade names for impairment indicators and update assumptions used in the most recent calculation of the estimated fair value of a reporting unit or trade names as appropriate.

Long-Lived Assets—Our long-lived assets consist primarily of property, plant, and equipment, amortizing right-of-use assets related to our operating leases and amortizing costs related to cloud computing arrangements. Our primary identifiable intangible assets include trademarks and trade names, patented technology, and customer relationships. We periodically evaluate the recoverability of the carrying amount of our long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable or exceeds its fair value.

In conjunction with our interim quantitative goodwill impairment analysis, we performed recoverability tests of our long-lived assets, including amortizing intangible assets, by comparing the net book value of our long-lived assets or asset groups, to the future undiscounted net cash flows attributable to such assets. Based on the results of the recoverability test, we determined that the fair value of certain definite lived intangibles related to trade names and customer relationship within our Outdoor Cooking reporting unit were less than their carrying value. The fair value of these intangibles was determined using the cost approach. As a result, we recorded impairment charges totaling \$6,798 related to amortizing intangible assets, which are included in "Impairment of goodwill and intangibles" on our condensed consolidated statements of comprehensive income (loss) for the three and nine months ended December 24, 2023. See Note 11, *Goodwill and Intangible Assets*, for further information.

2. Fair Value of Financial Instruments

The following section describes the valuation methodologies we use to measure our financial instruments at fair value on a recurring basis:

Derivative Financial Instruments

Hedging instruments (See Note 5, *Derivative Financial Instruments*) are re-measured on a recurring basis using broker quotes, daily market foreign currency rates and interest rate curves as applicable and are therefore categorized within Level 2 of the fair value hierarchy.

Contingent Consideration

In connection with some of our acquisitions, we recorded contingent consideration liabilities that can be earned by the sellers upon achievement of certain milestones. The liabilities are measured on a recurring basis and recorded at fair value, using a discounted cash flow analysis or a Monte Carlo simulation analysis in a risk-neutral framework with assumptions for volatility, market price of risk adjustment, risk-free rate, and cost of debt, utilizing revenue projections for the respective **earn-**

out **earn-out** period, corresponding targets and approximate timing of payments as outlined in the purchase agreements. The inputs used to calculate the fair value of the contingent consideration liabilities are considered to be Level 3 inputs due to the lack of relevant market activity and significant management judgment. Changes in the fair value of the contingent consideration obligation results from changes in discount periods and rates, and changes in probability assumptions with respect to the likelihood of achieving the performance targets. Based on an amendment made to the QuietKat contingent consideration agreement subsequent to quarter end, the estimated fair value of the contingent consideration was increased to \$8,915 as of December 24, 2023. The fair value adjustments are recorded in selling, general, and administrative in the condensed consolidated statements of comprehensive **income, income (loss)**. As of **September 24, 2023** **December 24, 2023**, the estimated fair values of contingent consideration payable related to our acquisitions of QuietKat, Stone Glacier, and Fox Racing are **\$5,769, and \$8,915**, \$5,920 and \$0, respectively. Cash payouts during fiscal year 2024 related to our Fox Racing and QuietKat liabilities. See Note 4, *Acquisitions*, for additional information regarding the Fox Racing acquisition.

Contingent consideration liabilities are reported under the following captions in the condensed consolidated balance sheets:

		September 24, 2023	March 31, 2023
		December 24, 2023	December 24, 2023
		March 31, 2023	
Other current liabilities	Other current liabilities \$	8,604	\$ 8,586
Other long-term liabilities	Other long-term liabilities	3,085	11,688
Total	Total	\$ 11,689	\$20,274

Following is a summary of our contingent consideration liability Level 3 activity during fiscal year 2024:

Balance, March 31, 2023	\$	20,274
Increase in fair value		3,146
Payments made		(8,585)
Balance, September 24, 2023 December 24, 2023	\$	11,689 14,835

Disclosures about the Fair Value of Financial Instruments

The carrying amount of our receivables, inventory, accounts payable, and accrued liabilities as of September 24, 2023 December 24, 2023 and March 31, 2023 approximates fair value because of the short maturity of these instruments. The carrying values of cash and cash equivalents as of September 24, 2023 December 24, 2023 and March 31, 2023 are categorized within Level 1 of the fair value hierarchy.

The table below discloses information about carrying values and estimated fair value relating to our financial assets and liabilities:

		September 24, 2023		March 31, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
December 24, 2023					
		Carrying amount		Carrying amount	Fair value
Fixed-rate debt	Fixed-rate debt				
(1)	(1)	\$ 500,000	\$419,000	\$500,000	\$404,000
Variable-rate debt	Variable-rate debt				
(2)	(2)	445,000	445,000	560,000	560,000

(1) *Fixed rate debt*—In fiscal year 2021, we issued \$500,000 aggregate principal amount of 4.5% Senior Notes which will mature on March 15, 2029. These notes are unsecured and senior obligations. The fair value of the fixed-rate debt is based on market quotes for each issuance. We consider these to be Level 2 instruments. See Note 12, *Long-term Debt*, for additional information on long-term debt, including certain risks and uncertainties.

(2) *Variable rate debt*—The carrying value of the amounts outstanding under our 2022 ABL Revolving Credit Facility and 2022 Term Loan approximates the fair value because the interest rates are variable and reflective of market rates as of September 24, 2023 December 24, 2023. The fair value of this debt is categorized within Level 2 of the fair value hierarchy based on the observable market borrowing rates. See Note 12, *Long-term Debt*, for additional information on our credit facilities, including certain risks and uncertainties.

We measure certain nonfinancial assets at During the third fiscal quarter of 2024, we recognized impairment losses related to our goodwill and indefinite-lived intangible assets. The fair value on a nonrecurring basis if certain indicators of these assets are present, categorized within Level 3 of the fair value hierarchy. See Note 1, *The Company and Basis of Presentation*, and Note 11, *Goodwill and Intangible Assets*, for discussion and details of the impairment losses recorded in the third fiscal quarter of 2024.

We periodically evaluate the recoverability of the carrying amount of our long-lived assets, including amortizing intangible assets, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable or exceeds its fair value. These assets include long-lived assets that are written down to fair value when they are held for sale or determined to be impaired. See Note 1, *The Company and Basis of Presentation*, and Note 11, *Goodwill and Intangible Assets*, for discussion of an identified trigger event and impairment expense related to certain amortizing intangibles during third fiscal quarter of 2024. See Note 3, *Leases*, for discussion of ROU right of use asset impairments. (ROU) impairments during the fiscal year. Significant assumptions were used to estimate fair value of the ROU long-lived assets, which was were categorized within Level 3 of the fair value hierarchy.

3. Leases

We lease certain warehouse and distribution space, manufacturing space, office space, retail locations, equipment, and vehicles. All of these leases are classified as operating leases. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. We use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. These rates are assessed on a quarterly basis. The operating lease assets also include any lease payments made less lease incentives. Leases with an initial term of twelve months or less are not recorded on the balance sheet. For operating leases, expense is recognized on a straight-line basis over the lease term. Variable lease payments associated with our leases are recognized upon occurrence of the event, activity, or circumstance in the lease agreement on which those payments are assessed. Tenant improvement allowances are recorded as leasehold improvements with an offsetting adjustment included in our calculation of its right-of-use asset.

Many leases include one or more options to renew, with renewal terms that can extend the lease term up to five years. The exercise of lease renewal options is at our sole discretion. The depreciable life of assets and leasehold improvements are limited by the expected lease term.

The amounts of assets and liabilities related to our operating leases were as follows:

		Balance sheet caption	September 24, 2023	March 31, 2023
		Balance sheet caption	December 24, 2023	March 31, 2023
Assets:	Assets:			
Operating lease assets				
Operating lease assets				
Operating lease assets	Operating lease assets	Operating lease assets	\$ 98,709	\$106,828
Liabilities:	Liabilities:			
Liabilities:				
Liabilities:				
Current:	Current:			
Current:				
Current:				
Operating lease liabilities				
Operating lease liabilities				
Operating lease liabilities	Operating lease liabilities	Other current liabilities	\$ 15,562	\$ 16,351
Long-term:	Long-term:			
Operating lease liabilities		Long-term operating lease liabilities	97,651	103,313
Operating lease liabilities				
Operating lease liabilities				
Total lease liabilities	Total lease liabilities		\$ 113,213	\$119,664

The components of lease expense are recorded to cost of sales and selling, general, and administrative expenses in the condensed consolidated statements of comprehensive income. income (loss). The components of lease expense were as follows:

		Three months ended		Six months ended	
		September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
		Three months ended	Three months ended		Nine months ended
		December 24, 2023	December 24, 2023	December 25, 2022	December 24, 2023
		December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
Fixed operating lease costs (1)	Fixed operating lease costs (1)	\$ 7,168	\$ 7,089	\$ 14,269	\$ 12,894
Variable operating lease costs	Variable operating lease costs	1,035	995	2,245	1,458

Operating and sub-lease income	Operating and sub-lease income	(238)	(156)	(430)	(307)
Net lease costs	Net lease costs	\$ 7,965	\$ 7,928	\$ 16,084	\$ 14,045

(1) Includes short-term leases, which are immaterial.

The weighted average remaining lease term and weighted average discount rate is as follows:

		September 24, 2023	March 31, 2023		
		December 24, 2023		December 24, 2023	March 31, 2023
Weighted average remaining lease term (years):	Weighted average remaining lease term (years):				
Operating leases	Operating leases				
Operating leases	Operating leases	9.31	9.71	9.34	9.71
Weighted average discount rate:	Weighted average discount rate:				
Weighted average discount rate:	Weighted average discount rate:				
Operating leases	Operating leases	8.48	% 8.43		
Operating leases	Operating leases			8.52	% 8.43

The approximate minimum lease payments under non-cancelable operating leases as of **September 24, 2023** **December 24, 2023** are as follows:

Remainder of fiscal year 2024	\$	13,280	6,546
Fiscal year 2025		21,289	21,412
Fiscal year 2026		19,457	19,562
Fiscal year 2027		16,985	17,041
Fiscal year 2028		14,646	14,683
Thereafter		83,047	84,463
Total lease payments		168,704	163,707
Less imputed interest		(55,491)	(53,962)
Present value of lease liabilities	\$	113,213	109,745

Supplemental cash flow information related to leases is as follows:

	Six months ended
	September 25, 2022
	September 24, 2023

Nine months ended				Nine months ended	
		December			
		24, 2023		December 24, 2023	December 25, 2022
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows - operating leases	Operating cash flows - operating leases				
Operating cash flows - operating leases	Operating cash flows - operating leases				
Operating cash flows - operating leases	Operating cash flows - operating leases	\$	13,474	\$	10,409
Operating lease assets obtained in exchange for lease liabilities:	Operating lease assets obtained in exchange for lease liabilities:				
Operating leases	Operating leases		6,629		29,744
Operating leases	Operating leases				
Operating leases	Operating leases				
ROU asset re-measurements	ROU asset re-measurements		(6,195)		634

As part of integrating our recent acquisitions, we made a strategic decision decisions to close an office location locations which is are actively being marketed for sublease. Accordingly, during the second fiscal quarter of 2024, three months ended and nine months ended December 24, 2023, we recognized a ROU asset impairment of \$2,802, \$43 and \$2,845, respectively, reducing the carrying value of the lease asset to its estimated fair value.

4. Acquisitions

During the second quarter of fiscal year 2023, we acquired Simms Fishing Products (Simms), a premium fishing brand and leading manufacturer of waders, outerwear, footwear and technical apparel. We finalized the purchase price allocation during the fourth quarter of fiscal year 2023, and no significant changes were recorded from the original estimation. The results of this business are reported within the Outdoor Recreation Fishing operating segment and the Outdoor Products Revelyst reportable segment.

During the second quarter of fiscal year 2023, we acquired Fox (Parent) Holdings, Inc. ("Fox Racing"), a leader in motocross industry and a growing brand in the mountain bike category. We finalized the purchase price allocation during the fourth quarter of fiscal year 2023, and no significant changes were recorded from the original estimation. The results of this business are reported within the Sports Protection operating segment and the Outdoor Products Revelyst reportable segment.

Fiscal year 2023 Fox Racing supplemental pro forma data:

Fox's net sales of \$57,379 \$124,523 and net income of \$4,805 \$2,498 since the acquisition date, August 5, 2022, were included in our consolidated results for the three nine months ended September 25, 2022 December 25, 2022, are included in our consolidated results in the Outdoor Products Revelyst reportable segment.

The following unaudited pro forma financial information presents our results as if the Fox Racing acquisition had occurred on April 1, 2021:

		Three months ended September 25, 2022		Six months ended September 25, 2022		
		Three months ended December 25, 2022				
				Three months ended December 25, 2022		Nine months ended December 25, 2022
Sales, net	Sales, net	\$	809,357	\$	1,690,145	
Net income	Net income		94,611		218,657	

The unaudited supplemental pro forma data above includes the following significant non-recurring adjustments to net income to account for certain costs which would have been incurred if the Fox Racing acquisition had been completed on April 1, 2021:

		Three months ended September 25, 2022	Six months ended September 25, 2022
		Three months ended December 25, 2022	Three months ended December 25, 2022
		Three months ended December 25, 2022	Nine months ended December 25, 2022
Fees for advisory, legal, and accounting services (1)	Fees for advisory, legal, and accounting services (1)	\$ (4,051)	\$ (5,965)
Inventory step-up, net (2)	Inventory step-up, net (2)	(2,515)	(2,515)
Interest (3)	Interest (3)	3,197	10,627
Depreciation (4)	Depreciation (4)	180	719
Amortization (5)	Amortization (5)	1,176	4,245
Management Fees (6)	Management Fees (6)	(133)	(530)
Income tax provision (benefit) (7)	Income tax provision (benefit) (7)	39	(2,142)

(1) During the three months and **six nine** months ended **September 25, 2022** **December 25, 2022**, we incurred a total of **\$4,051** **\$99** and **\$5,965** **\$6,064** in acquisition related costs, including legal and other professional fees, all of which were reported in selling, general, and administrative expense in the condensed consolidated statements of comprehensive **income**, **income (loss)**. This adjustment is to show the results as if those fees were incurred during the first quarter of fiscal year 2022.

(2) Adjustment reflects the increased cost of goods sold expense resulting from the fair value step-up in inventory, which was expensed over inventory turns.

(3) Adjustment for the estimated interest expense and debt issuance amortization expense on \$580,000 in borrowings from Vista's 2022 ABL Revolving Credit Facility and 2022 Term Loan, used to finance the acquisition of Fox Racing. The interest rate assumed for purposes of preparing this pro forma financial information is 5.58%. This rate is the weighted average interest rate for our borrowings under the 2022 ABL Revolving Credit Facility and 2022 Term Loan **as during the quarter of September 25, 2022, the acquisition.**

(4) Adjustment for depreciation related to the revised fair-value basis of the acquired property, plant and equipment and change in estimated useful lives.

(5) Adjustment for amortization of acquired intangible assets.

(6) Represents an adjustment for management fees historically charged by the previous owner of Fox Racing under the terms of their management agreement.

(7) Income tax effect of the adjustments made at a blended federal, state, and international statutory rate adjusted for any non-deductible acquisition costs.

