Risk Factors Comparison 2024-05-29 to 2023-05-25 Form: 10-K

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We operate in a rapidly changing business environment that involves numerous risks and uncertainties. The following discussion addresses risks and uncertainties that could cause, or contribute to causing, our actual results to differ from our expectations in material ways. These risks and uncertainties, or other events that we do not currently anticipate or that we currently deem immaterial also may affect our results of operations, cash flows and financial condition. The trading price of our common stock could also decline due to any of these risks. The following information should be read in conjunction with Part II, Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and the financial statements and related notes included in Part II, Item 8, " Financial Statements and Supplementary Data " of this Annual Report. Risks Related to Our Operations Significant supplier capacity constraints, supplier production disruptions, supplier quality issues or price increases could increase our operating costs and adversely impact the competitive positions of our products. Our reliance on third- party suppliers for various product components and finished goods exposes us to volatility in the availability, quality and price of these product components and finished goods. A disruption in deliveries from our third- party suppliers, including as a result of natural disasters and public health crises or other significant catastrophic events, such as the global COVID- 19 pandemic or another pandemic, epidemic or infectious disease outbreak, **global conflicts,** capacity constraints, production disruptions, price increases or decreased availability of raw materials **, gunpowder** or commodities could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. Our inability to obtain sufficient quantities of components **, including gun powder** , parts, raw materials, and other supplies from independent sources necessary for the production of our products could result in reduced or delayed sales or lost orders. Any delay in or loss of sales or orders could adversely impact our results of operations. Many of the components, parts, raw materials, and other supplies used in the production of our products are available only from a limited number of suppliers. We do not have long- term supply contracts with all of our suppliers. As a result, we could be subject to increased costs, supply interruptions and difficulties in obtaining materials. Our suppliers also may encounter difficulties or increased costs in obtaining the materials necessary to produce their products that we use in our products. The time lost in seeking and acquiring new sources could have an adverse effect on our business, financial condition or results of operations. In addition, our supply contracts are generally not exclusive. As a result, supplies we may need may be allocated to other customers, such as where necessary to fulfill priority orders to the government or during times of elevated demand. Additionally, our suppliers may provide similar supplies and materials to our competitors, some of which could potentially purchase these supplies and materials in significantly greater volume than we do. Our competitors could enter into restrictive or exclusive arrangements with these suppliers that could impair or eliminate our access to necessary supplies and materials. Quality issues experienced by third- party suppliers could also adversely affect the quality and effectiveness of our products and result in liability and reputational harm. Shortages of, and price increases for, labor, components, parts and other supplies, as well as commodities used in the manufacture and distribution of our products, may delay or reduce our sales and increase our costs, thereby harming our results of operations. We manufacture a significant portion of our products at plants that we own, including ammunition products. Shortages of, and cost increases for, labor and other inputs to the manufacturing process could delay or reduce our sales and reduce our gross margins and thereby have an adverse effect on our financial condition and results of operations. Although we manufacture many of the components for our products, we purchase from third- parties certain important components, finished goods, and raw materials. The costs of these components, finished goods, and raw materials are affected by commodity prices and are, therefore, subject to price volatility caused by weather, market conditions and other factors that are not predictable or within our control, including natural disasters and public health crises or other significant catastrophic events, such as the global COVID- 19 pandemic or another pandemic, epidemic or infectious disease outbreak. We also use numerous commodity materials in producing and testing our products, including copper, lead, plastics, tungsten, bismuth, steel, wood, and zinc. Commodity prices could increase, and any such increase in commodity prices may harm our results of operations. Higher prices for electricity, natural gas, microchips metals, **gunpowder,** transportation and fuel increase our production and shipping costs. A significant shortage, increased prices or interruptions in the availability of these commodities and components would increase the costs of producing and delivering products to our customers and would be likely to negatively affect our earnings. Commodity costs have varied significantly during recent fiscal years and remain a volatile element of our costs. Seasonality and weather conditions may cause our results of operations to vary from quarter to quarter. Because many of the products we sell are used for seasonal outdoor sporting activities, our results of operations may be significantly impacted by unseasonable weather conditions. For example, our winter sport accessories sales are dependent on cold winter weather and snowfall, and can be negatively impacted by unseasonably warm or dry weather. Conversely, sales of our spring and summer products, such as golf accessories, can be adversely impacted by unseasonably cold or wet weather. Accordingly, our sales results and financial condition will typically suffer when weather patterns do not conform to seasonal norms. Sales of our hunting accessories are highest during the months of August through December due to shipments around the fall hunting season and holidays. In addition, sales of our ammunition have historically been lower in our first fiscal quarter. The seasonality of our sales may change in the future. Seasonal variations in our results of operations may reduce our cash on hand, increase our inventory levels and extend our accounts receivable collection periods. This in turn may cause us to increase our debt levels and interest expense to fund our working capital requirements. Our revenues and results of operations may fluctuate unexpectedly from quarter- to- quarter, which may cause our stock price to decline. Our revenues and results of operations have fluctuated significantly in the past and may fluctuate significantly in the future due to various factors, including, but not limited to: • market acceptance of our products and services; • general economic conditions; • the timing of large domestic and international orders; • cancellation of existing orders; • the outcome of any existing or future litigation; • adverse publicity surrounding our products, the safety of our products or the use of our products; • changes in our sales mix; • new product introduction costs; • high levels of retailer and distributor inventory; • complexity in our integrated supply chain; • increased raw material and / or other commodity expenses; • changes in amount and / or timing of our operating expenses; • natural disasters and public health crises or other significant catastrophic events, such as the global COVID- 19 pandemic or another pandemic, epidemic, or infectious disease outbreak, in markets in which we, our customers, suppliers and manufacturers operate; • changes in laws and regulations that may affect the marketability of our products; • the domestic political environment, including debate over the regulation of ammunition and related products; and • uncertainties related to changes in macroeconomic and / or global conditions, including as a result of the war in Ukraine and the imposition of sanctions on Russia. As a result of these and other factors, we believe that period- to- period comparisons of our results of operations may not be meaningful in the short term, and our performance in a particular period may not be indicative of our performance in any future period. We are exposed to risks associated with acquisitions, which could adversely affect our future financial results. Our business strategy includes growth through acquisitions or other transactions. The expected benefits of any future acquisitions or other transactions may not be realized. Costs could be incurred on pursuits or proposed acquisitions that may never close that could significantly impact our business, financial condition or results of operations. Additionally, after any acquisition, unforeseen issues and / or costs could arise that adversely affect our anticipated returns or that are otherwise not recoverable as an adjustment to the purchase price. Even after careful integration efforts, actual results of operations may vary significantly from initial estimates due to a variety of factors, including general economic conditions affecting the market for our products. Furthermore, if, due to declining market conditions or other factors, we determine that the carrying value of the goodwill or other intangible assets associated with an acquired business exceeds the fair value of such assets, we