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 27, 2020

☐ **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

Vista Outdoor Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**47-1016855**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Vista Way	**Anoka**	**MN**	**55303**
(Address of Principal Executive Offices)			(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 26, 2020, there were 58,235,588 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)

(Amounts in thousands except share data)	September 27, 2020	March 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 40,746	$ 31,375
Restricted cash and cash equivalents (Note 18)	12,210	—
Net receivables	336,592	313,517
Net inventories	338,380	331,293
Income tax receivable	29,373	7,626
Other current assets	27,484	25,200
Total current assets	784,785	709,011
Net property, plant, and equipment	170,874	184,733
Operating lease assets	65,208	69,024
Goodwill	83,167	83,167
Net intangible assets	296,426	306,100
Deferred charges and other non-current assets, net	30,861	39,254
Total assets	$ 1,431,321	$ 1,391,289
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 125,351	$ 89,996
Accrued compensation	43,220	38,806
Federal excise, use, and other taxes	22,378	19,702
Other current liabilities	128,090	98,197
Total current liabilities	319,039	246,701
Long-term debt	345,305	511,806
Deferred income tax liabilities	14,520	12,810
Long-term operating lease liabilities	69,852	73,738
Accrued pension and postemployment benefits	51,704	60,225
Other long-term liabilities	56,264	43,504
Total liabilities	856,684	948,784
Commitments and contingencies (Notes 3, 12, and 15)		
Common stock — $.01 par value:		
Authorized — 500,000,000 shares		
Issued and outstanding — 58,256,243 shares as of September 27, 2020 and 58,038,822 shares as of March 31, 2020	583	580
Additional paid-in capital	1,742,645	1,744,096
Accumulated deficit	(839,927)	(960,048)
Accumulated other comprehensive loss	(97,030)	(100,994)
Common stock in treasury, at cost — 5,708,196 shares held as of September 27, 2020 and 5,925,617 shares held as of March 31, 2020	(231,634)	(241,129)
Total stockholders' equity	574,637	442,505
Total liabilities and stockholders' equity	$ 1,431,321	$ 1,391,289

See Notes to the Condensed Consolidated Financial Statements.

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

(Amounts in thousands except per share data)	Three months ended September 27, 2020	Three months ended September 29, 2019	Six months ended September 27, 2020	Six months ended September 29, 2019
Sales, net	$ 575,179	$ 445,016	$ 1,054,319	$ 904,790
Cost of sales	413,289	354,752	767,061	719,448
Gross profit	161,890	90,264	287,258	185,342
Operating expenses:				
Research and development	5,362	5,553	10,372	12,047
Selling, general, and administrative	81,272	82,971	153,587	166,880
Impairment of held-for-sale assets (Note 2)	—	—	—	9,429
Earnings (loss) before interest, income taxes, and other	75,256	1,740	123,299	(3,014)
Other expense, net	—	(433)	—	(433)
Earnings (loss) before interest and income taxes	75,256	1,307	123,299	(3,447)
Interest expense, net	(5,715)	(12,314)	(12,133)	(23,438)
Earnings (loss) before income taxes	69,541	(11,007)	111,166	(26,885)
Income tax provision (benefit)	(10,104)	891	(8,955)	1,628
Net income (loss)	$ 79,645	$ (11,898)	$ 120,121	$ (28,513)
Earnings (loss) per common share:				
Basic	$ 1.37	$ (0.21)	$ 2.07	$ (0.49)
Diluted	$ 1.34	$ (0.21)	$ 2.03	$ (0.49)
Weighted-average number of common shares outstanding:				
Basic	58,193	57,768	58,124	57,746
Diluted	59,314	57,768	59,066	57,746
Net income (loss) (from above)	$ 79,645	$ (11,898)	$ 120,121	$ (28,513)
Other comprehensive income, net of tax:				
Pension and other postretirement benefit liabilities:				
Reclassification of prior service credits for pension and postretirement benefit plans recorded to net income, net of tax of $0 for each period presented	(79)	(78)	(157)	(156)
Reclassification of net actuarial loss for pension and postretirement benefit plans recorded to net income, net of tax of $0 for each period presented	970	812	1,938	1,623
Change in derivatives, net of tax of $0 for each period presented	693	700	1,674	(450)
Currency translation gains reclassified from accumulated other comprehensive loss	—	3,150	—	3,150
Change in cumulative translation adjustment	160	(477)	509	287
Total other comprehensive income	1,744	4,107	3,964	4,454
Comprehensive income (loss)	$ 81,389	$ (7,791)	$ 124,085	$ (24,059)

See Notes to the Condensed Consolidated Financial Statements.