5. Derivative Financial Instruments

Commodity Price Risk

We use designated cash flow hedges to hedge our exposure to price fluctuations on lead we purchase for raw material components in our ammunition manufacturing process that are designated and qualify as effective cash flow hedges. The effectiveness of cash flow hedge contracts is assessed quantitatively at inception and qualitatively thereafter considering the transactions critical terms and counterparty credit quality.

The gains and losses on these hedges are included in accumulated other comprehensive loss and are reclassified into earnings at the time the forecasted revenue or expense is recognized. The gains or losses on the lead forward contracts are recorded in inventory as the commodities are purchased and in cost of sales when the related inventory is sold. As of **September 24, 2023** **December 24, 2023**, we had outstanding lead forward contracts on approximately **2.8 million** **1.3 million** pounds of lead. In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the related change in fair value of the derivative instrument would be reclassified from accumulated other comprehensive loss and recognized in earnings. The asset related to the lead forward contracts is immaterial and is recorded as part of other current assets.

Foreign Exchange Risk

Cash Flow Hedging Instrument

Foreign Currency Forward Contracts Not Designated as Hedging Instruments

In addition, during the three and six months ended September 24, 2023, December 24, 2023 and September 25, 2022, December 25, 2022, we recorded net foreign currency translation losses and (gains) gains of \$715, \$509 and \$(146), \$720, respectively, and \$476, \$33 and \$(146), \$866, respectively, on the condensed consolidated statements of comprehensive income (loss) within Other income (expense), respectively, net.

Interest Rate swaps

		Notional	Fair Value	Pay Fixed	Receive Floating	Maturity Date										
							Notional				Fair Value		Pay Fixed	Receive Floating		
Non-amortizing swap	Non-amortizing swap	\$ 50,000	\$358	4.910%	5.383%	Feb 2026	Non-amortizing swap	\$50,000	\$ (499)	\$ (499)	4.910%	4.910%	5.378%	20%		
Non-amortizing swap	Non-amortizing swap	25,000	69	4.650%	5.327%	Mar 2026	Non-amortizing swap	25,000	(352)	(352)	4.650%	4.650%	5.345%	20%		

The following table summarizes the fair value of our derivative instruments as well as the location of the asset and/or liability on the condensed consolidated balance sheets as of September 24, 2023 and consolidated balance sheets as of March 31, 2023:

		Asset derivatives fair value as of	
Derivatives not designated as cash flow hedging instruments	Balance sheet location	September 24, 2023	December 31, 2023
Interest rate swap contract	Deferred charges and other non-current assets, net	\$ 427	\$ —
Total		\$ 427	\$ —

Derivatives not designated as hedging instruments:

Foreign currency forward contracts	Other current assets	\$ —	\$ 91
Total		\$ —	\$ 91

Liability
derivatives
fair value as of

Liability derivatives fair value as of					Liability derivatives fair value as of			
Derivatives designated as cash flow hedging instruments	Derivatives designated as cash flow hedging instruments	Balance sheet location	September 24, 2023	March 31, 2023	Derivatives designated as cash flow hedging instruments	Balance sheet location	December 24, 2023	March 31, 2023
Foreign currency forward contracts	Foreign currency forward contracts	Other current liabilities	\$ 545	\$3,252				
Interest rate swap contract	Interest rate swap contract	Other current liabilities	—	1,760				
Total	Total		\$ 545	\$5,012				

The following tables summarize the net effect of all cash flow hedges for each of our derivative contracts on the condensed consolidated financial statements for the three and the **six nine** months ended **September 24, 2023** **December 24, 2023** and **September 25, 2022** **December 25, 2022**, respectively:

Derivatives designated as cash flow hedging instruments:	Gain (loss) recognized in other comprehensive income			
	Three months ended		Six months ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
Foreign currency forward contracts	\$ 403	\$ —	\$ 242	\$ —
Lead forward contracts	130	(416)	275	(1,030)
Interest rate swap contracts	1,121	—	2,392	—
Total	\$ 1,654	\$ (416)	\$ 2,909	\$ (1,030)

Gain (loss) reclassified from other comprehensive income into earnings							
Three months ended				Six months ended			
Gain (loss) recognized in other comprehensive income				Gain (loss) recognized in other comprehensive income			
Three months ended				Three months ended			
Derivatives designated as cash flow hedging instruments:				Derivatives designated as cash flow hedging instruments:			
Derivatives designated as cash flow hedging instruments:	Derivatives designated as cash flow hedging instruments:	Location	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022	Derivatives designated as cash flow hedging instruments:
Foreign currency forward contracts	Foreign currency forward contracts	Cost of Sales	\$ (789)	\$ —	\$ (1,189)	\$ —	December 24, 2023
Foreign currency forward contracts	Foreign currency forward contracts	Other expense, (income), net	(539)	—	(1,218)	—	December 25, 2022
Lead forward contracts	Lead forward contracts	Cost of Sales	96	(37)	290	29	December 24, 2023
							December 25, 2022

Interest rate swap contracts	Interest rate swap contracts	Interest expense, net	131	—	204	—
Total			\$ (1,101)	\$ (37)	\$ (1,913)	\$ 29
Total gain (loss)						

		Gain (loss) reclassified from other comprehensive income into earnings			
		Three months ended		Nine months ended	
Derivatives designated as cash flow hedging instruments:	Location	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
Foreign currency forward contracts	Cost of sales	\$ (160)	\$ —	\$ (1,349)	\$ —
	Other income				
Foreign currency forward contracts	(expense), net	(417)	—	(1,634)	—
Lead forward contracts	Cost of sales	141	94	431	123
Interest rate swap contracts	Interest expense, net	156	—	360	—
Total gain (loss)		\$ (280)	\$ 94	\$ (2,192)	\$ 123

6. Revenue Recognition

The following tables disaggregate our net sales by major product category:

		Three months ended					
		September 24, 2023			September 25, 2022		
		Sporting Products	Outdoor Products	Total	Sporting Products	Outdoor Products	Total
		Three months ended					
		December 24, 2023			December 24, 2023		
					December 25, 2022		
		The Kinetic Group			The Kinetic Group	Revelyst	Total
Sporting Products (1)	Sporting Products (1)	\$ 349,500	\$ —	\$ 349,500	\$432,489	\$ —	\$ 432,489
Outdoor Accessories (2)	Outdoor Accessories (2)	—	60,696	60,696	—	73,995	73,995
Action Sports (3)	Action Sports (3)	—	138,904	138,904	—	150,761	150,761
Outdoor Recreation (4)	Outdoor Recreation (4)	—	127,708	127,708	—	124,433	124,433
Total	Total	\$ 349,500	\$327,308	\$ 676,808	\$432,489	\$349,189	\$ 781,678
Geographic Region:							
Geographic Region:							
Geographic Region:							
United States	United States	\$ 310,992	\$242,208	\$ 553,200	\$396,302	\$229,657	\$ 625,959
Rest of the World		38,508	85,100	123,608	36,187	119,532	155,719
United States							

United States										
Rest of the world										
Total	Total	\$	349,500	\$327,308	\$ 676,808	\$432,489	\$349,189	\$ 781,678		
		Six months ended								
		September 24, 2023				September 25, 2022				
		Sporting Products	Outdoor Products	Total	Sporting Products	Outdoor Products	Total			
		Nine months ended								
		Nine months ended								
		Nine months ended								
		December 24, 2023					December 24, 2023		December 25, 2022	
		The Kinetic Group					The Kinetic Group		The Kinetic Group	
							Revelyst		Total	
Sporting Products (1)	Sporting Products (1)	\$	726,092	\$ —	\$ 726,092	\$943,116	\$ —	\$ 943,116		
Outdoor Accessories (2)	Outdoor Accessories (2)		—	114,052	114,052	—	142,080	142,080		
Action Sports (3)	Action Sports (3)		—	255,298	255,298	—	240,818	240,818		
Outdoor Recreation (4)	Outdoor Recreation (4)		—	274,699	274,699	—	258,276	258,276		
Total	Total	\$	726,092	\$644,049	\$1,370,141	\$943,116	\$641,174	\$1,584,290		
<u>Geographic Region:</u>										
<u>Geographic Region:</u>										
<u>Geographic Region:</u>										
<u>Geographic Region:</u>										
United States	United States	\$	654,765	\$470,727	\$1,125,492	\$877,381	\$432,112	\$1,309,493		
Rest of the World			71,327	173,322	244,649	65,735	209,062	274,797		
United States										
United States										
Rest of the world										
Total	Total	\$	726,092	\$644,049	\$1,370,141	\$943,116	\$641,174	\$1,584,290		

(1) Sporting Products includes the Ammunition operating segment.

(2) Outdoor Accessories includes the Outdoor Accessories operating segment.

(3) Action Sports includes the operating segments: Sports Protection and Cycling.

(4) Outdoor Recreation includes the operating segments: Hydration, Outdoor Cooking, Golf, Fishing, and our Stone Glacier business.

We sell our products in the U.S. and internationally. A majority of our sales are concentrated in the U.S. See Note 16, *Operating Segment Information*, for information on international revenues.

For the majority of our contracts with customers, we recognize revenue for our products at a point in time upon the transfer of control of the products to the customer, which typically occurs upon shipment and coincides with our right to payment, the transfer of legal title, and the transfer of the significant risks and rewards of ownership of the product. For our contracts that include bundled hardware and software sales, revenue related to delivered hardware and bundled software is recognized when control has transferred to the customer, which typically occurs upon shipment. Revenue allocated to unspecified software update rights is deferred and recognized on a straight-line basis over the estimated period they are expected to be provided.

Typically, our contracts require customers to pay within 30-60 days of product delivery with a discount available to some customers for early payment. In some cases, we offer extended payment terms to customers. However, we do not consider these extended payment terms to be a significant financing component of the contract because the payment terms are less than a year.

In limited circumstances, our contract with a customer may have shipping terms that indicate a transfer of control of the products upon their arrival at the destination rather than upon shipment. In those cases, we recognize revenue only when the product reaches the customer destination, which may require us to estimate the timing of transfer of control based on the expected delivery date. In all cases, however, we consider our costs related to shipping and handling to be a cost of fulfilling the contract with the customer.

The total amount of revenue we recognize for the sale of our products reflects various sales adjustments for discounts, returns, refunds, allowances, rebates, and other customer incentives. These sales adjustments can vary based on market conditions, customer preferences, timing of customer payments, volume of products sold, and timing of new product launches. These adjustments require management to make reasonable estimates of the amount we expect to receive from the customer. We estimate sales adjustments by customer or by product category on the basis of our historical experience with similar contracts with customers, adjusted as necessary to reflect current facts and circumstances and our expectations for the future. Sales taxes, federal excise taxes, and other similar taxes are excluded from revenue.

For the immaterial amount of our contracts that have multiple performance obligations, which represent promises within an arrangement that are distinct, we allocate revenue to all distinct performance obligations based on their relative stand-alone selling prices ("SSPs"). When available, we use observable prices to determine SSPs. When observable prices are not available, SSPs are established that reflect our best estimates of what the selling prices of the performance obligations would be if they were sold regularly on a stand-alone basis. We allocate revenue and any related discounts to these performance obligations based on their relative SSPs.

Incentives in the form of cash paid to the customer (or a reduction of a customer cash payment to us) typically are recognized as a reduction of sales unless the incentive is for a distinct benefit that we receive from the customer, e.g., advertising or marketing.

We pay commissions to some of our employees based on agreed-upon sales targets. We recognize the incremental costs of obtaining a contract as an expense when incurred because our sales contracts with commissions are a year or less.

7. Earnings Per Share

The computation of basic earnings per share ("EPS") is based on the weighted average number of shares that were outstanding during the period. The computation of diluted EPS is based on the number of basic weighted average shares outstanding plus the number of common shares that would be issued assuming the exercise of all potentially dilutive common shares, such as common stock to be issued upon exercise of options, contingently issuable shares and restricted stock units, using the treasury stock method.

In computing EPS for the periods presented, earnings, as reported for each respective period, is divided by the number of shares below:

		Three months ended		Six months ended						
		Three months ended						Three months ended		Nine months ended
(Amounts in thousands except per share data)	(Amounts in thousands except per share data)	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022	(Amounts in thousands except per share data)	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
Numerator:	Numerator:									
Net income		\$ 44,422	\$ 93,455	\$ 102,522	\$ 219,470					
Net income (loss)										
Net income (loss)										
Net income (loss)										
Denominator:	Denominator:									
Weighted-average number of common shares outstanding basic:										
Weighted-average number of common shares outstanding basic:										
Weighted-average number of common shares outstanding basic:	Weighted-average number of common shares outstanding basic:	58,041	56,553	57,757	56,520					
Dilutive effect of share-based awards (1)	Dilutive effect of share-based awards (1)	258	1,261	669	1,578					

Diluted shares	Diluted shares	58,299	57,814	58,426	58,098
Earnings per common share:					
Earnings (loss) per common share:					
Basic					
Basic					
Basic	Basic	\$ 0.77	\$ 1.65	\$ 1.78	\$ 3.88
Diluted	Diluted	\$ 0.76	\$ 1.62	\$ 1.75	\$ 3.78

(1) Due to the loss from continuing operations for the three and nine months ended December 24, 2023, there are no common shares added to calculate dilutive EPS because the effect would be anti-dilutive. Potentially dilutive securities of 300

were excluded from diluted EPS in three and nine months ended December 24, 2023, as we had a net loss. Potentially dilutive securities, which were not included in the computation of diluted earnings per share, because either the effect would have been anti-dilutive, or the options' exercise prices were greater than the average market price of the common stock were 13 23 and 122 316 for the three and six nine months ended September 24, 2023, respectively, and 290 and 293 for the three and six months ended September 25, 2022 December 25, 2022, respectively.

8. Receivables

Our trade accounts receivables are recorded at net realizable value, which includes an appropriate allowance for estimated credit losses. We maintain an allowance for credit losses related to accounts receivable for future expected credit losses resulting from the inability or unwillingness of our customers to make required payments. We estimate the allowance based upon historical bad debts, current customer receivable balances, age of customer receivable balances and the customers' financial condition, and in relation to a representative pool of assets consisting of a large number of customers with similar risk characteristics. The allowance is adjusted as appropriate to reflect differences in current conditions as well as changes in forecasted macroeconomic conditions. Receivables that do not share risk characteristics are evaluated on an individual basis, including those associated with customers that have a higher probability of default.

Net receivables are summarized as follows:

		September 24, 2023	March 31, 2023
		December 24, 2023	December 24, 2023
		March 31, 2023	March 31, 2023
Trade receivables	Trade receivables	\$ 406,003	\$349,424
Other receivables	Other receivables	12,162	8,899
Less: allowance for estimated credit losses and discounts	Less: allowance for estimated credit losses and discounts	(21,127)	(18,950)
Net receivables	Net receivables	\$ 397,038	\$339,373

Walmart represented 11% 12% and 10% of our total trade receivables balance as of September 24, 2023 December 24, 2023 and March 31, 2023, respectively.