may be required to record a significant impairment charge in the period during which such determination was made, which would negatively affect our results of operations. For example, we have recorded impairment charges to ~~the~~ goodwill and identifiable indefinite- lived intangible assets **during** ~~associated with the Outdoor Products reporting segment for~~ fiscal ~~year~~ **years 2024 and** 2023. We may engage in other strategic business transactions. Such transactions could result in unanticipated costs and difficulties, may not achieve intended results and may require significant time and attention from management, which could have an adverse impact on our business, financial condition or results of operations. Risks may also include potential delays in adopting our financial and managerial controls and reporting systems and procedures, greater than anticipated costs and expenses related to the integration of the acquired business with our business, potential unknown liabilities associated with the acquired company, employee retention, challenges inherent in effectively managing an increased number of employees in diverse locations and the challenge of creating uniform standards, controls, procedures, policies, and information systems. These and other risks relating to our acquisitions could have an adverse effect on our business, financial condition or results of operations. Our results of operations could be materially harmed if we are unable to forecast demand for our products accurately. We often schedule internal production, place orders, and at times pre- pay for products, components and materials with third- party suppliers before receiving firm orders from our customers. In addition, orders from customers are generally subject to cancellation at any time before acceptance. If we fail to accurately forecast customer demand or if orders are cancelled before delivery, we may experience excess inventory levels or a shortage of products to deliver to our customers. Factors that could affect our ability to accurately forecast demand for our products include: • an increase or decrease in consumer demand for our products or for the products of our competitors; • our failure to accurately forecast customer acceptance of new products; • new product introductions by competitors; • changes in our relationships with customers; • changes in general market conditions or other factors, which may result in cancellations of orders or a reduction or increase in the rate of reorders placed by retailers, including as a result of natural disasters and public health crises or other significant catastrophic events, such as the global COVID- 19 pandemic or another pandemic, epidemic, or infectious disease outbreak; • changes in laws and regulations governing the activities for which we sell products, such as hunting and shooting sports; • weak economic conditions or consumer confidence, which could reduce demand for discretionary items such as our products; and • the domestic political environment, including debate over the regulation of ammunition and related products. Inventory levels in excess of customer demand may result in inventory write- downs and the sale of excess inventory on less favorable terms, including discounted prices or payment terms, which could have an adverse effect on our business, financial condition or results of operations. If we underestimate demand for our products, our manufacturing facilities or third- party suppliers may not be able to create products to meet customer demand, and this could result in delays in the shipment of products and lost revenues, as well as damage to our reputation and customer relationships. We may not be able to manage inventory levels successfully to meet future order and reorder requirements. A disruption in the service or a significant increase in the cost of our primary delivery and shipping services for our products and component parts or a significant disruption at shipping ports could have a negative impact on our business. We use various carriers including Federal Express (" FedEx ") for a significant portion of ground shipments of products to our U. S. customers. We use air carriers and ocean shipping services for most of our international shipments of products. Furthermore, many of our finished goods and many of the components we use to manufacture our products are shipped to us via air carrier and shipping services. If there is any significant interruption in service by such providers or at airports or shipping ports in the future, we may be unable to engage alternative suppliers or to receive or ship goods through alternate sites in order to deliver our products or receive finished goods or components in a timely and cost-efficient manner. As a result, we could experience manufacturing delays, increased manufacturing and shipping costs and lost sales as a result of missed delivery deadlines and product demand cycles. Any significant interruption in FedEx services, other ground carriers, air carrier services, ship services or at airports or shipping ports could have a negative impact on our business. Furthermore, if the cost of delivery or shipping services increases significantly and the additional costs cannot be covered by product pricing, our operating results could be materially adversely affected. We face risks relating to our international business operations that could adversely affect our business, financial condition or results of operations. Our ability to maintain the current level of operations in our existing international markets and to capitalize on growth in existing and new international markets is subject to risks associated with our doing business internationally, including: • issues related to managing international operations; • potentially adverse tax developments; • lack of sufficient protection for intellectual property in some countries; • currency exchange; • import and export controls; • social, political, and economic instability in the countries in which we operate; • changes in economic conditions; • uncertainties related to changes in macroeconomic and / or global conditions, including as a result of the war in Ukraine and the imposition of sanctions on Russia; • the occurrence of natural disasters, public health crises or other significant catastrophic events, such as the global COVID- 19 pandemic or another pandemic, epidemic, or infectious disease outbreak, in countries in which we operate; • local laws and regulations, including those governing labor, product safety and environmental protection; • changes to international treaties and regulations; and • limitations on our ability to efficiently repatriate cash from our foreign operations. Any one or more of these risks could adversely affect our business, financial condition or results of operations. Some of our products contain licensed, third- party technology that provides important product functionality and features. The loss or inability to obtain and maintain any such licenses could have a material adverse effect on our business. Some of our products contain technology licensed from third- parties that provides important product functionality and features. We cannot assure you that we will have continued access to this technology. For example, if the licensing company ceases to exist, either as a result of bankruptcy, dissolution or purchase by a competitor, we may lose access to important third- party technology and may not be able to obtain replacement technology on favorable terms or at all. In addition, legal actions, such as intellectual property actions, brought against the licensing company could impact our future access to the technology. Any of these actions could negatively affect our technology licenses, thereby reducing the functionality and features of our products, and adversely affect our business, financial condition or results of operations. Failure to attract and retain key personnel could have an adverse effect on our results of operations. Our future success will depend in part on the continued service of key personnel and our ability to attract, retain and develop key managers, designers, sales and information technology professionals and others. We face intense competition for these individuals worldwide. We may not be able to attract qualified new employees or retain existing employees, which may have a material adverse effect on our financial condition, results of operations or cash flows. ~~We have experienced recent changes in our senior management team as a result of the resignations of our Chief Financial Officer in November 2022, our Chief Executive Officer in February 2023, and our General Counsel and Corporate Secretary in February 2023. These changes to our executive management team may be disruptive to, or cause uncertainty in, our business, results of operations and the price of our common stock. Leadership transitions are inherently difficult to manage and may result in the loss of institutional knowledge and changes to business strategy or objectives. In addition, these changes have the potential to negatively impact our operations and relationships with employees and customers due to increased or unanticipated expenses, operational inefficiencies, uncertainty regarding changes in strategy, decreased employee morale and productivity and increased turnover. The inability to attract and retain a new Chief Executive Officer, Chief Financial Officer and other members of the executive management team for the new Outdoor Products company could adversely affect our ability to operate following the Planned Separation. If we are unable to attract and retain qualified candidates to become the permanent Chief Financial Officer and permanent Chief Executive Officer in a timely manner, our financial performance and ability to meet operational goals and strategic plans may be adversely impacted. The interim nature of our current Chief Financial Officer and Chief Executive Officer may also distract our employees and management team and lead to attrition of qualified employees, increasing our hiring and retention risks.