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

	Six months ended	
(Amounts in thousands)	**September 27, 2020**	**September 29, 2019**
Operating Activities:		
Net income (loss)	$ 120,121	$ (28,513)
Adjustments to net income (loss) to arrive at cash provided by (used for) operating activities:		
Depreciation	22,268	26,250
Amortization of intangible assets	9,899	9,782
Impairment of held-for-sale assets (Note 2)	—	9,429
Amortization of deferred financing costs	755	3,890
Deferred income taxes	1,667	(200)
Loss (gain) on disposal of property, plant, and equipment	278	(57)
Loss on divestitures	—	431
Share-based compensation	7,466	3,574
Changes in assets and liabilities:		
Net receivables	(22,884)	(5,089)
Net inventories	2,388	(37,468)
Accounts payable	35,996	9,382
Accrued compensation	4,416	(2,290)
Accrued income taxes	(16,980)	1,723
Federal excise, use, and other taxes	2,661	(350)
Pension and other postretirement benefits	(6,740)	(1,435)
Other assets and liabilities	36,514	2,703
Cash provided by (used for) operating activities	197,825	(8,238)
Investing Activities:		
Capital expenditures	(9,665)	(17,720)
Proceeds from sale of our Firearms Business	—	156,567
Proceeds from the disposition of property, plant, and equipment	25	260
Cash (used for) provided by investing activities	(9,640)	139,107
Financing Activities:		
Borrowings on lines of credit	43,076	192,232
Payments on lines of credit	(210,332)	(197,234)
Payments made on long-term debt	—	(124,509)
Payments made for debt issuance costs	—	(103)
Proceeds from exercise of stock options	805	—
Payment of employee taxes related to vested stock awards	(239)	(307)
Cash used for financing activities	(166,690)	(129,921)
Effect of foreign exchange rate fluctuations on cash and restricted cash	86	(72)
Increase in cash, restricted cash, and cash equivalents	21,581	876
Cash, cash equivalents and restricted cash at beginning of period	31,375	21,935
Cash, cash equivalents and restricted cash at end of period	$ 52,956	$ 22,811
Supplemental Cash Flow Disclosures:		
Non-cash investing activity:		
Capital expenditures included in accounts payable	$ 1,968	$ 1,216

See Notes to the Condensed Consolidated Financial Statements.

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

(Amounts in thousands except share data)	Common Stock $.01 Par Value Shares	Common Stock $.01 Par Value Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity
Balance, March 31, 2020	**58,038,822**	**$ 580**	**$ 1,744,096**	**$ (960,048)**	**$ (100,994)**	**$ (241,129)**	**$ 442,505**
Comprehensive income	—	—	—	40,476	2,220	—	42,696
Exercise of stock options	5,000	—	(203)	—	—	203	—
Share-based compensation	—	—	4,404	—	—	—	4,404
Restricted stock vested and shares withheld	21,824	—	(1,324)	—	—	1,224	(100)
Other	1,313	1	(54)	—	—	53	—
Balance, June 28, 2020	**58,066,959**	**$ 581**	**$ 1,746,919**	**$ (919,572)**	**$ (98,774)**	**$ (239,649)**	**$ 489,505**
Comprehensive income	—	—	—	79,645	1,744	—	81,389
Exercise of stock options	50,814	—	(1,258)	—	—	2,063	805
Share-based compensation	—	—	3,062	—	—	—	3,062
Restricted stock vested and shares withheld	29,680	—	(1,741)	—	—	1,535	(206)
Employee stock purchase plan	5,435	—	(146)	—	—	221	75
Other	103,355	2	(4,191)	—	—	4,196	7
Balance, September 27, 2020	**58,256,243**	**$ 583**	**$ 1,742,645**	**$ (839,927)**	**$ (97,030)**	**$ (231,634)**	**$ 574,637**