The following provides a reconciliation of the activity related to the allowance for estimated credit losses for the six nine months ended September 24, 2023 December 24, 2023:

Balance, March 31, 2023	\$ 18,950
Provision for credit losses	2,430 2,228
Write-off of uncollectible amounts, net of recoveries	(253) (1,150)
Balance, September 24, 2023 December 24, 2023	\$ 21,127 20,028

9. Inventories

Current net inventories consist of the following:

		September 24, 2023	March 31, 2023
		December 24, 2023	
		December 24, 2023	March 31, 2023
Raw materials	Raw materials	\$ 203,262	\$199,225
Work in process	Work in process	62,718	63,652
Finished goods	Finished goods	424,009	447,020
Net inventories	Net inventories	\$ 689,989	\$709,897

We consider inventories to be long-term if they are not expected to be sold within one year. Long-term inventories are presented on the balance sheet net of reserves within deferred charges and other non-current assets and totaled \$52,513, \$41,982 and \$45,929 as of September 24, 2023, December 24, 2023 and March 31, 2023, respectively.

10. Accumulated Other Comprehensive Loss (AOCL)

The components of AOCL, net of income taxes, are as follows:

		September 24, 2023	March 31, 2023
		December 24, 2023	
		December 24, 2023	March 31, 2023
Derivatives	Derivatives	\$ 129	\$ (3,543)
Pension and other postretirement benefits liabilities	Pension and other postretirement benefits liabilities	(70,325)	(71,449)
Cumulative translation adjustment	Cumulative translation adjustment	(5,839)	(5,810)
Total AOCL	Total AOCL	\$ (76,035)	\$(80,802)

The following tables detail the amounts reclassified from AOCL to earnings as well as the changes in derivatives, pension and other postretirement benefits, and foreign currency translation:

		Three months ended September 24, 2023				Six months ended September 24, 2023			
		Pension and other postretirement benefits liabilities		Cumulative translation adjustment		Pension and other postretirement benefits liabilities		Cumulative translation adjustment	
		Derivatives	liabilities	adjustment	Total	Derivatives	liabilities	adjustment	Total
		Three months ended December 24, 2023				Three months ended December 24, 2023			
		Pension and other postretirement benefits liabilities		Cumulative translation adjustment		Pension and other postretirement benefits liabilities		Cumulative translation adjustment	
		Derivatives	liabilities	adjustment	Total	Derivatives	liabilities	adjustment	Total
Beginning balance in AOCL	Beginning balance in AOCL	\$ (1,969)	\$ (70,887)	\$ (5,146)	\$(78,002)	\$ (3,543)	\$ (71,449)	\$ (5,810)	\$(80,802)
Change in fair value of derivatives	Change in fair value of derivatives	1,654	—	—	1,654	2,909	—	—	2,909

Income tax impact on derivative instruments	Income tax impact on derivative instruments	(657)	—	—	(657)	(1,150)	—	—	(1,150)
Net losses reclassified from AOCL	Net losses reclassified from AOCL	1,101	—	—	1,101	1,913	—	—	1,913
Net actuarial losses reclassified from AOCL (1)	Net actuarial losses reclassified from AOCL (1)	—	562	—	562	—	1,124	—	1,124
Net change in cumulative translation adjustment	Net change in cumulative translation adjustment	—	—	(693)	(693)	—	—	(29)	(29)
Ending balance in AOCL	Ending balance in AOCL	\$ 129	\$ (70,325)	\$ (5,839)	\$ (76,035)	\$ 129	\$ (70,325)	\$ (5,839)	\$ (76,035)

(1) Amounts related to our pension and other postretirement benefits that were reclassified from AOCL were recorded as a component of net periodic benefit cost for each period presented, net of tax.

Three months ended September 25, 2022						Six months ended September 25, 2022												Three months ended December 25, 2022		Nine months ended September 25, 2022	

Ending balance in AOCL	Ending balance in AOCL	\$	(634)	\$	(69,687)	\$	(7,119)	\$(77,440)	\$	(634)	\$	(69,687)	\$	(7,119)	\$(77,440)
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(1) Amounts related to our pension and other postretirement benefits that were reclassified from AOCL were recorded as a component of net periodic benefit cost for each period presented. See Note 13, *Employee Benefit Plans*.

11. Goodwill and Intangible Assets

The carrying value of goodwill by reportable segment was as follows:

		Sporting Products	Outdoor Products	Total			
	The Kinetic Group	The Kinetic Group			Revelyst	Total	
Balance, March 31, 2023	Balance, March 31, 2023	\$ 86,105	\$379,604	\$465,709			
Balance, September 24, 2023	Balance, September 24, 2023	\$ 86,105	\$379,604	\$465,709			
Impairment							
Balance, December 24, 2023							

As of December 24, 2023 and March 31, 2023 \$1,488,676 and \$1,326,962 of accumulated impairment losses, recorded within the Revelyst segment, respectively. The goodwill recorded within The Kinetic Group segment has no accumulated impairment losses.

Fiscal year 2024 impairment

During the third fiscal quarter of 2024, we concluded that triggering events had occurred, potentially indicating that the fair values of our reporting units within our Revelyst reportable segment were less than their carrying values. We recognized impairment losses equal to the full carrying value of goodwill of \$26,219 and \$9,955, related to the reporting units of Outdoor Cooking and Stone Glacier, respectively, and a partial goodwill impairment loss of \$125,540 related to our Golf reporting unit. Goodwill relating to the Ammunition reporting unit was not impaired as the fair value exceeded the carrying value. Our Ammunition and Golf reporting units comprise our remaining goodwill at December 24, 2023. See Note 1, *The Company and Basis of Presentation*, for the discussion of the triggering event and goodwill impairment analysis performed.

Additionally, we recorded impairment losses of \$26,600, \$9,600, \$6,100, \$4,500 \$1,800, \$1,100, and \$600 related to the Fox Racing, Camelbak, Bell Cycling, Simms Fishing, Giro, Bushnell, and Bell Powersports indefinite-lived tradename assets, respectively. The carrying value of the indefinite lived intangible assets related to Fox Racing, Camelbak, Bell Cycling, Simms Fishing, Giro, Bushnell, and Bell Powersports after the impairment was \$58,400, \$13,300, \$12,000, \$25,500, \$15,300, \$14,900, and \$3,500, respectively, at December 24, 2023. We determined the fair value of our Fox Racing, Camelbak, Bell Cycling, Simms Fishing, Giro, Bushnell, and Bell Powersports indefinite-lived trade names using royalty rates of 3%, 1.5%, 1.5%, 3%, 1.5%, 1%, and 1%, respectively.

Intangible assets by major asset class consisted of the following:

		September 24, 2023			March 31, 2023			December 24, 2023			March 31, 2023		
		Gross carrying amount	Accumulated amortization	Total	Gross carrying amount	Accumulated amortization	Total	Gross carrying amount	Accumulated amortization	Total	Gross carrying amount	Accumulated amortization	Total
Trade names	Trade names	\$113,915	\$ (34,395)	\$ 79,520	\$113,915	\$ (30,848)	\$ 83,067						
Patented technology	Patented technology	36,854	(17,781)	19,073	36,854	(16,313)	20,541						
Customer relationships and other	Customer relationships and other	530,281	(171,620)	358,661	530,237	(151,272)	378,965						
Total	Total	681,050	(223,796)	457,254	681,006	(198,433)	482,573						

Non-amortizing trade names	Non-amortizing trade names	250,603	—	250,603	250,603	—	250,603
Net intangible assets	Net intangible assets	\$931,653	\$ (223,796)	\$707,857	\$931,609	\$ (198,433)	\$733,176

The net increase decrease in the gross carrying amount of amortizing intangible assets during the second quarter of nine months ended fiscal year 2024 was due to impairment as discussed in Note 1, *The Company and Basis of Presentation*, less increases due to the impact of foreign exchange rates. We recorded impairment expense related to customer relationship and trade name intangibles within our Outdoor Cooking reporting unit, net of accumulated amortization of \$5,805 and \$993, respectively. The decrease in non-amortizing trade names is due to impairment as discussed above. Amortization expense was \$12,629 \$12,490 and \$10,947 \$12,448 for the three months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022, respectively, and was \$25,336 \$37,826 and \$18,983 \$31,431 for the six nine months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022, respectively. The amortizable intangible assets in the table above are being amortized using a straight-line method over a weighted average remaining period of approximately 11.65 years.

As of September 24, 2023 December 24, 2023, we expect amortization expense related to these assets to be as follows:

Remainder of fiscal year 2024	\$	25,302	12,441
Fiscal year 2025		50,586	49,746
Fiscal year 2026		47,577	46,736
Fiscal year 2027		46,127	45,286
Fiscal year 2028		40,957	40,116
Thereafter		246,705	243,670
Total	\$	457,254	437,995

12. Long-term Debt

Long-term debt consisted of the following:	Long-term debt consisted of the following:	September 24, 2023	March 31, 2023	Long-term debt consisted of the following:	December 24, 2023	March 31, 2023
2022 ABL Revolving Credit Facility	2022 ABL Revolving Credit Facility	\$ 295,000	\$ 355,000			
2022 Term Loan	2022 Term Loan	150,000	205,000			
Total Principal Amount of Credit Agreements	Total Principal Amount of Credit Agreements	445,000	560,000			
4.5% Senior Notes	4.5% Senior Notes	500,000	500,000			
Total Principal Amount of Long-Term Debt	Total Principal Amount of Long-Term Debt	945,000	1,060,000			
Less: unamortized deferred financing costs related to term loans	Less: unamortized deferred financing costs related to term loans	(7,462)	(10,342)			

Carrying amount of long-term debt	Carrying amount of long-term debt	937,538	1,049,658
Less: current portion	Less: current portion	(150,000)	(65,000)
Carrying amount of long-term debt, excluding current portion	Carrying amount of long-term debt, excluding current portion	\$ 787,538	\$ 984,658

Credit Agreements—On August 5, 2022, we refinanced our 2021 ABL Revolving Credit Facility by entering into the 2022 ABL Revolving Credit Facility, which provides for a \$600,000 senior secured asset-based revolving credit facility. The amount available under the 2022 ABL Revolving Credit Facility is the lesser of the total commitment of \$600,000 or a borrowing base based on percentages of eligible receivables, inventory, and cash, minus certain reserves, but, in each case, subject to the excess availability financial covenant under the 2022 ABL Revolving Credit Facility described below. As of **September 24, 2023** **December 24, 2023**, the Excess Availability, or the amount available to borrow under the 2022 ABL Revolving Credit Facility, based on the borrowing base less outstanding borrowings of **\$295,000** **\$270,000** and outstanding letters of credit of \$14,878, less the minimum required borrowing base of \$57,000, was **\$170,289** **\$208,566**. The 2022 ABL Revolving Credit Facility matures on March 31, 2026 (the "Maturity Date"), subject to a customary springing maturity in respect of the 4.5% Notes due 2029 (described below) and the 2022 Term Loan (described below). Any outstanding revolving loans under the 2022 ABL Revolving Credit Facility will be payable in full on the Maturity Date.

Concurrently with the effectiveness of the 2022 ABL Revolving Credit Facility, we also obtained a \$350,000 senior secured asset-based term loan facility (the "2022 Term Loan"). The 2022 Term Loan matures on August 5, 2024 (the "Term Maturity Date") and is subject to quarterly principal payments on the last business day of each quarter in an amount equal to (i) 12.5% of the original principal amount of the 2022 Term Loan if the aggregate outstanding principal balance of the 2022 Term Loan exceeds the Term Loan Formula Threshold described below, or (ii) 10.0% of the original principal amount of the 2022 Term Loan if the aggregate outstanding principal balance of the 2022 Term Loan is equal to or less than the Term Loan Formula Threshold described below. As of **September 24, 2023** **December 24, 2023**, our quarterly principal payments are equal to 10.0% of the original principal amount of the 2022 Term Loan. The 2022 Term Loan is also subject to certain mandatory prepayment requirements, including with respect to the net cash proceeds from the sale of certain collateral, subject to our rights to reinvest such proceeds, and a percentage of our excess cash flow, to be calculated annually. The Term Loan Formula Threshold is based on a percentage of the appraisal value of eligible intellectual property, eligible machinery and equipment, and the fair market value of eligible real property minus certain reserves. Any outstanding term loans under the 2022 Term Loan will be payable in full on the Term Maturity Date.

Borrowings under the 2022 ABL Revolving Credit Facility bear interest at a rate equal to either the sum of a base rate plus a margin ranging from 0.25% to 0.75% or the sum of a Term Secured Overnight Financing Rate ("Term SOFR") plus a credit spread adjustment of 0.10%, plus a margin ranging from 1.25% to 1.75%. The margins vary based on our Average Excess Availability under the 2022 ABL Revolving Credit Facility. As of **September 24, 2023** **December 24, 2023**, the margin under the 2022 ABL Revolving Credit Facility was 0.5% for base rate loans and 1.5% for Term SOFR loans. We pay a commitment fee on the unused commitments under the 2022 ABL Revolving Credit Facility of 0.175% per annum.

Borrowings under the 2022 Term Loan bear interest at a rate equal to either the sum of a base rate plus a margin ranging from 2.50% to 3.00% or the sum of Term SOFR plus a credit spread adjustment of 0.10%, plus a margin ranging from 3.50% to 4.00%. The margins vary based on our Term Loan Formula Threshold under the 2022 Term Loan. As of **September 24, 2023** **December 24, 2023**, the margin under the 2022 Term Loan was 2.50% for base rate loans and 3.50% for Term SOFR loans.

As of **September 24, 2023** **December 24, 2023**, the weighted average interest rate for our borrowings under the 2022 ABL Revolving Credit Facility and 2022 Term Loan was **7.50%** **7.18%**.

Debt issuance costs incurred to date related to the 2022 ABL Revolving Credit Facility were approximately \$11,310, which included remaining unamortized debt issuance costs related to the 2021 ABL Credit Facility. These costs were initially included in other current and non-current assets and are being amortized over the term of the 2022 ABL Revolving Credit Facility to interest expense.

We incurred debt issuance costs related to the 2022 Term Loan of approximately \$10,453. The debt issuance costs associated with the 2022 Term Loan are being amortized to interest expense over 2 years.

Substantially all domestic tangible and intangible assets of Vista Outdoor and our domestic subsidiaries are pledged as collateral under the 2022 ABL Revolving Credit Facility and 2022 Term Loan.

4.5% Notes—In fiscal year 2021, we issued \$500,000 aggregate principal amount of 4.5% Notes that mature on March 15, 2029. These notes are unsecured and senior obligations. Interest on the notes is payable semi-annually in arrears on March 15 and September 15 of each year. We have the right to redeem some or all of these notes on or after March 15, 2024 at specified redemption prices. Prior to March 15, 2024, we may redeem some or all of these notes at a price equal to 100% of their principal amount plus

accrued and unpaid interest to the date of redemption and a specified make-whole premium. In addition, prior to March 15, 2024, we may redeem up to 40% of the aggregate principal amount of these notes with the net cash proceeds of certain equity offerings, at a price equal to 104.5% of their principal amount plus accrued and unpaid interest to the date of redemption. Debt issuance costs of approximately \$4,491 are being amortized to interest expense over eight years, the term of the notes.