~~ Catastrophic events may disrupt our business. A disruption or failure of our systems or operations in the event of a major earthquake, weather event, public health crisis (such as the global COVID- 19 pandemic or another pandemic, epidemic or infectious disease outbreak), cyber- attack, terrorist attack, explosion or other catastrophic event could cause delays in producing or procuring products, completing sales, providing services or performing other mission- critical functions. A catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations and our results of operations. In addition, damage or disruption to our manufacturing and distribution capabilities or those of our suppliers, because of a major earthquake, weather event, public health crisis, cyber- attack, terrorist attack, fire or explosion or other catastrophic event could impair our ability, or the ability of our suppliers to manufacture or sell our products. If we do not take steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, such events could have a material adverse effect on our business, financial condition or results of operations, as well as require additional resources to restore our supply chain. Some of our products involve the manufacture or handling of a variety of explosive and flammable materials. From time to time, these activities have resulted in incidents that have temporarily shut down or otherwise disrupted some manufacturing processes, causing production delays and resulting in liability for workplace injuries and fatalities. We have safety and loss prevention programs that require detailed pre- construction reviews of process changes and new operations, along with routine safety audits of operations involving explosive materials, to mitigate such incidents, as well as a variety of insurance policies. We cannot assure you, however, that we will not experience similar incidents in the future or that any similar incidents will not result in production delays or otherwise have a material adverse effect on our business, financial condition or results of operations. Risks Related to the Markets for Our Products Our sales are highly dependent on purchases by several large customers, and we may be adversely affected by the loss of, or any significant decline in sales to, one or more of these customers. The U. S. retail and distribution industry serving the outdoor sporting and recreation market has become relatively concentrated. Sales to our top ten customers accounted for approximately ~~33~~ **30** % of our consolidated net sales in fiscal year ~~2023~~ **2024** . Further consolidation in the U. S. retail and distribution industry could increase the concentration of our customer base in the future. Although we have long- established relationships with many of our customers, as is typical in the markets in which we compete, we generally do not have long- term sales agreements with our customers. As such, we are dependent on individual purchase orders. As a result, prior to acceptance these retail customers are able to cancel their orders, change purchase quantities from forecast volumes, delay purchases, change other terms of our business relationship or cease to purchase our products entirely. In addition, we sell products to our customers on credit, which can expose us to financial risk in the event customers encounter insolvency, credit problems or other financial difficulties. Our customers' purchasing activity may also be impacted by general economic conditions as well as natural disasters and public health crises or other significant catastrophic events, such as the global COVID- 19 pandemic or another pandemic, epidemic, or infectious disease outbreak. The loss of any one or more of our large customers or significant or numerous cancellations, reductions, delays in purchases or payments, or changes in business practices by our retail customers could have an adverse effect on our business, financial condition or results of operations including but not limited to reductions in sales volumes and profits, inability to collect receivables, and increases in inventory levels. Competition in our industry may hinder our ability to execute our business strategy, maintain profitability or maintain relationships with existing customers. We operate in a highly competitive industry and we compete against other manufacturers that have well- established brand names and strong market positions. Given the diversity of our product portfolio, we have various significant competitors in each of our markets, including: Winchester Ammunition of Olin Corporation, Clarus, CBC Group, Fiocchi Ammunition, Hornady, PMC, and Rio Ammunition in ~~our Sporting Products categories~~ **The Kinetic Group segment** ; **Alpine Stars, Bontrager, Canyon, Schwinn, Shimano, Shoei, Smith, Specialized, Contigo,** Hydro Flask, ~~Contigo~~ **Osprey** , **Nalgene and** Yeti ~~, Helen of Troy and Nalgene~~ in ~~our Hydration categories~~ **Revelyst' s Adventure Sports segment** ; **Garmin, Nikon, SkyTrak, Topgolf** Callaway **and Trackman in Revelyst' s Precision Sports Technology segment; and Huk** , ~~Garmin~~ **Orvis, Patagonia, Caldwell, Covert Optics** , Nikon, **Leupold** ~~SkyTrak and Trackman in our Golf categories; Schwinn~~ , ~~Bontrager~~ **Rhino** , ~~Smith~~ **Vortex** , ~~Specialized~~ **Wheeler** , ~~Canyon~~ **Coleman** , ~~Shoei and Alpine Stars in our Action Sports categories;~~ Traeger, Weber, **Kuiu** ~~Pit Boss~~ , ~~Blackstone~~ **First Lite** , ~~Solo Stove~~ **Mystery Ranch** and ~~Lodge~~ **Sitka** in ~~our~~ **Revelyst' s** Outdoor **Performance segment** ~~Cooking categories; Nikon, Vortex, Leupold, Feradyne, American Outdoor Brands and Good Sportsman Marketing in our Outdoor Accessories categories; and Columbia, Huk, Patagonia, Orvis and American Fishing Tackle Company in our Fishing categories~~ . Competition in the markets in which we operate is based on a number of factors, including price, quality, product innovation, performance, reliability, styling, product features and warranties, as well as sales and marketing programs. Competition could result in price reductions, reduced profits, extensions of credit, or losses or loss of market share, any of which could have a material adverse effect on our business, financial condition or results of operations. Certain of our competitors may be more diversified than us or may have financial and marketing resources that are substantially greater than ours, which may allow them to invest more heavily in intellectual property, product development and advertising. Since many of our competitors also source their products from third- parties, our ability to obtain a cost advantage through sourcing is reduced. Certain of our competitors may be willing to reduce prices and accept lower profit margins or extend more credit to compete with us. Further, retailers often demand that suppliers reduce their prices on mature products, which could lead to lower margins. Our products typically face more competition internationally where foreign competitors manufacture and market products in their respective countries, which allows those competitors to sell products at lower prices, and could adversely affect our competitiveness. In addition, our products compete with many other sporting and recreational products for the discretionary spending of consumers. Failure to effectively compete with these competitors or alternative products could have a material adverse effect on our performance. Our success depends upon our ability to introduce new compelling products into the marketplace and respond to customer preferences. Our efforts to introduce new products into the marketplace may not be successful, and any new products that we introduce may not result in customer or market acceptance. We both develop and source new products and components that we believe will match customer preferences. The development of new products is a lengthy and costly process and may not result in the development of a successful product. In addition, the sourcing of our products and components is dependent, in part, on our relationships with our third- party suppliers, some of whom are also our competitors. If we are unable to maintain these relationships, we may not be able to continue to source products at competitive prices that both meet our standards and appeal to our customers. Failure to develop or source and introduce new products that consumers want to buy could decrease our sales, operating margins and market share and could adversely affect our business, financial condition or results of operations. Even if we are able to develop or source new products, our efforts to introduce new products may be costly and ineffective. When introducing a new product, we incur expenses and expend resources to market, promote and sell the new product. New products that we introduce into the marketplace may be unsuccessful or may achieve success that does not meet our expectations for a variety of reasons, including failure to predict market demand, delays in introduction, unfavorable cost comparisons with alternative products and unfavorable performance. Significant expenses related to new products that prove to be unsuccessful for any reason will adversely affect our results of operations. Customer preferences include the choice of sales channels. We may not be able to successfully respond to shifting preferences of the end consumer from brick and mortar retail to online retail. Our efforts to introduce new sales channels to respond to such a shift may be costly and ineffective. Risks Related to Our Brands and Reputation Our business is highly dependent upon our brand recognition and reputation, and the failure to maintain or enhance our brand recognition or reputation would likely have an adverse effect on our business. Our brand recognition and reputation are critical aspects of our business. We believe that maintaining and enhancing our brands as well as our reputation are critical to retaining existing customers and attracting new customers. We also believe that the importance of our brand recognition and reputation will continue to increase as competition in the markets in which we compete continues to develop. Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our advertising, promotion, public relations and marketing programs. These brand promotion activities may not yield increased revenue and the effectiveness of these activities will depend on a number of factors, including our ability to: • determine the appropriate creative message, media mix and markets for advertising, marketing and promotional initiatives and expenditures; • identify the most effective and efficient level of spending in each market, medium and specific media vehicle; and • effectively manage marketing costs, including creative and media expenses, in order to maintain acceptable customer acquisition costs. We may implement new marketing and advertising strategies with significantly higher costs than our current channels, which could adversely affect our results of operations. Implementing new marketing and advertising strategies could also increase the risk of devoting significant capital and other resources to endeavors that do not prove to be cost effective. We also may incur marketing and advertising expenses significantly in advance of the time we anticipate recognizing revenue associated with such expenses, and our marketing and advertising expenditures may not generate sufficient levels of brand awareness or result in increased revenue. Even if our marketing and advertising expenses result in increased revenue, the increase in revenue might not offset our related marketing and advertising expenditures. If we are unable to maintain our marketing and advertising channels on cost- effective terms or replace or supplement existing marketing and advertising channels with similarly or more cost- effective channels, our marketing and advertising expenses could increase substantially, our customer base could be adversely affected and our business, financial condition or results of operations could be adversely impacted. Competitors have imitated and attempted to imitate, and will likely continue to imitate or attempt to imitate, our products and technology, particularly in countries overseas where counterfeiting is more prevalent. If we are unable to protect or preserve our brand image and proprietary rights, our business may be harmed. As we increase our sales overseas, we may experience increased counterfeiting of our products. In addition, certain of our products and brands benefit from endorsements and support from particular sporting enthusiasts, athletes or other celebrities, and those products and brands may become personally associated with those individuals. As a result, our brands or sales of the endorsed products could be materially and adversely affected if any of those individuals' images, reputations or popularity were to be negatively impacted. Our association with the firearms industry may affect our relationships with certain third parties that are critical to our success. We utilize the services of numerous financial institutions, resellers, credit card issuers, insurance carriers, suppliers, transportation providers and other service providers. Some third parties, as well as some customers and investors, have decided or may in the future decide to cease doing or limit their business with companies associated with the firearms industry or impose unacceptable or costly restrictions on our business due to reputational concerns, pressure from politicians or activists, or high-profile media coverage of events. These decisions could have a material adverse impact on our business, operating results and financial condition. Use of social media to disseminate negative commentary and boycotts may adversely impact our business. There has been a substantial increase in the use of social media platforms, including blogs, social media websites, and other forms of internet- based communications, which allow individuals access to a broad audience of consumers and other interested persons. Negative commentary regarding us or our brands may be posted on social media platforms at any time and may have an adverse impact on our reputation, business, or relationships with third- parties, including suppliers, customers, investors, and lenders. Consumers value readily available information and often act on such information without further investigation and without regard to its accuracy or context. The harm may be immediate without affording us an opportunity for redress or correction. Social media platforms also provide users with access to such a broad audience that collective action, such as boycotts, can be more easily organized. Such actions could have an adverse effect on our business, financial condition, results of operations and or cash flows. Further, we serve the outdoor sports and recreation markets through a diverse portfolio of 41 brands that appeal to a broad range of end consumers. The perspectives of the broad range of consumers we serve are varied and can cause conflicting views across brands. Legal and Regulatory Risks We manufacture and sell products that create exposure to potential product liability, warranty liability or personal injury claims and litigation. Some of our products are used in applications and situations that involve risk of personal injury and death. Our products expose us to potential product liability, warranty liability, and personal injury claims and litigation relating to the use or misuse of our products including allegations of defects in manufacturing, defects in design, deceptive advertising, a failure to warn of dangers inherent in the product or activities associated with the product, negligence and strict liability. If successful, such claims could have a material adverse effect on our business. Defects in our products could reduce demand for our products and result in a decrease in sales and market acceptance and damage to our reputation. Complex components and assemblies used in our products may contain undetected defects that are subsequently discovered at any point in the life of the product. In addition, we obtain many of our products and component parts from third- party suppliers and may not be able to detect defects in such products or component parts until after they are sold. Defects in our products may result in a loss of sales, recall expenses, delay in market acceptance and damage to our reputation and increased warranty costs, which could have a material adverse effect on our business, financial condition or results of operations. Although we maintain product liability insurance in amounts that we believe are reasonable, we may not be able to maintain such insurance on acceptable terms, if at all, in the future and product liability claims may exceed the amount of our insurance coverage. In addition, our reputation may be adversely affected by such claims, whether or not successful, including potential negative publicity about our products. We may incur substantial litigation costs to protect our intellectual property, and if we are unable to protect our intellectual property, we may lose our competitive advantage. We may be subject to intellectual property infringement claims, which could cause us to incur litigation costs and divert management attention from our business. Our future success depends in part upon our ability to protect our intellectual property. Our protective measures, including patents, trademarks, copyrights, trade secret protection and internet identity registrations, may prove inadequate to protect our proprietary rights and market advantage. The right to stop others from misusing our trademarks and service marks in commerce depends, to some extent, on our ability to show evidence of enforcement of our rights against such misuse in commerce. Our failure to stop the misuse by others of our trademarks and service marks may lead to our loss of trademark and service mark rights, brand loyalty and notoriety among our customers and prospective customers. The scope of any patent to which we have or may obtain rights may not prevent others from developing and selling competing products. In addition, our patents may be held invalid upon challenge, or others may claim rights in, or ownership of, our patents. Moreover, we may become subject to litigation with parties that claim, among other matters, that we infringed their patents or other intellectual property rights. The defense and prosecution of patent and other intellectual property claims are both costly and time- consuming and could result in a material adverse effect on our business and financial position. Also, any intellectual property infringement claims against us, with or without merit, could be costly and time- consuming to defend and divert our management' s attention from our business. If our products were found to infringe a third- party' s proprietary rights, we could be forced to enter into costly royalty or licensing agreements in order to be able to continue to sell our products or discontinue use of the protected technology. Such royalty and licensing agreements may not be available on terms acceptable to us or at all. Rights holders may demand payment for past infringements or force us to accept costly license terms or