(Amounts in thousands except share data)	Common Stock $.01 Par Value Shares	Common Stock $.01 Par Value Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity
Balance, March 31, 2019	**57,710,934**	**$ 577**	**$ 1,752,419**	**$ (804,969)**	**$ (82,967)**	**$ (256,020)**	**$ 609,040**
Comprehensive income (loss)	—	—	—	(16,615)	347	—	(16,268)
Share-based compensation	—	—	2,190	—	—	—	2,190
Restricted stock vested and shares withheld	23,059	—	(1,534)	—	—	1,428	(106)
Employee stock purchase plan	11,028	—	(358)	—	—	451	93
Other	724	—	43	—	—	(43)	—
Balance, June 30, 2019	**57,745,745**	**$ 577**	**$ 1,752,760**	**$ (821,584)**	**$ (82,620)**	**$ (254,184)**	**$ 594,949**
Comprehensive income (loss)	—	—	—	(11,898)	4,107	—	(7,791)
Share-based compensation	—	—	1,384	—	—	—	1,384
Restricted stock vested and shares withheld	12,666	—	(859)	—	—	818	(41)
Other	29,022	1	(1,110)	—	—	1,109	—
Balance, September 29, 2019	**57,787,433**	**$ 578**	**$ 1,752,175**	**$ (833,482)**	**$ (78,513)**	**$ (252,257)**	**$ 588,501**

See Notes to the Condensed Consolidated Financial Statements.

VISTA OUTDOOR INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
Six Months Ended September 27, 2020
(Amounts in thousands except per share data and unless otherwise indicated)

1. Significant Accounting Policies

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 and shooting sports products. We conduct our operations through two reportable segments, Shooting Sports and Outdoor Products. We are headquartered in Anoka, Minnesota and have 14 manufacturing and distribution facilities in the United States, Canada, Mexico, and Puerto Rico along with international customer service, sales and sourcing operations in Asia, Canada, and Europe. Vista Outdoor was incorporated in Delaware in 2014. The condensed consolidated financial statements reflect our financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States.

This Quarterly Report on Form 10-Q 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, 2020 (“fiscal 2020”).

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. Our accounting policies are described in the notes to the consolidated financial statements in our Annual Report on Form 10-K for fiscal 2020. Management is responsible for the condensed consolidated financial statements included in this report, which are unaudited but, in the opinion of management, include all adjustments necessary for a fair presentation of our financial position as of September 27, 2020 and March 31, 2020, our results of operations for the three and six months ended September 27, 2020 and September 29, 2019, and our cash flows for the six months ended September 27, 2020 and September 29, 2019.

New Accounting Pronouncements

Our accounting policies are described in Note 1 of the Notes to Consolidated Financial Statements included in our fiscal year 2020 Annual Report on Form 10-K. Such significant accounting policies are applicable for periods prior to the following new accounting standards.

Accounting Standards Adopted During this Fiscal Year

On April 1, 2020, we adopted ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("Topic 326"). This new standard is intended to improve financial reporting by requiring more timely recording of credit losses on our trade account receivable and requires the measurement of all expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts. The adoption of this ASU did not have a material impact on our condensed consolidated financial statements and disclosures. For further information, see Note 7, *Receivables*.

On April 1, 2020, we adopted ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement." The amendments in this ASU removed, modified or added to the disclosure requirements for fair value measurements in ASC Topic 820, "Fair Value Measurement" ("Topic 820"). The adoption of this ASU did not have a material impact on our condensed consolidated financial statements and disclosures.

Accounting Standards Yet to Be Adopted

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes (“ASU 2019-12”), which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021, although early adoption is permitted. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. We are currently evaluating the impacts of the provisions of ASU 2019-12 on our consolidated financial statements.

2. Fair Value of Financial Instruments

We measure and disclose our financial assets and liabilities at fair value on a recurring and nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or the price paid to transfer a liability (the exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants. Assets and liabilities carried at fair value are classified using the following three-tier hierarchy:

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3—Significant inputs to the valuation model are unobservable.

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

Interest Rate Swaps—We periodically enter into floating-to-fixed interest rate swap agreements in order to hedge our forecasted interest payments on our outstanding variable-rate debt. The fair value of those swaps is determined using a pricing model based on observable inputs for similar instruments and other market assumptions. We consider these to be Level 2 instruments. See Note 4, *Derivative Financial Instruments*, for additional information.

Commodity Price Hedging Instruments—We periodically enter into commodity forward contracts to hedge our exposure to price fluctuations on certain commodities we use for raw material components in our manufacturing process. When actual commodity prices exceed the fixed price provided by these contracts, we receive this difference from the counterparty, and when actual commodity prices are below the contractually provided fixed price, we pay this difference to the counterparty. We consider these to be Level 2 instruments. See Note 4, *Derivative Financial Instruments*, for additional information.