Rank and guarantees—The 2022 ABL Revolving Credit Facility and 2022 Term Loan obligations are guaranteed on a secured basis, jointly and severally and fully and unconditionally by substantially all of our domestic subsidiaries. Vista Outdoor (the parent company issuer) has no independent assets or operations. We own 100% of all of these guarantor subsidiaries. The 4.5% Notes are senior unsecured obligations of Vista Outdoor and will rank equally in right of payment with any future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of Vista Outdoor. The 4.5% Notes are fully and unconditionally guaranteed, jointly and severally, by our existing and future domestic subsidiaries that guarantee indebtedness under our 2022 ABL Revolving Credit Facility and 2022 Term Loan or that incur or guarantee certain of our other indebtedness, or indebtedness of any subsidiary guarantor, in an aggregate principal amount in excess of \$75,000. These guarantees are senior unsecured obligations of the applicable subsidiary guarantors. The guarantee by any subsidiary guarantor of our obligations in respect of the 4.5% Notes will be released in any of the following circumstances:

- if, as a result of the sale of its capital stock, such subsidiary guarantor ceases to be a restricted subsidiary,
- if such subsidiary guarantor is designated as an “Unrestricted Subsidiary”,
- upon defeasance or satisfaction and discharge of the 4.5% Notes, or
- if such subsidiary guarantor has been released from its guarantees of indebtedness under the 2022 ABL Revolving Credit Facility and 2022 Term Loan and all capital markets debt securities

Covenants

2022 ABL Revolving Credit Facility—Our 2022 ABL Revolving Credit Facility and 2022 Term Loan impose restrictions on us, including limitations on our ability to pay cash dividends, incur debt or liens, redeem or repurchase Vista Outdoor stock, enter into transactions with affiliates, make investments, merge or consolidate with others or dispose of assets. Each of the 2022 ABL Revolving Credit Facility and 2022 Term Loan contains a financial covenant which requires that Excess Availability under the 2022 ABL Revolving Credit Facility cannot fall below the greater of (a) 10% of the line cap or (b) \$57,000. As a result of this financial covenant, we must maintain Excess Availability of at least the greater of 10% of the line cap or \$57,000 at all times in order to satisfy the financial covenant. In addition, as long as the 2022 Term Loan remains outstanding, we also must maintain a maximum consolidated leverage ratio (as defined in the credit agreement) of 3.00:1.00 as of the end of each fiscal quarter. As of **September 24, 2023** **December 24, 2023**, the consolidated leverage ratio was **1.85** **1.8**. Each of the 2022 ABL Revolving Credit Facility and the 2022 Term Loan includes a covenant that prohibits the “Planned Separation” (as defined in Vista Outdoor’s Form 10-K filing for the fiscal year ended March 31, 2022) with respect to the separation of Vista Outdoor’s **Outdoor Products** **Revelyst** and **Sporting Products** **The Kinetic Group** segments or any analogous transaction with respect to any line of business, business segment or division (or any part thereof) of Vista Outdoor or any subsidiary thereof. **Subsequent to quarter-end, In October 2023**, we announced our entry into a definitive agreement to sell **our Sporting Products** **The Kinetic Group** business to Czechoslovak Group a.s. (“CSG”) on a cash-free, debt-free basis with a normalized level of working capital (the “**The Kinetic Group Sale**” or the “**Sporting Products Sale**”). See **Note 17, Subsequent Event, Sale of Sporting Products and Planned Separation in the Executive Summary of Part I, Item 2 of this Quarterly Report on Form 10-Q** for further discussion of the Sporting Products Sale. Vista Outdoor anticipates that each of the 2022 ABL Revolving Credit Facility and the 2022 Term Loan will be repaid in full (or, in the case of the 2022 ABL Revolving Credit Facility, amended to unconditionally release all **Sporting Products** **The Kinetic Group** entities from their obligations thereunder) prior to or upon the consummation of the Sporting Products Sale. If we do not comply with the covenants in the 2022 ABL Revolving Credit Facility or 2022 Term Loan, the lenders under the applicable facility may, subject to customary cure rights, require the immediate payment of all amounts outstanding under such facility. As noted above, the Excess Availability less the minimum required borrowing base under the 2022 ABL Revolving Credit Facility was **\$170,289** **\$208,566** as of **September 24, 2023** **December 24, 2023**. Vista Outdoor has the option to increase the amount of the 2022 ABL Revolving Credit Facility in an aggregate principal amount not to exceed \$150,000, to the extent that any one or more lenders, whether or not currently party to the 2022 ABL Revolving Credit Facility, commit to be a lender for such amount.

4.5% Notes—The indenture governing the 4.5% Notes contains covenants that, among other things, limit our ability to incur or permit to exist certain liens, sell, transfer or otherwise dispose of assets, consolidate, amalgamate, merge or sell all or substantially all of our assets, enter into transactions with affiliates, enter into agreements restricting our subsidiaries’ ability to pay dividends, incur additional indebtedness, pay dividends, make other distributions, repurchase, or redeem our capital stock, prepay, redeem or repurchase certain debt and make loans and investments. Vista Outdoor anticipates that the 4.5% Notes will be redeemed in full upon the consummation of the Sporting Products Sale. See **Note 17, Subsequent Event, Sale of Sporting Products and Planned Separation in the Executive Summary of Part I, Item 2 of this Quarterly Report on Form 10-Q** for further discussion, discussion of the Sporting Products Sale.

The 2022 ABL Revolving Credit Facility, the 2022 Term Loan, and the indenture governing the 4.5% Notes contain cross-default provisions so that noncompliance with the covenants within one debt agreement could also cause a default under the other debt agreement. As of **September 24, 2023** **December 24, 2023**, we were in compliance with the covenants of all of our debt agreements. However, we cannot provide assurance that we will be able to comply with such financial covenants in the future due to various risks and uncertainties, some of which may be beyond our control. Any failure to comply with the restrictions in the 2022 ABL Revolving Credit Facility and 2022 Term Loan may prevent us from drawing under these loans and may result in an event of default under the 2022 ABL Revolving Credit Facility and 2022 Term Loan, which default may allow the creditors to accelerate the related indebtedness and the indebtedness under our 4.5% Notes and proceed against the collateral that secures such indebtedness. We may not have sufficient liquidity to repay the indebtedness in such circumstances.

Interest Rate swaps

During fiscal year 2023, we entered into floating-to-fixed interest rate swaps in order to mitigate the risk of changes in our interest rates on our outstanding variable-rate debt. We will receive variable interest payments from the counterparty lenders in exchange for fixed interest rate payments made by us. See Note 5, *Derivative Financial Instruments*, for additional information on our interest rate swap contracts.

Cash Paid for Interest on Debt

Cash paid for interest on debt, for the three months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022 totaled \$19,999 \$10,218 and \$12,120, \$11,800, respectively. Cash paid for interest on debt, for the six nine months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022 totaled \$29,813 \$40,031 and \$13,211, \$25,011, respectively.

13. Employee Benefit Plans

We recognized an aggregate net loss of \$237 and \$381 \$382 for employee defined benefit plans during the three months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022, respectively.

We recognized an aggregate net loss of \$474 \$711 and \$762 \$1,144 for employee defined benefit plans during the six nine months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022, respectively.

Employer contributions and distributions—We made contributions of \$0 and \$0 to our pension trust during the six nine months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022, respectively. No additional contributions are required and we are not expecting to make any contributions to our pension trust for the remainder of fiscal year 2024.

For those same periods, we made no contributions to our other postretirement benefit plans, and we made no distributions to retirees under our non-qualified supplemental executive retirement plan. No additional contributions are required and we are not expecting to make any contributions to our other postretirement benefit plans, or directly to retirees under our non-qualified supplemental executive retirement plans for the remainder of fiscal year 2024.

14. Income Taxes

Our provision for income taxes includes federal, foreign, and state income taxes. Income tax provisions for interim periods are based on the estimated effective annual income tax rates for the current year and the prior year.

The income tax provisions for the three months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022 represent effective tax rates of 23.4% 24.1% and 20.8% 16.9%, respectively. The increase in the effective tax rate from the prior year three month period is primarily driven by a decrease the release of tax reserves for uncertain tax positions offset in discrete tax benefit items recognized during part by nondeductible goodwill impairment in the current period, the beneficial true-up of prior year taxes, and non-taxable contingent consideration income in the prior year quarter.

Because of losses in the current period, favorable tax adjustments cause an increase in the rate.

The income tax provisions for the six nine months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022 represent effective tax rates of 23.1% 26.1% and 22.7% 21.5%, respectively. The increase in the effective tax rate from the prior year six nine month period is primarily driven by a decrease in discrete the release of tax benefit items recognized during the prior year period reserves for uncertain tax positions offset in part by nondeductible goodwill impairment in the current period. Because of losses in the current period, favorable tax adjustments cause an increase in current period tax credits over lower current year income, resulting in a larger rate benefit.

the rate.

The effective tax rate for the three and six nine months ended September 24, 2023 December 24, 2023 was higher than the statutory rate of 21% because of the loss in the current period, which caused favorable tax adjustments such as release of reserves for uncertain tax positions and September 25, 2022 is reflective of the deduction for Foreign-Derived Intangible Income to increase the rate partially offset by nondeductible goodwill impairment. The effective tax rate for the three and nine months ended December 25, 2022 differed from the federal statutory rate of 21% increased by the due to state taxes and reserves for uncertain the beneficial impact of the prior year tax positions return filings and partially offset by the deduction for Foreign-Derived Intangible Income and research and development tax credit. non-taxable contingent consideration income.

Income taxes paid, net of refunds, totaled \$47,092 \$53,184 and \$60,068 \$69,708 for the six nine months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022, respectively.

We have classified uncertain tax positions as non-current income tax liabilities unless expected to be paid within one year. The amount of unrecognized tax benefits, including interest and penalties, amounted to \$31,316 \$26,386 and \$28,692 as of September 24, 2023 December 24, 2023 and March 31, 2023, respectively. Although the timing and outcome of income tax audit settlements are uncertain, it is expected that a \$9,032 \$3,194 reduction of the liability for uncertain tax benefits will occur in the next 12 months. The settlement of these unrecognized tax benefits could result in earnings from \$0 to \$8,243, \$2,562.

15. Contingencies

We lease certain warehouse, distribution and office facilities, vehicles, and office equipment under operating leases. These operating lease liabilities represent commitments for minimum lease payments under non-cancelable operating leases in the amount of \$168,704, \$163,707. See Note 3, Leases.

Litigation

From time-to-time, we are subject to various legal proceedings, including lawsuits, which arise out of, and are incidental to, the conduct of our business. We do not consider any of such proceedings that are currently pending, individually or in the aggregate, to be material to our business or likely to result in a material adverse effect on our operating results, financial position, or cash flows.

Environmental liabilities

Our operations and ownership or use of real property are subject to a number of federal, state, and local environmental laws and regulations, as well as applicable foreign laws and regulations, including those governing the discharge of hazardous materials, remediation of contaminated sites, and restoration of damage to the environment. We are obligated to conduct investigation and/or remediation activities at certain sites that we own or operate or formerly owned or operated.

Certain of our former subsidiaries have been identified as a potentially responsible party ("PRPs" or "PRP"), along with other parties, in regulatory agency actions associated with hazardous waste sites. As a PRP, those former subsidiaries may be required to pay a share of the costs of the investigation and clean-up of these sites. In that event, we would be obligated to indemnify those subsidiaries for those costs. While uncertainties exist with respect to the amounts and timing of the ultimate environmental liabilities, based on currently available information, we have concluded that these matters, individually or in the aggregate, will not have a material adverse effect on our operating results, financial position, or cash flows. We have recorded a liability for environmental remediation of \$656 and \$717 as of September 24, 2023 December 24, 2023 and March 31, 2023, respectively.

We could incur substantial additional costs, including cleanup costs, resource restoration, fines, and penalties or third-party property damage or personal injury claims, as a result of violations or liabilities under environmental laws or non-compliance with environmental permits. While environmental laws and regulations have not had a material adverse effect on our operating results, financial condition, or cash flows in the past, and we have environmental management programs in place to mitigate these risks, it is difficult to predict whether they will have a material impact in the future.

16. Operating Segment Information

As of September 24, 2023 December 24, 2023, we have eight operating segments, which have been aggregated into two reportable segments, Sporting Products The Kinetic Group and Outdoor Products. This Revelyst. Segment reporting is consistent with based upon the "management approach," i.e., how our chief we organize operating decision maker (CODM), our segments for which separate financial information is (1) available and (2) evaluated regularly by the Chief Executive Officer, allocates Operating Decision Maker, or decision-making group, in deciding how to allocate resources and makes decisions. in assessing performance. Our Chief Operating Decision Makers (CODMs) are our two Co-Chief Executive Officers. During the third fiscal quarter of 2024, we changed the names of our reportable segments. The segment name changes did not result in any change to the compositions of our reportable segments and therefore did not result in any change to historical results. Our Ammunition operating segment, which is in its own reportable segment, which has been was renamed from Sporting Products to The Kinetic Group. The formerly named Sporting Products Outdoor Products reportable segment is now referred to as Revelyst. We aggregate our Outdoor Accessories, Sports Protection, Outdoor Cooking, Hydration, Golf, Fishing, and Cycling operating segments into the Outdoor Products Revelyst reportable segment. The operating segments aggregating into our Outdoor Products Revelyst reportable segment rely primarily on international suppliers to manufacture the products they sell, which impacts their economic characteristics in a similar manner. These operating segments also share other commonalities or risks, such as technology or intellectual property sharing, common commonly regulated environments, similar input cost risks, and nature of their products. Consumers of the products in these operating segments are typically looking to upgrade or replace their products in a similar time frame.

Our CODM CODMs relies on internal management reporting that analyzes our operating segment's operating income. Certain corporate-related costs and other non-recurring costs are not allocated to the segments in order to present comparable results from period to period and are not utilized by management in determining segment profitability. As segment assets are not reported to or used by the CODM CODMs to measure business performance or allocate resources, total segment assets are not presented below.

Our Sporting Products The Kinetic Group and Outdoor Products Revelyst reportable segments generated approximately 53% and 47%, respectively, of our external sales in the six nine months ended September 24, 2023 December 24, 2023.

No single customer contributed more than 10% of our sales in the six nine months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022.