discontinue use of protected technology or works of authorship. We may become involved in litigation regarding patents and other intellectual property rights. Other companies, including our competitors, may develop intellectual property that is similar or superior to our intellectual property, duplicate our intellectual property or design around our patents, and may have or obtain patents or other proprietary rights that would prevent, limit or interfere with our ability to make, use or sell our products. Effective intellectual property protection may be unavailable or limited in some foreign countries in which we sell products or from which competing products may be sold. Unauthorized parties may attempt to copy or otherwise use aspects of our intellectual property and products that we regard as proprietary. Our means of protecting our proprietary rights in the U. S. or abroad may prove to be inadequate, and competitors may be able to develop similar intellectual property independently. If our intellectual property protection is insufficient to protect our intellectual property rights, we could face increased competition in the markets for our products. Should any of our competitors file patent applications or obtain patents that claim inventions also claimed by us, we may choose to participate in an interference proceeding to determine the right to a patent for these inventions because our business could be harmed if we fail to enforce and protect our intellectual property rights. Even if the outcome is favorable, an interference proceeding could result in substantial costs to us and disrupt our business. In the future, we also may need to file lawsuits to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Any such litigation, whether successful or unsuccessful, could result in substantial costs and diversion of resources, which could have a material adverse effect on our business, financial condition or results of operations. We are subject to extensive regulation and could incur fines, penalties, business disruption and other costs and liabilities under such requirements. Like other global manufacturers and distributors of consumer products, we are required to comply with a wide variety of federal, state and international laws, rules and regulations, including those related to consumer products and consumer protection, advertising and marketing, labor and employment, data protection and privacy, intellectual property, workplace safety, the environment, the import and export of products, and tax. See Item 1 " Business- Regulatory Matters " of this Annual Report for a description of the various laws and regulations to which our business is subject. Our failure to comply with applicable federal, state and local laws and regulations may result in our being subject to claims, lawsuits, fines, business disruption, and adverse publicity that could have a material adverse effect on our business, results of operations and financial condition ~~. For example, the Minnesota Department of Health has alleged one of our factories was in violation of the Minnesota Lead Poisoning Act for take- home lead on employees, and ordered us to conduct certain testing. In the event we are unable to adequately prove the lack of, or mitigate, lead migration from our factory, we could be subject to fines, corrective actions requests and business interruption~~ . These laws, rules and regulations currently impose significant compliance requirements on our business, and more restrictive laws, rules and regulations may be adopted in the future. Changes in government policies and firearms and ammunition legislation could adversely affect our financial results. The sale, purchase, ownership and use of firearms and ammunition are subject to numerous and varied federal, state and local governmental regulations. Sales of our ammunition products can be correlated with sales of firearms, and legislation restricting the sale or use of firearms could negatively affect sales of our ammunition products. Federal laws governing firearms and ammunition include the National Firearms Act, the Federal Firearms Act, the Arms Export Control Act and the Gun Control Act of 1968. These laws generally govern the manufacture, import, export, sale and possession of firearms and ammunition. We hold all necessary licenses to legally sell ammunition in the U. S. In recent years, federal and state courts and legislatures have increased their attention on the regulation of firearms and ammunition. The laws passed and bills proposed to date are extremely varied and include, without limitation, laws and court decisions increasing the age of ownership, imposing additional licensing or registration requirements for the purchase or ownership of firearms or ammunition, curtailing or creating liability for certain types of advertising, and allowing civil causes of action against marketers and sellers of firearms and ammunition arising out of the criminal misuse of their products. These laws and decisions could impose liability on manufacturers of firearms or ammunition or effectively ban or severely limit the sale of certain categories of firearms, which would negatively impact sales of our related ammunition products. We cannot be assured that the regulation of our business activities will not become more restrictive in the future and that any such restrictions will not have a material adverse effect on our business. Failure to comply with the U. S. Foreign Corrupt Practices Act or other applicable anti- corruption legislation, as well as export controls and trade sanctions, could result in fines or criminal penalties. The international nature of our business exposes us to trade sanctions and other restrictions imposed by the U. S. and other governments. The U. S. Departments of Justice, Commerce, Treasury and other agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against companies for violations of the Foreign Corrupt Practices Act (" FCPA"), export controls, anti- boycott provisions and other federal statutes, sanctions, and regulations and, increasingly, similar or more restrictive foreign laws, rules and regulations, which may also apply to us. In recent years, U. S. and foreign governments have increased their oversight and enforcement activities with respect to these laws and we expect the relevant agencies to continue to increase their enforcement efforts. In foreign countries in which we have operations, a risk exists that our associates, contractors or agents could, in contravention of our policies, engage in business practices prohibited by U. S. laws and regulations applicable to us, such as the FCPA, or the laws and regulations of other countries, such as the UK Bribery Act. We maintain a policy, Code of Business Ethics, prohibiting such business practices. Nevertheless, we remain subject to the risk that one or more of our associates, contractors or agents, including those based in or from countries where practices that violate such U. S. laws and regulations or the laws and regulations of other countries may be customary, will engage in business practices that are prohibited by our policies, circumvent our compliance programs and, by doing so, violate such laws and regulations. Any such violations, even if prohibited by our internal policies, could adversely affect our business or financial performance and our reputation. By virtue of these laws and regulations we may be obliged to limit our business activities, we may incur costs for compliance programs and we may be subject to enforcement actions or penalties for noncompliance. A violation of these laws, sanctions or regulations could result in restrictions on our exports, civil and criminal fines or penalties and could adversely impact our business, financial condition or results of operations. If our efforts to protect the security of personal information about our customers and consumers are unsuccessful and unauthorized access to that personal information is obtained, or we experience a significant disruption in our computer systems or a cybersecurity breach, we could experience an adverse effect on our operations, we could be subject to costly government enforcement action and private litigation and our reputation could suffer. Our operations, especially our retail operations, involve the storage and transmission of our customers' and consumers' proprietary information, such as credit card and bank account numbers, and security breaches could expose us to a risk of loss of this information, government enforcement action and litigation and possible liability. Our payment services may be susceptible to credit card and other payment fraud schemes, including unauthorized use of credit cards, debit cards or bank account information, identity theft or merchant fraud. If our security measures are breached as a result of third- party action, employee error, malfeasance or otherwise, and as a result, someone obtains unauthorized access to our customers' and consumers' data, our reputation may be damaged, our business may suffer, and we could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security occurs, the public perception of the effectiveness of our security measures could be harmed and we could lose customers and consumers, which could adversely affect our business. We also rely extensively on our computer systems to manage our ordering, pricing, inventory replenishment and other processes. Our systems could be subject to damage or interruption from various sources, including power outages, computer and telecommunications failures, computer viruses, cyber security breaches, vandalism, severe weather conditions, catastrophic events and human error, and our disaster recovery planning cannot account for all eventualities. If our systems are damaged, fail to function properly or otherwise become unavailable, we may incur substantial costs to repair or replace them, and we may experience loss of critical data and interruptions or delays in our ability to perform critical functions, which could adversely affect our business, financial condition or results of operations. Risks Related to Macro- Economic Conditions Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. A portion of our indebtedness consists of term loans and revolver borrowings with variable rates of interest that expose us to interest rate risk. If interest rates increase, our debt service obligations on our variable rate indebtedness will increase even if the amount borrowed remains the same, and our net income (loss) and cash flows will correspondingly decrease. Assuming $ ~~485~~ **145** million of variable- rate indebtedness (which was the ~~amount~~ **portion** of our indebtedness outstanding as of March 31, ~~2023~~ **2024** , ~~considering~~ **which was not included in** our **hedged floating- to- fixed** interest rate swaps) ~~,~~ a change of 1 / 4 of one percent in interest rates would result in a $ ~~1~~ **0** . ~~2~~ **4** million change in annual estimated interest expense. ~~Even if~~ **To mitigate the risks from interest rate exposure,** we enter into ~~additional~~ **hedging transactions, mainly** interest rate swaps ~~in the future in order~~ **, through derivative financial instruments that have been authorized pursuant** to ~~reduce future~~ **corporate policies. We measure market risk related to holdings of financial instruments based on changes in** interest ~~rate~~ **rates** ~~volatility~~ **utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in fair values** , ~~we may not fully mitigate our future~~ **cash flows, and earnings based on a hypothetical change (increase and decrease) in** interest ~~rate~~ **rates** ~~risk~~ **. We used current market rates on the debt portfolio to perform the sensitivity analysis** . Changes in U. S. and global trade policies, including new and potential tariffs on goods we import or on products we export to other countries, could increase our cost of goods or limit our access to export markets. In recent years, protectionist trade policies have been increasing around the world, including in the U. S. It is unclear what additional tariffs, duties, border taxes or other similar assessments on imports might be implemented in the future and what effects these changes may have on retail markets or our operating performance. Additional protectionist trade legislation in either the U. S. or foreign countries, including changes in the current tariff structures, export or import compliance laws, or other trade policies, could reduce our ability to sell our products in foreign markets, the ability of foreign customers to purchase our products, and our ability to import components, parts, and products from foreign suppliers. In particular, increases in tariffs on goods imported into the U. S. could increase the cost to us of such merchandise (whether imported directly or indirectly) and cause increases in the prices at which we sell such merchandise to our customers, which could materially adversely affect the financial performance of our business. The global economy has been negatively impacted by the war in Ukraine. Furthermore, governments in the U. S., United Kingdom, and European Union have each imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia. Although we have no operations in Russia or Ukraine, we may experience shortages in materials and increased costs for transportation, energy, and raw material due in part to the negative impact of the war in Ukraine on the global economy. Further escalation of geopolitical tensions related to the war, including increased trade barriers or restrictions on global trade, could result in, among other things, cyberattacks, supply disruptions, lower consumer demand, and changes to foreign exchange rates and financial markets, any of which may adversely affect our business and supply chain. In addition, the effects of the ongoing conflict could heighten many of our known risks described in this Annual Report. Our results of operations could be impacted by unanticipated changes in tax provisions or exposure to additional income tax liabilities. Our business operates in many locations under government jurisdictions that impose income taxes. Changes in domestic or foreign income tax laws and regulations, or their interpretation, could result in higher or lower income tax rates assessed or changes in the taxability of certain revenues or the allowance of deduction of certain expenses, thereby affecting our income tax expense and profitability. In addition, audits by income tax authorities could result in unanticipated increases in our income tax expense. In particular, we are affected by the impact of changes to tax laws or related authoritative interpretations. A change in authority interpretation to the U. S. tax code, related tax accounting guidance, and regulatory guidance as well as state tax implications or other legislation changes may cause variability in our future tax rate. We may need to raise additional capital, and we cannot be sure that additional financing will be available. We will need to fund our ongoing working capital, capital expenditures and financing requirements through cash flows from operations and new sources of financing. Our ability to obtain future financing will depend on, among other things, our financial condition and results of operations as well as on the condition of the capital markets or other credit markets at the time we seek financing. Increased volatility and disruptions in the financial markets, including as a result of natural disasters and public health crises or other significant catastrophic events, such as the global COVID- 19 pandemic or another pandemic, epidemic, or infectious disease outbreak, or geopolitical events, such as the war in Ukraine, could make it more difficult and more expensive for us to obtain financing. In addition, the pendency of the Planned Separation may adversely affect our ability to obtain financing. We cannot assure you that we will have access to the capital markets or other credit markets on terms we find acceptable or at all. The terms of the agreements governing our debt restrict our current and future operations, particularly our ability to incur debt that we may need to fund initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulations. Fluctuations in foreign currency exchange rates may adversely affect our financial results. During the fiscal year ended March 31, ~~2023~~ **2024** , approximately 17 % of our revenue was generated from sales outside the U. S. Revenues from foreign operations (and the related expense) are often transacted in foreign currencies or valued based on a currency other than U. S. dollars. For the purposes of financial reporting, this revenue is translated into U. S. dollars. Resulting gains and losses from foreign currency fluctuations are therefore included in our consolidated financial statements. As a result, when the U. S. dollar strengthens against certain foreign currencies, including the Euro, British pound sterling, Canadian dollar, and other major currencies, our reportable revenue in U. S. dollars generated from sales made in foreign currencies may decrease substantially. As a result, we are exposed to foreign currency exchange rate fluctuations, which could have an adverse effect on our financial condition, results of operations and cash flows. General economic conditions affect our results of operations. Our revenues are affected by economic conditions and consumer confidence worldwide, but especially in the U. S. In times of economic uncertainty or high inflation, consumers tend to defer expenditures for discretionary items, which affects demand for our products. Moreover, our businesses are cyclical in nature, and their success is impacted by general economic conditions and specific economic conditions affecting the regions and markets we serve, the overall level of consumer confidence in the economy and discretionary income levels. Any substantial deterioration in general economic conditions, including as a result of the COVID- 19 pandemic or another pandemic, epidemic, or infectious disease outbreak, high inflation, or the war in Ukraine, that diminishes consumer confidence or discretionary income could reduce our sales and adversely affect our financial results. Moreover, declining economic conditions create the potential for future impairments of goodwill and other intangible and long- lived assets that may negatively impact our financial condition or results of operations, such as the impairment charges we recorded in our fiscal ~~year~~ **years 2024 and** 2023 to the goodwill and indefinite- lived intangible assets ~~associated with our Outdoor Products reporting segment~~ . The impact of weak consumer credit markets, corporate restructurings, layoffs, high unemployment rates, declines in the value of investments and residential real estate, higher fuel prices and increases in federal and state taxation can also negatively affect our results of operations. In addition, in recent periods sluggish economies and consumer uncertainty regarding future economic prospects in our key markets have had an adverse effect on the financial health of certain of our customers, which may in turn have a material adverse effect on our results of operations and financial condition. We extend credit to our customers for periods of varying duration based on an assessment of the customer' s financial condition, generally without requiring collateral, which increases our exposure to the risk of uncollectible receivables. In addition, we face increased risk of order reduction or cancellation when dealing with financially ailing