The following tables contain information utilized by management to evaluate our operating segments for the periods presented:

Three months ended September 24, 2023	Three months ended December 24, 2023
---------------------------------------	--------------------------------------

Income (loss) before income taxes											
Depreciation and amortization	Depreciation and amortization	\$	12,857	\$	35,052	\$	47,909	\$	1,897	\$	49,806
Depreciation and amortization											
Depreciation and amortization											

	Three months ended September 25, 2022						Three months ended December 25, 2022					
			Sporting Products	Outdoor Products	Reportable segments total	Corporate and other reconciling items (a)	Consolidated total	The Kinetic Group	Revelyst	Reportable segments total	Corporate and other reconciling items (a)	Consolidated total
Sales, net	Sales, net	\$	432,489	\$349,189	\$ 781,678	\$ —	\$ 781,678					
Gross Profit	Gross Profit		159,138	106,771	265,909	(3,035)	262,874					
Operating income		\$	133,552	\$ 29,730	\$ 163,282	\$ (32,115)	\$ 131,167					
Operating income (loss)												
Operating income (loss)												
Operating income (loss)												
Other income, net	Other income, net		—	—	—	741	741					
Interest expense, net	Interest expense, net		—	—	—	(13,934)	(13,934)					
Income before income taxes		\$	133,552	\$ 29,730	\$ 163,282	\$ (45,308)	\$ 117,974					
Income (loss) before income taxes												
Depreciation and amortization												
Depreciation and amortization	Depreciation and amortization	\$	6,398	\$ 15,543	\$ 21,941	\$ 1,043	\$ 22,984					
Depreciation and amortization												
Depreciation and amortization												
Six months ended September 25, 2022												
			Sporting Products	Outdoor Products	Reportable segments total	Corporate and other reconciling items (a)	Consolidated total					
Nine months ended December 25, 2022												
Nine months ended December 25, 2022												
Nine months ended December 25, 2022												
	The Kinetic Group							The Kinetic Group	Revelyst	Reportable segments total	Corporate and other reconciling items (a)	Consolidated total

Sales, net	Sales, net	\$	943,116	\$641,174	\$1,584,290	\$	—	\$	1,584,290
Gross Profit	Gross Profit		360,100	199,279	559,379		(3,035)		556,344
Operating income		\$	309,638	\$ 57,416	\$ 367,054	\$	(63,462)	\$	303,592
Operating (loss) income									
Operating (loss) income									
Operating (loss) income									
Other income, net	Other income, net		—	—	—		741		741
Interest expense, net	Interest expense, net		—	—	—		(20,244)		(20,244)
Income before income taxes		\$	309,638	\$ 57,416	\$ 367,054	\$	(82,965)	\$	284,089
Income (loss) before income taxes									
Depreciation and amortization	Depreciation and amortization	\$	12,780	\$ 27,350	\$ 40,130	\$	2,170	\$	42,300
Depreciation and amortization									
Depreciation and amortization									

(a) includes corporate general and administrative expenses of \$28,012 \$49,180 and \$49,409 \$101,734 for the three and six nine months ended September 24, 2023 December 24, 2023 and \$37,124 \$21,167 and \$64,252 \$62,574 for the three and six nine months ended September 25, 2022 December 25, 2022, respectively, plus other non-recurring costs that are not allocated to the segments in order to present comparable results as presented to the CODM. CODMs. Reconciling items for the three and six nine months ended September 24, 2023 December 24, 2023 included impairment of goodwill and intangibles of \$218,812, post-acquisition compensation expense of \$1,405 and \$2,810, \$4,216 and contingent consideration fair value adjustment of \$3,146, respectively. Reconciling items for the three and six nine months ended September 25, 2022 December 25, 2022 included post-acquisition compensation expense of \$3,269 \$3,530 and \$7,600, \$11,130, inventory fair value step-up expenses related to acquisitions the Fox Racing and Simms acquisitions of \$3,035 \$5,049 and \$3,035, \$8,079, and contingent consideration fair value adjustment of \$(11,313) \$4,978 and \$(11,425), \$16,403, respectively.

Sales, net, exclude all intercompany sales between Sporting Products The Kinetic Group and Outdoor Products, Revelyst, which were not material for the three and six nine months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022.

17. Subsequent Event

Subsequent to quarter-end, we announced our entry into a definitive agreement to sell our Sporting Products business to Czechoslovak Group a.s. ("CSG") for an enterprise value of \$1,910,000 on a cash-free, debt-free basis with a normalized level of working capital, in an all-cash transaction subject to customary closing conditions (the "Sporting Products Sale"). The Sporting Products Sale represents the next step in our plan to split the Company into separate entities, which was previously announced on May 5, 2022. The Sporting Products Sale is expected to close in calendar year 2024, subject to approval of our stockholders, receipt of necessary regulatory approvals and other customary closing conditions. To effect the transaction, Vista Outdoor will separate its Outdoor Products business from its Sporting Products business by transferring the assets and liabilities of its Outdoor Products business to a wholly owned subsidiary of Vista Outdoor, Revelyst, Inc. ("Revelyst"), and CSG will merge one of its subsidiaries with Vista Outdoor (holding only the Sporting Products business), with each share of common stock of Vista Outdoor outstanding as of immediately prior to the closing of the Sporting Products Sale (other than shares held

by Vista Outdoor, its subsidiaries or CSG, which will be canceled, and shares subject to appraisal demands in connection with the Sporting Products Sale) being converted into the right to receive (a) one fully paid and non-assessable share of common stock of Revelyst and (b) \$12.90 in cash. See Executive Summary of Item 2., Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in this Form 10-Q filing.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Amounts in thousands except per share data and unless otherwise indicated)

Forward-Looking Information is Subject to Risk and Uncertainty

Some of the statements made and information contained in this report, excluding historical information, are "forward-looking statements," including those that discuss, among other things: our plans, objectives, expectations, intentions, strategies, goals, outlook or other non-historical matters; projections with respect to future revenues, income, earnings per share or other financial measures for Vista Outdoor; and the assumptions that underlie these matters. The words "believe," "expect," "anticipate," "plan", "intend," "aim," "should" and similar expressions are intended to identify such forward-looking statements. To the extent that any such information is forward-looking, it is intended to fit within the safe harbor for forward-looking information provided by the Private Securities Litigation Reform Act of 1995. Numerous risks, uncertainties and other factors could cause our actual results to differ materially from the expectations described in such forward-looking statements, including the following:

- supplier capacity constraints, production or shipping disruptions or quality or price issues affecting our operating costs;
 - the supply, availability and costs of raw materials and components;
 - increases in commodity, energy, and production costs;
 - seasonality and weather conditions;
 - our ability to complete acquisitions, realize expected benefits from acquisitions and integrate acquired businesses;
 - reductions in or unexpected changes in or our inability to accurately forecast demand for ammunition, accessories, or other outdoor sports and recreation products;
 - disruption in the service or significant increase in the cost of our primary delivery and shipping services for our products and components or a significant disruption at shipping ports;
 - risks associated with diversification into new international and commercial markets, including regulatory compliance;
 - our ability to take advantage of growth opportunities in international and commercial markets;
 - our ability to obtain and maintain licenses to third-party technology;
 - our ability to attract and retain key personnel;
 - disruptions caused by catastrophic events;
 - risks associated with our sales to significant retail customers, including unexpected cancellations, delays, and other changes to purchase orders;
 - our competitive environment;
 - our ability to adapt our products to changes in technology, the marketplace and customer preferences, including our ability to respond to shifting brand and product preferences of the end consumer and from brick and mortar retail to online retail;
 - our ability to maintain and enhance brand recognition and reputation;
 - our association with the firearms industry;
 - others' use of social media to disseminate negative commentary about us, our products, and boycotts;
 - the outcome of contingencies, including with respect to litigation and other proceedings relating to intellectual property, product liability, warranty liability, personal injury, and environmental remediation;
 - our ability to comply with extensive federal, state and international laws, rules and regulations;
 - changes in laws, rules and regulations relating to our business, such as federal and state ammunition regulations;
 - risks associated with cybersecurity and other industrial and physical security threats;
 - interest rate risk;
 - changes in the current tariff structures;
 - changes in tax rules or pronouncements;
 - capital market volatility and the availability of financing;
-
- our debt covenants may limit our ability to complete acquisitions, incur debt, make investments, sell assets, merge or complete other significant transactions;
 - foreign currency exchange rates and fluctuations in those rates;
 - general economic and business conditions in the United States and our markets outside the United States, including as a result of the war in Ukraine and the imposition of sanctions on Russia, the conflict in the Gaza strip, the COVID-19 pandemic or another pandemic, conditions affecting employment levels, consumer confidence and spending, conditions in the retail environment, and other economic conditions affecting demand for our products and the financial health of our customers; and
 - risks related to the Sporting Products Sale, including (i) the failure to receive, on a timely basis or otherwise, the required approval of the Sporting Products Sale by Vista Outdoor's stockholders, (ii) the possibility that any or all of the various conditions to the consummation of the Sporting Products Sale may not be satisfied or waived, including the failure to receive any required regulatory approvals from any applicable governmental entities (or any conditions, limitations or restrictions placed on such approvals), (iii) the possibility that competing offers or acquisition proposals may be made, (iv) the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement relating to the Sporting Products Sale (the "Merger Agreement"), including in circumstances that would require Vista Outdoor to pay a termination fee, (v) the effect of the announcement or pendency of the Sporting Products Sale on Vista Outdoor's ability to attract, motivate or retain key executives and employees, its ability to maintain relationships with its customers, vendors, service providers and others with whom it does business, or its operating results and business generally, (vi) risks related to the Sporting Products Sale diverting management's attention from Vista Outdoor's ongoing business operations and (vii) that the

Sporting Products Sale may not achieve some or all of any anticipated benefits with respect to either business segment and that the Sporting Products Sale may not be completed in accordance with our expected plans or anticipated timelines, or at all.

You are cautioned not to place undue reliance on any forward-looking statements we **make**, **make, which are based only on information currently available to us and speak only as of the date hereof, which are based only on information currently available to us and speak only as of the date hereof**. A more detailed description of risk factors that may affect our operating results can be found in Part 1, Item 1A, Risk Factors, of our Annual Report on Form 10-K for fiscal year 2023 and in the filings we make with Securities and Exchange Commission (the "SEC") from time to time. We undertake no obligation to update any forward-looking statements, except as otherwise required by law.

Business and Products

Vista Outdoor is a leading global designer, manufacturer, and marketer of outdoor recreation and shooting sports products. Our portfolio of 41 brands are well known market leaders in their respective product categories.

We operate through two reportable segments: **Sporting Products The Kinetic Group** and **Outdoor Products Revelyst**. Information regarding our segments is further discussed below and in Note 16, *Operating Segment Information*, to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more **details, detail**.

Sporting Products The Kinetic Group

Our **Sporting Products The Kinetic Group** reportable segment designs, develops, distributes and manufactures ammunition, primers and components and serves devoted hunters, recreational shooters, federal and local law enforcement agencies and the military. Our **Sporting Products The Kinetic Group** reportable segment consists of our Ammunition operating segment, which includes our ammunition-related businesses, including Federal, Remington, CCI, Speer, and HEVI-Shot, which are collectively referred to as **our Sporting Products The Kinetic Group** business.

Our **Sporting Products The Kinetic Group** segment generated approximately 53% of our external sales for the **six nine** months ended **September 24, 2023 December 24, 2023**. The product lines within **our Sporting Products The Kinetic Group** segment are focused on the following categories:

- Centerfire pistol ammunition for use in handguns for training, target shooting and personal protection;
- Centerfire rifle ammunition for use in rifles for hunting, target shooting, training and personal protection;
- Rimfire ammunition for training and recreational target shooting in rifles and handguns;
- Shotshell ammunition for clay target shooting, waterfowl, and upland game hunting; and
- Ammunition components.

Among these categories, we derive the largest portion of our sales from ammunition, which is a consumable, repeat purchase product.

Outdoor Products Revelyst

Our **Outdoor Products Revelyst** reportable segment designs, develops, distributes and manufactures gear and equipment to a diverse range of outdoor enthusiasts around the world, including hikers, campers, cyclists, off-road riders, skiers, snowboarders, backyard grillers, golfers, anglers and hunters. Our **Outdoor Products Revelyst** reportable segment consists of:

- Our Outdoor Accessories operating segment, which includes our Bushnell Optics, Primos, RCBS, BlackHawk!, and Eagle businesses;
- Our Sports Protection operating segment, which includes our Bell, Blackburn, Fox Racing, and Giro businesses;
- Our Cycling operating segment, which is comprised of our QuietKat business;
- Our Outdoor Cooking operating segment, which includes our Camp Chef and Fiber Energy businesses;
- Our Hydration operating segment, which is comprised of our CamelBak business;
- Our Golf operating segment, which includes our Bushnell Golf and Foresight Sports businesses; and
- Our Fishing operating segment, which is comprised of our Simms Fishing business.

Our **Outdoor Products Revelyst** segment generated approximately 47% of our external sales for the **six nine** months ended **September 24, 2023 December 24, 2023**. The product lines within our **Outdoor Products Revelyst** segment are focused on the following categories:

- Archery and hunting accessories, including hunting arrows, game calls, hunting blinds, and decoys;
- Reloading components for individuals who load their own ammunition;
- Optics, including binoculars, riflescopes, game cameras, and telescopes;
- Tactical accessories, including holsters, duty gear, bags and packs;
- Helmets, goggles and accessories for cycling, snow sports, motocross, power sports, and E-bikes;
- Outdoor cooking equipment, including grills, cookware, pellets, and camp stoves;

- Hydration packs, water bottles, drinkware and coolers;
- Golf launch monitors, golf laser rangefinders, golf GPS devices and other golf technology products;
- Fishing waders, sportswear, outerwear, footwear and fishing tools and accessories; and
- Ultralightweight, performance hunting gear designed for backcountry use.

Executive Summary and Financial Highlights

Management currently considers the following events, results, trends, and uncertainties to be most important to understanding our financial condition and operating performance:

For the three months ended December 24, 2023, net sales decreased \$72,522 as compared to the prior fiscal year quarter. Within The Kinetic Group, these decreases were caused by a decline in shipments across nearly all categories, as channel inventory has normalized and reduced pricing. The Kinetic Group reported a 16.5% decrease in gross profit for the three months ended December 24, 2023 due to decreased volume, price, unfavorable mix, and increased input costs due to inflation, as compared to the same prior year quarter. During the third quarter and entire fiscal year of 2024, our Revelyst segment business has been significantly adversely affected by the high interest rates and pressures posed by inflation, which created an increasingly challenging economic environment for consumers, and affected consumer confidence and purchasing patterns. The decrease in consumer demand during fiscal year 2024 resulted in channel partners remaining cautious and not increasing their purchasing behavior. This dynamic led to slower than expected decrease in the inventory levels, increased discounting, lower volume, and unfavorable mix, and as a result, decreased gross profits. Revelyst reported a 17.2% decrease in gross profit for the three months ended December 24, 2023, as compared to the same prior year quarter. With increased discounting, we successfully moved through much of our higher priced inventory during the quarter and have observed marketplace retail and wholesale inventory becoming healthier in recent months. We are seeing more optimistic purchasing patterns and are starting to see convergence of POS and sell-in within certain categories.

Although we are seeing these signs of improvement and expect to return to growth in the Revelyst segment next quarter, the expected impact of decreased consumer demand has resulted in lower projected revenues and operating income for fiscal

year 2024 and beyond. These factors combined with the decline in our stock price in the third fiscal quarter, led us to determine there were indicators of potential impairment within the Revelyst segment, and we performed an interim quantitative goodwill and indefinite-lived intangible asset impairment analysis during the third fiscal quarter of 2024. We recorded impairment losses of \$161,714 related to goodwill, \$50,300 related to our indefinite-lived trademarks and trade names, and \$6,798 related to amortizing intangible assets, within the Revelyst segment. See Note 1, *The Company and Basis of Presentation*, and Note 11, *Goodwill and Intangible Assets*, for further information.