customers or customers struggling with economic uncertainty. Our risk of uncollectible receivables and order cancellations has been elevated due to retail store closures in many locations that occurred during the height of the COVID- 19 pandemic, which has adversely affected many of our customers, and may be further elevated in the event of bank failures or credit tightening conditions affecting our customers. We may reduce our level of business with customers and distributors experiencing financial difficulties and may not be able to replace that business with other customers, which could have a material adverse effect on our financial condition, results of operations or cash flows. In times of uncertain economic conditions there is also increased risk that inventories may not be liquidated in an efficient manner and may result in us having excess levels of inventory. Risks Related to Our Common Stock and Indebtedness Our debt covenants may limit our ability to complete acquisitions, incur debt, make investments, sell assets, merge or complete other significant transactions. Our 2022 ABL Revolving Credit Facility ~~and 2022 Term Loan contain~~ **contains** a number of restrictive covenants that impose significant operating and financial restrictions on us and our subsidiaries and limits our ability to engage in actions that may be in our long-term best interests, including restrictions on our, and our subsidiaries', ability to: • incur or guarantee additional indebtedness or sell disqualified or preferred stock; • pay dividends on, make distributions in respect of, repurchase or redeem, capital stock; • make investments or acquisitions; • sell, transfer or otherwise dispose of certain assets; • create liens; • enter into sale / leaseback transactions; • enter into agreements restricting the ability to pay dividends or make other intercompany transfers; • consolidate, merge, sell or otherwise dispose of all or substantially all of our or our subsidiaries' assets; • enter into transactions with affiliates; • prepay, repurchase or redeem certain kinds of indebtedness; • issue or sell stock of our subsidiaries; and • significantly change the nature of our business. The indenture governing our 4. 5 % Notes also contains many of these same restrictions. As a result of all of these restrictions, we may be: • limited in how we conduct our business and pursue our strategy; • unable to raise additional debt financing that we may require to operate during general economic or business downturns; or • unable to compete effectively or to take advantage of new business opportunities. A failure to comply with the covenants in the 2022 ABL Revolving Credit Facility ~~and 2022 Term Loan~~ could result in an event of default under the 2022 ABL Revolving

Credit Facility ~~and 2022 Term Loan~~ , which could allow our creditors to accelerate the related indebtedness and proceed against the collateral that secures such indebtedness. Similarly, a failure to comply with the covenants in the indenture governing our 4. 5 % Notes could result in an event of default thereunder, which could allow the holders of the 4. 5 % Notes to accelerate such notes. The 2022 ABL Revolving Credit Facility ~~and 2022 Term Loan~~ and the indenture governing the 4. 5 % Notes contain cross- default provisions so that noncompliance with the covenants of any of our other debt agreements could cause a default under these debt agreements as well. In the event our creditors accelerate the repayment of our borrowings, we may not have sufficient liquidity to repay our indebtedness. In the event that we incur additional indebtedness in connection with the Planned Separation, we expect that such indebtedness will also include restrictive covenants similar to those described above. See " Risks Related to our Planned Separation — We may incur additional indebtedness in connection with the Planned Separation, and such additional indebtedness could adversely impact our business, financial condition or results of operations. " Provisions of our Amended and Restated Certificate of Incorporation, our Amended and Restated Bylaws, and Delaware law may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock. Several provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Delaware law may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable. These include provisions that: • allow our Board of Directors to authorize for issuance, without stockholder approval, preferred stock, the rights of which will be determined at the discretion of the Board of Directors and, if issued, could operate as a " poison pill " to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that our Board of Directors does not approve; • prohibit our stockholders from taking action by written consent and require that stockholder action must take place at a duly called annual or special meeting of our stockholders; • establish how stockholders may present proposals or nominate directors for election at meetings of our stockholders; • mandate that stockholders may only remove directors for cause; • grant exclusive privilege (subject to certain limited exceptions) to our directors, and not our stockholders, to fill vacancies on our Board of Directors; • provide that only our Board of Directors, Chairman of our Board of Directors, our Chief Executive Officer or the President (in the absence of the Chief Executive Officer) are entitled to call a special meeting of our stockholders; and • limit our ability to enter into business combination transactions with certain stockholders. These and other provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Delaware law may discourage, delay or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of us, including unsolicited takeover attempts, even though the transaction may offer our stockholders the opportunity to sell their shares of our common stock at a price above the prevailing market price. **Risks Related to Our Announced Transaction** The **consummation** ~~Planned Separation~~ of **the** ~~our Outdoor Products and~~ Sporting Products **Sale** ~~segments into two independent, publicly- traded companies~~ is subject to **a number of** ~~various risks, uncertainties and~~ 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 ~~in accordance with the expected plan or at all~~ . **The** ~~On May 5, 2022, we announced that our Board of Directors unanimously approved a plan to separate our Outdoor Products and~~ Sporting Products **Sale** ~~segments into two independent, publicly- traded companies via a spin- off of our Outdoor Products segment. The Planned Separation~~ is subject to ~~final~~ **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** ~~the~~ **other** ~~terms of~~ **regulatory approvals or consents having been obtained; (iii)** the ~~transaction~~ **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 filed** by ~~our Board of Directors~~ **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** ~~, including, among other~~ -- **the Merger Agreement** ~~things, the receipt of a tax opinion from tax advisors concerning the tax- free nature of the transaction for U. S. federal income tax purposes, the effectiveness of a Form 10 registration statement that Outdoor Products SpinCo will file with the SEC, approval of listing of the common stock of Outdoor Products SpinCo on the stock exchange chosen for the listing of such common stock and no other event or development existing or having occurred that our Board of Directors determines, in its sole and absolute discretion, makes it inadvisable to effect the Planned Separation or related transactions~~ . The **failure to satisfy any** ~~Planned Separation is complex in nature, and unanticipated developments~~ or **all of** ~~changes, including changes in~~ the **required** ~~law, the macroeconomic environment, competitive~~ conditions ~~of our markets, approvals or consents that we may seek, the uncertainty of the financial markets, and challenges in executing the necessary transactions,~~ could delay **the completion of the Sporting Products Sale by a significant period of time** or prevent ~~the~~ **it from occurring. Any delay in** ~~completion~~ - **completing** ~~of~~ the ~~Planned Separation, or~~ **Sporting Products Sale could** cause the **parties** ~~Planned Separation~~ to ~~occur on terms~~ **the Merger Agreement to not realize some** or ~~conditions~~ **all of the benefits** that are ~~different or less favorable than desired or~~ expected **to be achieved if** ~~. While we are pursuing~~ the ~~Planned Separation, and whether~~ **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** ~~or~~ **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 ~~the transaction is~~ completed **within the expected timeframe or at all** , our ongoing ~~businesses~~ -- **business** ~~may~~ **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 ~~of one~~ **. If the Sporting Products Sale is not completed, these risks could materially affect** ~~or~~ **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 ~~of~~ **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** ~~the~~ **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** ~~: • the diversion~~ of **the Sporting Products Sale. It is a condition to the Sporting Products Sale that no court of competent jurisdiction** ~~our~~ - **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 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 ~~operating~~ **the closing of the Sporting Products Sale** and **ongoing** ~~growing our~~ 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 Elevate II Inc. (" Merger Sub Parent ") may terminate the Merger Agreement, subject to certain exceptions. Either we or Merger Sub Parent 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, completion of certain pre- closing steps relating to the separation 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 Merger Sub Parent (** as ~~a result of~~ **applicable) if** the ~~significant amount of~~ **failure to consummate the Sporting Products Sale on** ~~our~~ - **or** ~~management~~ **prior to such date is primarily due to the breach by such party, or such party** ' s **affiliates** ~~time and effort required to execute the Planned Separation; • foreseen and unforeseen costs and expenses that will be incurred in connection~~