We continue to maintain a strong balance sheet with capital allocation focused on debt paydown. Year to date cash provided by operating activities was \$240,269. Debt decreased from our prior fiscal year-end by \$225,000 to \$835,000. Our total debt as a percentage of total capitalization (total debt and stockholders' equity) remains at 43.5% as of December 24, 2023 compared to our prior fiscal quarter.

Sale of Sporting Products and Planned Separation of

On October 15, 2023, Vista Outdoor Products

Subsequent to quarter-end, we announced our entry entered into a definitive agreement to sell our The Kinetic Group business (formerly the Sporting Products business) to Czechoslovak Group a.s. ("CSG") CSG for an enterprise value of \$1,910,000 on a cash-free, debt-free basis with a normalized level of working capital, in an all-cash transaction subject to customary closing conditions (the "Sporting Products Sale"). The Sporting Products Sale represents the next step in Vista Outdoor's plan to split the company into separate entities, which was previously announced on May 5, 2022. To effect the Sporting Products Sale, Vista Outdoor will separate its Revelyst business (formerly the Outdoor Products business) from its Sporting Products The Kinetic Group business by transferring the assets and liabilities of its Outdoor Products Revelyst business to a wholly owned subsidiary of Vista Outdoor, Revelyst, Inc. ("Revelyst"), and CSG will merge one of its subsidiaries with Vista Outdoor (holding only the Sporting Products The Kinetic Group business), with each share of common stock of Vista Outdoor outstanding as of immediately prior to the closing of such transaction (other than shares held by Vista Outdoor, its subsidiaries or CSG, which will be canceled, and shares subject to appraisal demands in connection with the Sporting Products Sale) being converted into the right to receive (a) one fully paid and non-assessable share of common stock of Revelyst and (b) \$12.90 in cash.

The Sporting Products Sale is expected to close in calendar year 2024, subject to approval of our stockholders, receipt of necessary regulatory approvals and other customary closing conditions. There can be no assurance regarding the ultimate timing of the proposed transaction or that the Sporting Products Sale will be completed.

Outlook

Sporting Products Industry

Sales of hunting and shooting-sports related products, including ammunition, are heavily influenced by hunting and recreational shooting participation rates, personal safety, and the political environment. The Sporting Products Kinetic Group segment continues to benefit from positive participation trends. While macroeconomic conditions pressure consumer purchasing, the market is normalizing off pandemic highs, firearms industry continues a growth trend. For the industry is healthy driven by this significant increase in baseline participation. Indications are that the 18 million new users who entered the market during the past several years are using our products to practice, compete and hunt. 53rd straight month, NICS data continues to signal sustained gun purchases with now 50 straight months surpassed more than one million firearms checks. The month of firearms checks over one million. In September this December was 13% up nearly 2% in 2023 versus 2022 and 14% higher than December of 2019, and continues to show demonstrating the industry has grown industry's continued growth of its user base. Also, we continue to see growth in Our brands are the competitive recreational shooters market. duty and training ammunition choice for more than 70% of all U.S. law enforcement agencies. Our multi-brand strategy is a tremendous strength in this market. We believe we have a competitive advantage as a house of brands ammunition company and are well positioned to take gain market share and expand while expanding our presence into new markets. During the first two quarters of fiscal year 2024, we have seen a softening across categories, but we believe that a strong hunting season during our third fiscal quarter and the start of the The

election season in our fourth fiscal quarter will result in improved similar performance in the second half of our current fiscal year compared to the first half, half of the current fiscal year.

Outdoor Recreation Industry

We believe that long-term The Revelyst segment has benefited from strong outdoor participation trends combined with a larger base of participants supports our expectation of long-term demand for the innovative across multiple outdoor recreation-related products produced by our Outdoor Products brands. The Outdoor industry activities, including camping, cycling, hunting, fishing and golf. For example, golf participation base continued to grow this year and is now at a record 168.1 million participants, or over 50% has expanded off of the US population course and into simulators, where an estimated 6.2 million Americans are expected to hit golf balls in 2023, a total that exceeds pre-pandemic levels by 73%. With non-golfers making up more than half of golf simulator users, there is a large opportunity to continue to expand the golf market and attract new users. Furthermore, an estimated 54.5 million Americans fished in 2022, an increase of 4% from the prior year. The fishing industry has been consistently stable and the national participation rate in fishing has not dropped below 16% since 2007. The Revelyst segment brands' culture of innovation drove many exciting new product introductions over the age last few months and also secured incremental revenue opportunities. These new and innovative products and contract wins allow us to meet the requirements of six. The surge of participation brought on by the pandemic has stuck, as the new participants continue our ambitious consumers. We are expecting to be engaged despite the return of pre-pandemic activities and routines. Our Outdoor Products brands hold a strong competitive position to year over year growth in the marketplace, Revelyst segment next quarter now that channel inventory is in a healthy position and we intend retailers and wholesalers are beginning to further differentiate our brands through focused research and development, omni-channel strategies and marketing investments including traditional and digital mediums. Following significant investments place orders in our brands' e-commerce capabilities, both directly and through our E-Commerce Center of Excellence, we believe our brands are well-positioned to benefit from the ongoing shift in consumer shopping behavior to utilize online channels. We expect consumer demand to be slower for the rest of calendar year 2023, resulting in channel partners remaining cautious and not increasing their purchasing behavior until calendar year 2024. This dynamic is causing slower than expected inventory sell through. We expect these pressures to improve in the last quarter of fiscal year 2024 as higher priced inventory sells through to clear the way for new products, a more normal pattern.

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on results of operations, our financial condition, liquidity, and certain other factors that may affect our future results. The following information should be read in conjunction with our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Current Economic Conditions

Inflation and Consumer Spending

We are exposed to inflationary factors such as increases in labor, supplier, logistics and overhead costs as well as interest rate exposure, which may adversely affect our operating results. During fiscal year 2024, the continuing rise in pressures posed by inflation is are causing a decline in consumer disposable income, which has temporarily impacted the demand in our Outdoor Products brand, brands, and has also contributed to higher costs of products and operating costs, costs within our Revelyst segment. Increased input costs due to inflation have caused decreases in the Kinetic Group gross profits during fiscal year 2024. Our sales to retailers and distributors follow the end consumer spending patterns. If these adverse conditions persist or become more severe, this may continue to have an adverse effect on our operating results if the selling prices of our products are not able to offset these increased costs, costs, or if increased selling prices reduce demand for our products. Changes to interest rates in response to inflationary factors could have adverse impacts on our cash flows and operating results depending on the severity and length of the changes. We cannot predict the impact of these adverse conditions on our liquidity and financial results.

Commodity Price Risk

We have been impacted by changes in the prices of raw materials used in production as well as changes in oil and energy costs. In particular, recent increases in the cost of raw materials used in propellants, along with the volatility of commodity metals, such as copper, zinc and lead continue to impact our Sporting Products Segment. The Kinetic Group segment. We have a strategic sourcing, pricing and hedging strategy to mitigate risk from commodity price fluctuation. See Note 5, Derivative Financial Instruments, to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more details, detail. We will continue to evaluate the need for future price changes in light of these trends, our competitive landscape, and our financial results. If our sourcing and pricing strategy is unable to offset impacts of the commodity price fluctuations, our future results from operations and cash flows would be materially impacted.

Results of Operations

Segment results for the three and six nine months ended September 24, 2023 December 24, 2023 compared to the three and six nine months ended September 25, 2022 December 25, 2022

Our net sales, gross profit, gross profit as a percentage of net sales (gross profit margin), operating income, operating income as a percentage of net sales (operating income margin), by reporting segment and by corporate and other, and other expense, interest expense, and tax provision by corporate and other (where applicable) are presented below:

Three months ended	Change	Six months ended	Change	Three months ended	Change	Nine months ended
Three months ended				Three months ended		

Net Sales:	Net Sales:	September 24, 2023	September 25, 2022	Dollars	Percent	September 24, 2023	September 25, 2022	Dollars	Percent	Net Sales:	December 24, 2023	December 25, 2022	Dollars	Percent	December 24, 2023	December 25, 2022
Sporting Products		\$ 349,500	\$ 432,489	\$ (82,989)	(19.2)%	\$ 726,092	\$ 943,116	\$ (217,024)	(23.0)%							
Outdoor Products		327,308	349,189	(21,881)	(6.3)%	644,049	641,174	2,875	0.4 %							
The Kinetic Group											\$ 364,949	\$ 401,504	\$ (36,555)	(9.1) %	\$ 1,091,041	\$ 1,344,620
Revelyst											317,304	353,271	(35,967)	(10.2) %	961,353	994,445
Total	Total	\$ 676,808	\$ 781,678	\$ (104,870)	(13.4)%	\$ 1,370,141	\$ 1,584,290	\$ (214,149)	(13.5)%	Total	\$ 682,253	\$ 754,775	\$ (72,522)	(9.6)	\$ 2,052,394	\$ 2,339,065

Three months ended

Sporting Products The Kinetic Group—The decrease in net sales was a result of lower shipments across nearly all categories as channel inventory has normalized and lower pricing. These decreases were partially offset by increased shipments in rifle and the termination of the Lake City contract at the beginning of the third fiscal quarter in the prior fiscal year, primer categories.

Outdoor Products Revelyst—The decrease in net sales was a result of increased discounting, lower volume, driven by lower volume as channel partners continue to be cautious with purchasing due to inventory levels and unfavorable mix as consumers are pressured by high interest rates and other short-term factors inflation, affecting their purchases of consumer durable goods.

Six Nine months ended

Sporting Products The Kinetic Group—The decrease in net sales was a result of lower shipments across nearly all categories as channel inventory has normalized, the termination of the Lake City contract at the beginning of the third fiscal quarter in the prior fiscal year, and lower pricing. These decreases were partially offset by increased shipments of primers.

Outdoor Products Revelyst—The increase decrease in net sales was driven by acquired businesses, partially offset by a result of declines in organic businesses sales primarily caused by lower volume as channel partners continue to be cautious with purchasing due to inventory levels and as consumers are pressured by high interest rates and other short-term factors affecting their purchases of consumer durable goods. These decreases were partially offset by inorganic sales from prior year acquisitions.

Gross Profit:	Three months ended		Change		Six months ended		Change	
	September 24, 2023	September 25, 2022	Dollars	Percent	September 24, 2023	September 25, 2022	Dollars	Percent
	2023	2022						
Sporting Products	\$ 115,239	\$ 159,138	\$ (43,899)	(27.6)%	\$ 247,142	\$ 360,100	\$ (112,958)	(31.4)%
Outdoor Products	93,631	106,771	(13,140)	(12.3)%	188,485	199,279	(10,794)	(5.4)%
Corporate and other	—	(3,035)	3,035	100.0 %	—	(3,035)	3,035	100.0 %
Total	\$ 208,870	\$ 262,874	\$ (54,004)	(20.5)%	\$ 435,627	\$ 556,344	\$ (120,717)	(21.7)%
Gross profit margin	30.9%	33.6%			31.8%	35.1%		

Gross Profit:	Three months ended		Change		Nine months ended		Change	
	December 24, 2023	December 25, 2022	Dollars	Percent	December 24, 2023	December 25, 2022	Dollars	Percent
	2023	2022						
The Kinetic Group	\$ 118,111	\$ 141,459	\$ (23,348)	(16.5)%	\$ 365,253	\$ 501,558	\$ (136,305)	(27.2)%
Revelyst	84,740	102,396	(17,656)	(17.2)%	273,225	301,675	(28,450)	(9.4)%
Corporate and other	—	(5,049)	5,049	100.0 %	—	(8,083)	8,083	100.0 %
Total	\$ 202,851	\$ 238,806	\$ (35,955)	(15.1)%	\$ 638,478	\$ 795,150	\$ (156,672)	(19.7)%
Gross profit margin	29.7%	31.6%			31.1%	34.0%		

Three months ended

Sporting Products The Kinetic Group—The decrease in gross profit was primarily caused by decreased volume, increased input costs due to inflation, and lower price. Gross profit margin was 33.0% 32.4% compared to 36.8% 35.2% in the prior year quarter.

Outdoor Products Revelyst—The decrease in gross profit was primarily caused by increased discounting, lower volume from organic businesses, and unfavorable mix, partially offset by acquisitions, favorable foreign exchange rates. Gross profit margin was 28.6% 26.7% compared to 30.6% 29.0% in the prior year quarter.

increased restructure and transition costs.

Six months ended

Sporting Products—The decrease in operating income was primarily caused by decreased gross profit, partially offset by decreased selling costs. Operating income margin was 27.7% compared to 32.8% in the prior year quarter.

Outdoor Products—The decrease in operating income was primarily caused by decreased gross profit, increased goodwill and increased selling, general, and administrative intangible impairment expense, planned separation costs, non-cash expense related to acquired businesses. These decreases were partially offset by reduced selling, general, and administrative costs related to organic businesses. Operating income margin was 3.0% compared to 9.0% in the prior year quarter.

Corporate and Other—The increase in operating income was primarily driven by decreased share-based compensation, transaction costs, incentive compensation, and inventory step-up amortization, partially offset by non-cash income for the change in the estimated fair value of the contingent consideration as compared to the non-cash income recognized in the prior year, partially offset by a decrease in share-based compensation, reduced transaction costs, and increased transition and restructure costs, inventory step-up expense.

	Three months ended				Change				Six months ended				Change			
	September 24,		September 25,						September 24,		September 25,					
	2023	2022	2023	2022	Dollars	Percent	2023	2022	2023	2022	2023	2022	Dollars	Percent	2023	2022
Other expense (income), net:																
Other expense (income), net	\$	1,174	\$	(741)	\$	1,915	258.4 %	\$	1,715	\$	(741)	\$	2,456	331.4 %		

Nine months ended

	Three months ended				Change				Nine months ended				Change			
	December 24,		December 25,						December 24,		December 25,					
	2023	2022	2023	2022	Dollars	Percent	2023	2022	2023	2022	2023	2022	Dollars	Percent	2023	2022
Other expense (income), net:																
Other expense (income), net	\$	(86)	\$	(639)	\$	553	86.5 %	\$	1,629	\$	(1,380)	\$	3,009	218.0 %		

The increase decrease in other expense (income), net income for the three months ended December 24, 2023 and the nine months ended December 24, 2023 was caused by foreign exchange losses related rates in the prior year periods compared to our businesses acquired during the second quarter of fiscal current year 2023. periods.

		Three months ended		Change		Six months ended		Change											
		Three months ended								Three months ended		Change		Nine months ended					
Interest expense, net:	Interest expense, net:	September 24, 2023	September 25, 2022	Dollars	Percent	September 24, 2023	September 25, 2022	Dollars	Percent	Interest expense, net:	December 24, 2023	December 25, 2022	Dollars	Percent	December 24, 2023	December 25, 2022	Dollars	Percent	F
Corporate and other	Corporate and other	\$ 16,643	\$ 13,934	\$ 2,709	19.4 %	\$ 32,861	\$ 20,244	\$ 12,617	62.3 %	Corporate and other	\$ 15,227	\$ 18,953	\$ \$(3,726)	(19.7)	\$ 48,088	\$ 39,197	\$ 8,891	22.7	

For the three months ended September 24, 2023 December 24, 2023, the decrease in interest expense is due to the reduction in our average principal debt balance, slightly offset by higher average interest rates. For the nine months ended December 24, 2023, the increase in interest expense is due to higher average interest rates. For the six months ended September 24, 2023, the increase in interest expense is due to higher debt and average interest rates, as well as increased amortization of debt issuance cost associated with our debt refinancing.

Income tax provision:	Three months ended						Six months ended											
	September 24, 2023	Effective Rate	September 25, 2022	Effective Rate	\$	Change	September 24, 2023	Effective Rate	September 25, 2022	Effective Rate	\$	Change						
Three months ended													Three months ended					
Income tax provision (benefit):	December 24, 2023	Effective Rate	December 25, 2022	Effective Rate	\$	Change	December 24, 2023	Effective Rate	December 25, 2022	Effective Rate	\$	Change	December 24, 2023	Effective Rate	December 25, 2022	Effective Rate	\$	Change
Corporate and other	Corporate and other	\$ 13,546	23.4 %	\$ 24,519	20.8 %	\$(10,973)	\$ 30,873	23.1 %	\$ 64,619	22.7 %	\$(33,746)							

See Note 14, *Income Taxes*, to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more details detail regarding income taxes.

The increase in the effective rate for both the three and six nine months ended September 24, 2023 December 24, 2023 in relation to the comparable prior year periods is primarily driven by a decrease in discrete the release of tax benefit items recognized during the prior year period reserves for uncertain tax positions offset in part by nondeductible

goodwill impairment in the current period, the beneficial true-up of prior year taxes, and non-taxable contingent consideration income in the prior year quarter. Because of losses due in the current period, favorable tax adjustments cause an increase in current period tax credits over lower current year income, resulting in a larger rate benefit. the rate.

Financial Condition

Cash decreased to \$39,954 \$57,028 at September 24, 2023 December 24, 2023, compared to \$86,208 at March 31, 2023. This decrease in cash was related to cash used in financing activities of \$139,806, \$250,361 and cash used in investing activities of \$13,288, \$19,281, partially offset by cash provided by operating activities of \$107,540, \$240,269. We used our cash and cash equivalents as well as cash provided by operating activities to fund our operations, pay down our debt, and invest in capital expenditures.

Net accounts receivable increased \$57,665 \$34,637 compared to March 31, 2023 primarily resulting from higher sales in accelerated collections at the back-half end of the quarter, fiscal year 2023 and increased sales to our customer base with longer payment terms and lower accounts receivable balances due to accelerated collections at the end of fiscal year 2023. Net accounts receivable as of September 24, 2023 compared to the prior year quarter decreased \$34,665 primarily due to a reduction in sales. terms. Cash used to purchase inventory decreased compared to the prior year period as a result of improvements in our successful inventory management. management programs within our Revelyst segment.

In addition to our normal operating cash requirements, our principal future cash requirements are to fund capital expenditures, debt repayments, share repurchases, earn-outs related to previous acquisitions, and any strategic acquisitions. Our short-term cash requirements for operations are expected to consist mainly of capital expenditures to maintain production facilities and working capital requirements. Our debt service requirements over the next two years consist of required interest payments due under our 4.5% Notes, 2022 Term Loan and 2022 ABL Revolving Credit Facility and principal payments due under the 2022 Term Loan.

Based on our current financial condition, management believes that our cash position, combined with anticipated generation of cash flows and the availability of funding, if needed, under our 2022 ABL Revolving Credit Facility, access to debt and equity markets, as well as other potential sources of funding including additional bank financing, will be adequate to fund future growth, to service our currently anticipated short-term and long-term debt obligations, make capital expenditures, and pay earn-outs related to previous acquisitions, and fund the 2022 Share Repurchase Program over the next 12 months. acquisitions. As of September 24, 2023 December 24, 2023, based on the borrowing base less outstanding

borrowings of \$295,000, \$270,000, outstanding letters of credit of \$14,878, less the minimum required borrowing base of \$57,000, the amount available under the 2022 ABL Revolving Credit Facility was \$170,289, \$208,566. Our total debt as a percentage of total capitalization (total debt and stockholders' equity) was 43.5% as of September 24, 2023 December 24, 2023. See Note 12, Long-term Debt, for additional discussion of our indebtedness.

There can be no assurance that the cost or availability of future borrowings, if any, will not be materially impacted by capital and credit market conditions, including any disruptions to these markets, as a result of natural disasters and public health crises or other significant catastrophic events, or our future financial condition and performance. Furthermore, because our 2022 ABL Revolving Credit Facility is secured in large part by receivables from our customers, a sustained deterioration in general economic conditions that adversely affects the creditworthiness of our customers could have a negative effect on our future available liquidity under the 2022 ABL Revolving Credit Facility.

Contractual Obligations and Commitments

We lease certain warehouse, distribution and office facilities, vehicles and office equipment under operating leases. As of September 24, 2023 December 24, 2023, current and long-term operating lease liabilities of \$15,562 \$14,316 and \$97,651, \$95,429, respectively, were recorded in the accompanying condensed consolidated balance sheets. For further discussion on minimum lease payment obligations, see Note 3, Leases, to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more details. detail.

Except as discussed in Note 12, Long-term Debt, to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, and under Liquidity and Capital Resources Financial Condition above, there have been no material changes with respect to the contractual obligations and commitments or off-balance sheet arrangements described in our Annual Report on Form 10-K for fiscal year 2023.

Contingencies

Litigation

From time-to-time, we are subject to various legal proceedings, including lawsuits, which arise out of and are incidental to, the conduct of our business. We do not consider any of such proceedings that are currently pending, individually or in the aggregate, to be material to our business or likely to result in a material adverse effect on our operating results, financial condition, or cash flows.

Environmental Liabilities

Our operations and ownership or use of real property are subject to a number of federal, state, and local environmental laws and regulations, as well as applicable foreign laws and regulations, including those governing the discharge of hazardous materials, remediation of contaminated sites, and restoration of damage to the environment. We are obligated to conduct investigation and/or remediation activities at certain sites that we own or operate or formerly owned or operated.

Certain of our former subsidiaries have been identified as PRPs, along with other parties, in regulatory agency actions associated with hazardous waste sites. As a PRP, those former subsidiaries may be required to pay a share of the costs of the investigation and clean-up of these sites. In that event, we would be obligated to indemnify those subsidiaries for such costs. While uncertainties exist with respect to the amounts and timing of the ultimate environmental liabilities, based on currently available information, we do not currently expect that these potential liabilities, individually or in the aggregate, will have a material adverse effect on our operating results, financial condition, or cash flows.

We could incur substantial additional costs, including cleanup costs, resource restoration, fines, and penalties or third-party property damage or personal injury claims, as a result of violations or liabilities under environmental laws or non-compliance with environmental permits. While environmental laws and regulations have not had a material adverse effect on our operating results, financial condition, or cash flows in the past, and we have environmental management programs in place to mitigate these risks, it is difficult to predict whether they will have a material impact in the future.

See Note 15, *Contingencies*, to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Critical Accounting Policies and Estimates

There Other than described below, there have been no changes to our critical accounting policies and estimates from the information provided in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our Annual Report on Form 10-K for fiscal year 2023. 2023, except for our adoption of the Accounting Standards Update ("ASU") No 2022-04, "Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier

Finance Program Obligations", which was adopted during the first quarter of fiscal year 2024, with the exception of the amendment on roll-forward information, which will be effective for us in our Form 10-K for fiscal year 2025. For further discussion on the adoption of new accounting standards please see Note 1, *The Company and Basis of Presentation*, to the unaudited condensed consolidation financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. In addition, the following updates our discussion of impairment testing therein as of December 24, 2023.

During the third fiscal quarter of 2024, we completed a quantitative goodwill impairment analysis using updated valuation assumptions as compared to those used for the March 31, 2023 assessment. See Note 1, *The Company and Basis of Presentation*, and Note 11, *Goodwill and Intangible Assets*, for further information. We recognized impairment losses equal to the full carrying value of goodwill of \$26,219 and \$9,955, related to the reporting units of Outdoor Cooking and Stone Glacier, respectively, and a partial goodwill impairment loss of \$125,540 related to our Golf reporting unit. Goodwill relating to the Ammunition reporting unit was not impaired as the fair value exceeded the carrying value.

The decline in fair value of our Revelyst segment reporting units was significantly impacted by a challenging economic environment for consumers, with higher interest rate expectations continuing, and other factors affecting the market for our products, which resulted in lowered forecasted revenues, operating margins, and operating cash flows for the majority of our reporting units within the Revelyst reportable segment. Our estimates of the fair values of the reporting units were also influenced by higher discount rates in the income-based valuation approach as a result of increasing company specific risk premiums and higher treasury rates. The weighted average cost of capital used in the goodwill impairment analysis ranged between 12.5% and 16.0%, which was derived from the financial structures of comparable companies corresponding to the industry of each reporting unit, modified for each reporting unit based on company risk premiums to reflect the perception of risks of achieving the projected cash flows. We weighted the valuations of our Revelyst segment reporting units using 100% of the income approach, specifically the discounted cash flow method, and weighted the value of The Kinetic Group reporting unit using 100% of the market approach.

Our Ammunition and Golf reporting units comprise our remaining goodwill at December 24, 2023. After impairment losses were recorded, the fair value of the Golf reporting unit was equal to its carrying value. If we assumed a one percent increase in discount rate, we would have recorded additional goodwill impairment of approximately \$35,000. If the reporting units do not perform to expected levels or there are adverse changes in certain macroeconomic factors, the related goodwill may be at risk for impairment in the future. We cannot predict the occurrence of certain events or changes in circumstances that might adversely affect the carrying value of goodwill. We continue to monitor the evolving macroeconomic landscape. Rising interest and income tax rates could impact the weighted average cost of capital used in our estimates of fair value for our reporting units. Additionally, high inflation may continue to adversely affect the demand and profitability of our reporting unit products.

We performed a step zero analysis for The Kinetic Group indefinite-lived trade names. Additionally, we performed a quantitative step one impairment analysis of our Revelyst segment indefinite-lived intangible assets and recorded impairment losses of \$26,600, \$9,600, \$6,100, \$4,500, \$1,800, \$1,100, and \$600 related to the Fox Racing, Camelbak, Bell Cycling, Simms Fishing, Giro, Bushnell, and Bell Powersports indefinite-lived tradename assets, respectively. The decline in fair value of our indefinite-lived trade name assets was impacted by a reduction in forecasted revenues. The carrying value of the indefinite lived intangible assets related to Fox Racing, Camelbak, Bell Cycling, Simms Fishing, Giro, Bushnell, and Bell Powersports after the impairment was \$58,400, \$13,300, \$12,000, \$25,500, \$15,300, \$14,900, and \$3,500, respectively, at December 24, 2023. We determined the fair value of our Fox Racing, Camelbak, Bell Cycling, Simms Fishing, Giro, Bushnell, and Bell Powersports indefinite-lived trade names using royalty rates of 3%, 1.5%, 1.5%, 3%, 1.5%, 1%, and 1%, respectively.

Our assumptions used to develop the discounted cash flow analysis and relief-from-royalty calculations, require us to make significant estimates. We based estimates on assumptions we believed to be reasonable, but which are unpredictable and inherently uncertain. The projections also take into account several factors including current and estimated economic trends and outlook, costs of raw materials and other factors that are beyond our control. If the current economic conditions were to deteriorate, or if we were to lose significant business, it is possible that the estimated fair value of certain reporting units or trade names could fall below their carrying value resulting in the necessity to conduct additional impairment tests in future periods.

Dependence on Key Customers; Concentration of Credit

No single customer contributed 10% or more of our sales in the six nine months ended September 24, 2023 December 24, 2023 and September 25, 2022 December 25, 2022. If a key customer fails to meet payment obligations, our operating results and financial condition could be adversely affected.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, refer to "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Part II included in our Annual Report on Form 10-K for fiscal year 2023. Our exposure to market risk has not changed materially since March 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of September 24, 2023 December 24, 2023, our Chief Co-Chief Executive Officer Officers and Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) and have concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports we file or submit is accumulated and communicated to management, including the Chief Co-Chief Executive Officer Officers and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are subject to various legal proceedings, including lawsuits, which arise out of, and are incidental to, the conduct of our business. We do not consider any of such proceedings that are currently pending, individually or in the aggregate, to be material to our business or likely to result in a material adverse effect on our operating results, financial condition, or cash flows.

Certain of our former subsidiaries have been identified as PRPs, along with other parties, in regulatory agency actions associated with hazardous waste sites. As a PRP, those former subsidiaries may be required to pay a share of the costs of the investigation and clean-up of these sites. In that event, we would be obligated to indemnify those subsidiaries for those costs. While uncertainties exist with respect to the amounts and timing of our ultimate environmental liabilities, based on currently available information, we do not currently expect that these matters, individually or in the aggregate, will have a material adverse effect on our operating results, financial condition, or cash flows.

ITEM 1A. RISK FACTORS

While we attempt to identify, manage and mitigate risks and uncertainties associated with our business, some level of risk and uncertainty will always be present. Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended March 31, 2023 describes the known material risks and uncertainties associated with our business. These risks and uncertainties have the potential to materially affect our business, financial condition, results of operations, cash flows, projected results, and future prospects. There are no material changes from the disclosure provided in the Form 10-K for the fiscal year ended March 31, 2023 with respect to the Risk Factors, other than the addition of the Risk Factors set forth below.

The consummation of the Sporting Products Sale is subject to a number of conditions, many of which are largely outside of the control of the parties to the Merger Agreement, and, if these conditions are not satisfied or waived on a timely basis, the Merger Agreement may be terminated and the Sporting Products Sale may not be completed.

The Sporting Products Sale is subject to certain customary closing conditions, including, among other things: (i) the approval of Vista Outdoor's stockholders; (ii) any waiting period (or any extension thereof) applicable to the Sporting Products Sale under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 having been terminated or having expired, (which waiting period expired on December 11, 2023), CFIUS Approval (as defined in the Merger Agreement) having been received and certain other regulatory approvals or consents having been obtained; (iii) the absence of legal restraints prohibiting the Sporting Products Sale; (iv) the completion of certain actions required to be taken pursuant to the Separation Agreement (as defined in the Merger Agreement) prior to consummation of the Sporting Products Sale; (v) the Form S-4 to be filed by Revelyst having become effective under the Securities Act and not being the subject of any stop order; (vi) the shares of common stock of Revelyst to be distributed in connection with the Sporting Products Sale having been approved for quotation on the New York Stock Exchange, subject to official notice of issuance, and (vii) other customary conditions specified in the Merger Agreement. The failure to satisfy any or all of the required conditions could delay the completion of the Sporting Products Sale by a significant period of time or prevent it from occurring. Any delay in completing the Sporting Products Sale could cause the parties to the Merger Agreement to not realize some or all of the benefits that are expected to be achieved if the Sporting Products Sale is successfully completed within the expected timeframe. There can be no assurance that the conditions to closing of the Sporting Products Sale will be satisfied or waived or that the Sporting Products Sale will be completed within the expected timeframe or at all.

Failure to complete the Sporting Products Sale could adversely affect our stock price and business, results of operations or financial condition.