~~with the Planned Separation, including accounting, tax, legal and other professional services costs; • challenges in separating our businesses, including separating the assets and liabilities, infrastructure and personnel of these businesses, potentially resulting in delays and additional costs in achieving the completion of the Planned Separation; • disruptions to and potential adverse impacts on our relationships with our suppliers, customers and others with whom~~ - **who are party** ~~we do business; • challenges in establishing the desired capital structure for the two~~ - **to** ~~businesses, including challenges accessing the financial markets; • uncertainty among our key employees concerning their~~ -- **the Merger Agreement** ~~future with us or with Outdoor Products SpinCo~~ , ~~leading to potential distraction, as well as potential difficulty in attracting, retaining or motivating key employees during the pendency~~ of **any Transaction Document** ~~the Planned Separation and following its planned completion; • potential adverse impact on our credit ratings; and • potential negative reactions from the financial markets if we fail to complete the Planned Separation as currently expected, within the anticipated time frame or at all~~ . In ~~addition, on October 21, 2022, Sudhanshu Priyadarshi provided~~ the **event** ~~Board with notice of his decision to resign from~~ the **Merger Agreement** ~~position of Chief Financial Officer of the Company to pursue another opportunity. Mr. Priyadarshi continued with the Company through the release of the Company' s financial results for the second quarter of fiscal year 2023 and departed in November 2022. Further, on February 2, 2023, the Board announced that Christopher T. Metz resigned, effective as of February 1, 2023, from his position as Chief Executive Officer at the request of the Board, based on the Board' s loss of confidence in his leadership for reasons not involving financial reporting or internal controls. As a result of the departures of Mr. Priyadarshi and Mr. Metz, we have undertaken a search to identify and hire a permanent Chief Executive Officer and a permanent Chief Financial Officer for Outdoor Products SpinCo. If we are unable to attract and retain qualified candidates to become the permanent Chief Financial Officer and permanent Chief Executive Officer of Outdoor Products SpinCo in a timely manner, the Planned Separation could be delayed. The completion of the Planned Separation may not achieve some or all of the intended benefits and may adversely affect our business. Even if the Planned Separation~~ is **terminated by either party due to** ~~completed, we may not realize some or all of~~ the **failure** ~~intended benefits from the separation of our businesses, and the Planned Separation may adversely affect our business. A spin- off~~ - **of the** ~~of our Outdoor Products segment will result in us being a smaller, less diversified company, making us more vulnerable to changing market and economic conditions. Our~~ Sporting Products **Sale to close by October 15** ~~business will be more concentrated in ammunition products~~ , ~~and~~ **2024 (or, if applicable, January 15, 2025) or for any other reason provided under the Merger Agreement,** we will have **incurred significant** ~~greater exposure to legal, regulatory, political and other risks relating to the ammunition industry. In addition, as a smaller company, our ability to absorb~~ costs ~~may be negatively impacted,~~ and **will** ~~we may be unable to obtain financing, insurance, goods or services at prices or on terms that are as favorable as those obtained by us prior to the Planned Separation. Any of these factors could~~ have **diverted significant management focus** ~~a material adverse effect on our business, financial condition, results of operations, cash flows, business prospects and the trading price of our common stock. We cannot assure you that the combined value of the common stock of the two publicly traded companies following the completion of the Planned Separation will be equal to or greater than what the value of our common stock would have been had the Planned Separation not occurred. The Planned Separation may have an~~ **and resources** ~~adverse effect on the price of our common stock. The changes in our operational and financial profile resulting~~ from ~~the Planned Separation may not meet some or all of our stockholders' investment strategies, which could cause investors to sell their shares and otherwise decrease demand for shares of our common stock. Sales of our common stock could cause the market price of our common stock to decrease, and the market price of our common stock may be subject to greater volatility following the completion of the Planned Separation. The Planned Separation and related transactions may expose us to potential liabilities arising out of state and federal fraudulent conveyance laws and legal distribution requirements. The Planned Separation could be challenged under various state and federal fraudulent conveyance laws. An unpaid creditor could claim that we did not receive fair consideration or reasonably equivalent value in the Planned Separation, and that the Planned Separation left us insolvent or with unreasonably small capital or that we intended or believed we would incur debts beyond our ability to pay such debts as they mature. If a court were to agree with such a plaintiff, then such court could void the Planned Separation as a fraudulent transfer and could impose a number of different remedies, including returning the assets or the shares of Outdoor Products SpinCo common stock or providing us with a claim for money damages against Outdoor Products SpinCo in an amount equal to the difference between the consideration received by us and the fair market value of Outdoor Products SpinCo at the time of the Planned Separation. The Planned Separation could result in significant tax liability to the Company and its stockholders, and tax rules could limit our ability to enter into certain transactions for a period of time following the Planned Separation. The distribution of shares of Outdoor Products SpinCo to our stockholders in the Planned Separation is expected to qualify as tax- free under Section 355 of the U. S. Internal Revenue Code. We intend to obtain an opinion from our tax advisors as to the tax- free nature of the Planned Separation. This opinion will be based on, among other things, various factual assumptions and representations by us and Outdoor Products SpinCo regarding the past and future conduct of the companies' respective businesses and other matters. If any of these assumptions or representations are, or become, inaccurate or incomplete, reliance on the tax opinion may be jeopardized. The opinion will not be binding on the Internal Revenue Service (the " IRS "), and it is possible that the IRS will take a contrary position. If the IRS determined on audit that the distribution is taxable, both we and our stockholders could incur significant U. S. federal income tax liabilities. In addition, following the Planned Separation, compliance with the requirements for a tax- free spin- off under Section 355 of the Internal Revenue Code may limit our ability to enter into certain transactions that would otherwise be advantageous to us. For example, transactions such as share repurchases, certain major asset dispositions, and business combination and~~ other strategic **opportunities** ~~transactions with other businesses involving the issuance or acquisition of our stock may in some cases cause the Planned Separation to become taxable if undertaken within a period of time following the completion of the Planned Separation. As a result, we may determine to limit or forgo entirely such transactions in order to maintain the tax- free status of the Planned Separation. We may incur additional indebtedness in connection with the Planned Separation, which could adversely impact our liquidity~~ and **ongoing** ~~strategic~~

~~flexibility. In connection with the Planned Separation, we may incur additional indebtedness, which may include, among other things, borrowings under credit facilities or the issuance of debt securities in one or more public or private offerings. Our target capital structure for the Company, following the completion of the Planned Separation, includes a target leverage level of up to approximately 2. 0 times EBITDA, although we cannot assure you that additional indebtedness will be available on terms we find acceptable or at all. Any such additional indebtedness would require a portion of our cash flow to be allocated to debt service payments instead of other~~ business **activities without realizing** ~~purposes, thereby reducing the amount of cash flow available for working capital, capital expenditures, acquisitions and other~~ -- **the anticipated benefits** ~~general corporate purposes. Furthermore, any such additional indebtedness could impose operating and financial restrictions on us that limit our growth and the implementation~~ of ~~our business strategy. See " Risks related to our common stock and indebtedness — Our debt covenants may limit our ability to complete acquisitions, incur debt, make investments, sell assets, merge or complete other~~ -- **the Sporting Products Sale** ~~significant transactions. "~~