There can be no assurance that the conditions to the closing of the Sporting Products Sale will be satisfied or waived or that the Sporting Products Sale will be completed. If the Sporting Products Sale is not completed within the expected timeframe or at all, our ongoing business could be adversely affected and we will be subject to a variety of risks and possible consequences associated with the failure to complete the Sporting Products Sale, including the following: (i) we will incur certain transaction costs, including legal, accounting, financial advisor, filing, printing and mailing fees, regardless of whether the Sporting Products Sale closes; (ii) under the Merger Agreement, we are subject to certain restrictions on the conduct of our business during the pendency of the Sporting Products Sale, which may adversely affect our ability to execute certain of our business strategies; (iii) we may lose key employees during the period in which we and CSG are pursuing the Sporting Products Sale, which may adversely affect us in the future if we are not able to hire and retain qualified personnel to replace departing employees; (iv) the Sporting Products Sale, whether or not it closes, will divert the attention of certain of our management and other key employees from ongoing business activities, including the pursuit of other opportunities that could be beneficial to us and (v) that another transaction acceptable to us may not be offered and our business, prospects or results of operation may be adversely impacted as a result. If the Sporting Products Sale is not completed, these risks could materially affect our business,

results of operations or financial condition and stock price, including to the extent that the current market price of our common stock is positively affected by a market assumption that the Sporting Products Sale will be completed.

While the Sporting Products Sale is pending, we are subject to business uncertainties and certain contractual restrictions that could adversely affect our business, results of operations or financial condition.

In connection with the Sporting Products Sale, some of our customers, vendors or other third parties may react unfavorably, including by delaying or deferring decisions concerning their business relationships or transactions with us, which could adversely affect our revenues, earnings, cash flows and expenses, regardless of whether the Sporting Products Sale is completed. In addition, due to certain restrictions in the Merger Agreement on the conduct of our business prior to the closing of the Sporting Products Sale, we may be unable to (without CSG's prior written consent, unless another exception under the Merger Agreement applies), during the pendency of the Sporting Products Sale, pursue certain strategic transactions, undertake significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions, even if such actions would prove beneficial. This may cause us to forego certain opportunities we might otherwise pursue. In addition, the pendency of the Sporting Products Sale may make it more difficult for us to effectively retain and incentivize key personnel and may cause distractions from our strategy and day-to-day operations for our current employees and management.

The termination fee and restrictions on solicitation contained in the Merger Agreement may discourage other companies from trying to acquire us or our businesses.

The Merger Agreement prohibits Vista Outdoor from soliciting, initiating or knowingly assisting, facilitating or encouraging any competing acquisition proposals, subject to certain limited exceptions. The Merger Agreement also contains certain termination rights, including, but not limited to, the right of Vista Outdoor to terminate the Merger Agreement to accept a Company Superior Proposal (as defined in the Merger Agreement), subject to and in accordance with the terms and conditions of the Merger Agreement, and provides that, if the Merger Agreement is terminated under certain circumstances, including by Vista Outdoor to enter into an alternative acquisition agreement with respect to a Company Superior Proposal, Vista Outdoor will be required to pay CSG a termination fee of \$47,750,000 in immediately available funds. The termination fee and non-solicitation restrictions could discourage other companies from trying to acquire Vista Outdoor or its businesses even though those other companies might be willing to offer greater value to Vista Outdoor's stockholders than is offered in the Sporting Products Sale.

Litigation against Vista Outdoor, CSG, or the members of their respective boards, could prevent or delay the completion of the Sporting Products Sale or result in the payment of damages following completion of the Sporting Products Sale.

It is a condition to the Sporting Products Sale that no court of competent jurisdiction or other governmental authority shall have issued a judgment, order, injunction, ruling, writ, decree or other directive or enacted a law that is in effect that prohibits, enjoins or makes illegal the consummation of the Sporting Products Sale. It is possible that ~~that~~ lawsuits may be filed by our stockholders challenging the Sporting Products Sale. The outcome of any such lawsuits cannot be assured, including the amount of fees and costs associated with defending these claims or any other liabilities that may be incurred in connection therewith. If plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the Sporting Products Sale on the agreed-upon terms, such an injunction may delay the consummation of the Sporting Products Sale in the expected timeframe, or may prevent the Sporting Products Sale from being consummated at all. Whether or not any plaintiff's claim is successful, this type of litigation can result in significant costs and divert management's attention and resources from the closing of the Sporting Products Sale and ongoing business activities, which could adversely affect our operations. As of the date of this filing, we have received certain demand letters from stockholders alleging that the registration statement filed by Revelyst on Form S-4 with the SEC on January 16, 2024 in connection with the Sporting Products Sale contained materially misleading and incomplete statements, and demanding that Revelyst disclose additional information.

If the Sporting Products Sale is not consummated by the applicable deadline, either we or CSG may terminate the Merger Agreement, subject to certain exceptions.

Either we or CSG may terminate the Merger Agreement if the Sporting Products Sale has not been consummated by October 15, 2024 (with such deadline to be automatically extended to January 15, 2025, in the event that all closing conditions except for those relating to regulatory approvals, and those that by their nature are to be satisfied at or immediately prior to closing, have been satisfied by October 15, 2024). However, this termination right will not be available to Vista Outdoor or CSG (as applicable) if the failure to consummate the Sporting Products Sale on or prior to such date is primarily due to the breach by such party, or such party's affiliates who are party to the Merger Agreement, of any Transaction Document. In the event the Merger Agreement is terminated by either party due to the failure of the Sporting Products Sale to close by October 15, 2024 (or, if applicable, January 15, 2025) or for any other reason provided under the Merger Agreement, we will have incurred significant costs and will have diverted significant management focus and resources from other strategic opportunities and ongoing business activities without realizing the anticipated benefits of the Sporting Products Sale.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Regulation S-K, Item 408(a) disclosure: During our last fiscal quarter, no director or officer of the Company has adopted or terminated any contract, instruction, or written plan for the purchase or sale of securities of the Company intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), or any non-Rule 10b5-1 trading arrangement.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit (and document from which incorporated by reference, if applicable)
2.1*+	Stock Purchase Agreement, dated as of July 5, 2019, by and among Vista Outdoor Operations LLC, Caliber Company, Long Range Acquisition LLC, and Vista Outdoor Inc. (Exhibit 2.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 8, 2019).
2.2*+	Stock Purchase Agreement, dated as of September 9, 2021, by and among Vista Outdoor Inc., the Seller Guarantors named therein, the Sellers named therein, WAWGD, Inc. (d/b/a Foresight Sports, Inc.), WAWGD NEWCO, Inc., and Fortis Advisors LLC, as Seller Representative (Exhibit 2.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 10, 2021).
2.3*+	Share Purchase Agreement, dated as of June 30, 2022, by and among Fox Parent Holdings, LLC, Fox (Parent) Holdings, Inc., Vista Outdoor Operations LLC and Vista Outdoor Inc. (solely in its capacity as a guarantor) (Exhibit 2.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 6, 2022).
2.4*+	Agreement and Plan of Merger, dated as of July 22, 2022, by and among Vista Outdoor Operations LLC, Trophy Merger Sub, LLC, Simms Fishing Products LLC, Shareholder Representative Services LLC, as the Equity holder Representative and Vista Outdoor Inc. (solely in its capacity as a guarantor) (Exhibit 2.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 28, 2022).
2.5*+	Agreement and Plan of Merger, dated as of October 15, 2023 by and among Vista Outdoor Inc., Revelyst, Inc., CSG Elevate II Inc, CSG Elevate III Inc., and, solely for the purposes of the Guarantor Provisions, CZECHOSLOVAK GROUP a.s. (Exhibit 2.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on October 16, 2023)
2.6*+	Separation Agreement, dated as of October 15, 2023 by and between Vista Outdoor Inc. and Revelyst, Inc. (Exhibit 2.2 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on October 16, 2023).
3.1*	Amended and Restated Certificate of Incorporation of Vista Outdoor Inc. (Exhibit 3.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 10, 2014).
3.2*	Certificate of Amendment to Vista Outdoor Inc. Amended and Restated Certificate of Incorporation (Exhibit 3.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 10, 2018).
3.3*	Vista Outdoor Amended and Restated Bylaws (Exhibit 3.2 to Vista Outdoor's Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 3, 2023).
4.1*	Specimen Common Stock Certificate of Vista Outdoor Inc. (Exhibit 4.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 10, 2014).
4.2*	Description of Common Stock (Exhibit 4.7 to Vista Outdoor Inc.'s Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 23, 2019).
4.3*	Indenture, dated as of March 3, 2021, among Vista Outdoor Inc., the subsidiaries of Vista Outdoor Inc. party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 3, 2021).
4.4*	Supplemental Indenture, dated as of March 3, 2021, among Vista Outdoor Inc., the subsidiaries of Vista Outdoor Inc. party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.2 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 3, 2021).
4.5*	Form of 4.500% Senior Note due 2029 (included as Exhibit A to the Supplemental Indenture filed as Exhibit 4.2) (Exhibit 4.3 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 3, 2021).
10.1*	Asset-Based Revolving Credit Agreement dated as of August 5, 2022 among Vista Outdoor Inc., the additional borrowers from time to time party thereto, each lender from time to time party thereto, each L/C issuer from time to time party thereto and Capital One, National Association, as administrative agent. (Exhibit 10.1 to Vista Outdoor, Inc.'s Current Report on Form 8-K, filed with the Securities Exchange Commission on August 8, 2022).
10.2*	Term Loan Credit Agreement dated as of August 5, 2022, among Vista Outdoor Inc., the other borrowers from time to time party thereto, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent. (Exhibit 10.2 to Vista Outdoor, Inc.'s Current Report on Form 8-K, filed with the Securities Exchange Commission on August 8, 2022).

- 10.3* [Compensation Letter, dated March 31, 2023, by and between Vista Outdoor Inc. and Jason Vanderbrink \(incorporated by reference to Exhibit 10.1 to the 8-K, filed with the Securities and Exchange Commission on April 3, 2023\).](#)
- 10.4* [Compensation Letter with Gary McArthur, dated May 1, 2023 \(incorporated by reference to Exhibit 10.1 to 8-K/A, filed with the Securities and Exchange Commission on May 5, 2023\).](#)
- 10.5* [Employment Agreement, dated as of July 20, 2023, by and between Vista Outdoor Inc. and Eric Nyman \(incorporated by reference to Exhibit 10.1 to the 8-K, filed with the Securities and Exchange Commission on July 21, 2023\).](#)
- 10.6* [Compensation Letter, dated as of July 20, 2023, by and between Vista Outdoor Inc. and Jason Vanderbrink \(incorporated by reference to Exhibit 10.2 to the 8-K, filed with the Securities and Exchange Commission on July 21, 2023\).](#)
- 10.7* [Compensation Letter, dated as of July 26, 2023, by and between Vista Outdoor Inc. and Andrew Keegan \(incorporated by reference to Exhibit 10.1 to the 8-K, filed with the Securities and Exchange Commission on July 28, 2023\).](#)
- 10.8* [Compensation Letter, dated as of September 1, 2023, by and between Vista Outdoor Inc. and Jason Vanderbrink \(incorporated by reference to Exhibit 10.1 to the 8-K, filed with the Securities and Exchange Commission on September 5, 2023\).](#)
- 10.9* [Employee Matters Agreement, dated as of October 15, 2023, by and between Vista Outdoor Inc. and Revelyst, Inc. \(incorporated by reference to Exhibit 10.1 to the 8-K, filed with the Securities and Exchange Commission on October 16, 2023\).](#)
- 10.10* [Form of Transition Services Agreement, by and between Vista Outdoor Inc. and Revelyst, Inc. \(incorporated by reference to Exhibit 10.2 to the 8-K, filed with the Securities and Exchange Commission on October 16, 2023\).](#)
- 10.11* [Form of Subscription Agreement, by and between Vista Outdoor Inc. and CSG Elevate II Inc. \(incorporated by reference to Exhibit 10.3 to the 8-K, filed with the Securities and Exchange Commission on October 16, 2023\).](#)
- 10.12* [Separation Agreement and General Release of Claims by and between Brad Crandell and Vista Outdoor Outdoor Operations LLC dated November 1, 2023. \(\(incorporated by reference to Exhibit 10.1 Exhibit 10.1 to the Vista Outdoor, Inc.'s Current Report on Form 8-K filed file with the Securities and Exchange Commission Commission on November 1, 2023 November 1, 2023\).](#)
- 31.1 [Certification of Principal Executive Officer.](#)
- 31.2 [Certification of Principal Financial Officer.](#)
- 32 [Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

- 101 The following financial statements from Vista Outdoor's Quarterly Report on Form 10-Q for the quarter ended **September 24, 2023** **December 24, 2023**, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Comprehensive Income (iii) Condensed Consolidated Statements of Cash Flows, (iv) Condensed Consolidated Statements of Stockholders' Equity, and (v) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
- 104 The cover page from Vista Outdoor's Quarterly Report on Form 10-Q for the quarter ended **September 24, 2023** **December 24, 2023**, formatted in Inline Extensible Business Reporting Language (iXBRL) (included as Exhibit 101).

* Incorporated by reference.

+ Schedules to exhibits have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. Vista Outdoor agrees to furnish supplementally a copy of any omitted schedules to the SEC upon its request; provided, however, that we may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

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 thereunto duly authorized.

Date:	November 2, 2023 February 1, 2024	By:	/s/ Andrew Keegan
		Name:	Andrew Keegan
		Title:	Vice President and Interim Chief Financial Officer
			(On behalf of the Registrant and as Principal Financial Officer)

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gary L. McArthur, We, Eric Nyman and Jason Vanderbrink, certify that:

1. I We have reviewed this quarterly report on Form 10-Q of Vista Outdoor Inc.;
2. Based on my our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The We and the registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The We and the registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023 February 1, 2024

By: /s/ Gary L. McArthur Eric Nyman
 Name: Gary L. McArthur Eric Nyman
 Title: Interim Chief Executive Officer - Revelyst

By: /s/ Jason Vanderbrink
 Name: Jason Vanderbrink
 Title: Chief Executive Officer - The Kinetic Group

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Andrew Keegan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vista Outdoor Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023 February 1, 2024

By: /s/ Andrew Keegan

Name: Andrew Keegan

Title: Vice President and Interim Chief Financial Officer

Exhibit 32

**Certification by Chief Executive Officer and Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

We, Gary L. McArthur, Interim Chief Eric Nyman (Chief Executive Officer - Revelyst), Jason Vanderbrink (Chief Executive Officer - The Kinetic Group), and Andrew Keegan Interim (Vice President and Chief Financial Officer, Officer), of Vista Outdoor Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

- (1) the Quarterly Report on Form 10-Q for the period ended September 24, 2023 December 24, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: November 2, 2023 February 1, 2024

By: /s/ Gary L. McArthur Eric Nyman
Name: Gary L. McArthur Eric Nyman
Title: Interim Chief Executive Officer - Revelyst

By: /s/ Jason Vanderbrink
Name: Jason Vanderbrink
Title: Chief Executive Officer - The Kinetic Group

By: /s/ Andrew Keegan
Name: Andrew Keegan
Title: Vice President and Interim Chief Financial Officer

DISCLAIMER

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