Note Receivable—In connection with the sale of our Firearms business in July 2019, we received a $12,000 interest-free, five-year pre-payable promissory note due June 2024. Based on the general market conditions and the credit quality of the buyer at the time of the sale, we discounted the Note Receivable at an effective interest rate of 10% and estimated fair value using a discounted cash flow approach. We consider this to be a Level 3 instrument. See Note 7, *Receivables,* for additional information.

Disclosures about the Fair Value of Financial Instruments

The carrying amount of our receivables, inventory, accounts payable and accrued liabilities at September 27, 2020 and March 31, 2020, approximates fair value because of the short maturity of these instruments. The carrying values of cash, restricted cash and cash equivalents at September 27, 2020 and March 31, 2020 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 27, 2020		March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Fixed-rate debt (1)	$ 350,000	$ 352,100	$ 350,000	$ 284,375
Variable-rate debt (2)	—	—	167,256	167,256

(1) In fiscal 2016, we issued $350,000 aggregate principal amount of 5.875% Senior Notes (the "5.875% Notes") that mature on October 1, 2023. These notes are unsecured and senior obligations. The fair value of the fixed-rate long-term debt is calculated based on current market rates for debt of the same risk and maturities, based on market quotes for each issuance. We consider these to be Level 2 instruments. See Note 12, *Long-term Debt,* for information on long-term debt, including certain risks and uncertainties.

(2) The carrying value of the amounts outstanding under our ABL Revolving Credit Facility approximates the fair value due to the short-term nature of these obligations. 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 related certain risks and uncertainties.

We measure certain nonfinancial assets at fair value on a nonrecurring basis if certain indicators are present. These assets include long-lived assets that are written down to fair value when they are held for sale or determined to be impaired. During the six months ended September 27, 2020 there were no impairments recorded related to our assets that are measured at fair value on a nonrecurring basis. During the six months ended September 29, 2019, we recognized an impairment of $9,429 related to an expected loss on the sale of the held-for-sale assets of our Firearms business.

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 our operating lease assets.

Many leases include one or more options to renew, with renewal terms that can extend the lease term for three years or more. 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 27, 2020	March 31, 2020
Assets:			
Operating lease assets	Operating lease assets	$ 65,208	$ 69,024
Liabilities:			
Current:			
Operating lease liabilities	Other current liabilities	$ 10,457	$ 10,780
Long-term:			
Operating lease liabilities	Long-term operating lease liabilities	69,852	73,738
Total lease liabilities		$ 80,309	$ 84,518

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

	Three months ended		Six months ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
Fixed operating lease costs (1)	$ 5,052	$ 4,686	$ 10,111	$ 9,703
Variable operating lease costs	659	704	1,241	1,239
Sublease income	(277)	(192)	(665)	(473)
Net Lease costs	$ 5,434	$ 5,198	$ 10,687	$ 10,469

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

	September 27, 2020	March 31, 2020
Weighted Average Remaining Lease Term (Years):		
Operating leases	9.34	9.55
Weighted Average Discount Rate:		
Operating leases	8.68 %	8.64 %

The approximate minimum lease payments under non-cancelable operating leases as of September 27, 2020 are as follows:

Remainder of fiscal 2021	$ 8,799
Fiscal 2022	15,271
Fiscal 2023	13,546
Fiscal 2024	11,912
Fiscal 2025	10,718
Thereafter	60,788
Total lease payments	121,034
Less imputed interest	(40,725)
Present value of lease liabilities	$ 80,309

Supplemental cash flow information related to leases is as follows:

	Six months ended	
	September 27, 2020	September 29, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	$ 9,080	$ 10,475
Operating lease assets obtained in exchange for lease liabilities:		
Operating leases	1,285	1,143

4. Derivative Financial Instruments

In the normal course of business, we are exposed to market risks arising from adverse changes in:

- commodity prices affecting the cost of raw materials, and
- interest rates.

We record our interest rate swaps and commodity forward contracts that are accounted for as designated hedges pursuant to ASC Topic 815, “Derivatives and Hedging” ("ASC Topic 815"). ASC Topic 815 requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet, measure those instruments at fair value and recognize changes in the fair value of derivatives in earnings in the period of change unless the derivative qualifies as designated cash flow hedge that offsets certain exposures. Certain criteria must be satisfied in order for derivative financial instruments to be classified and accounted for as a cash flow hedge. Derivatives that are not elected for hedge accounting treatment are recorded immediately in earnings.

From time to time, we have entered into floating-to-fixed interest rate swap agreements in order to hedge our forecasted interest payments on our outstanding variable-rate debt. Gains and losses from the remeasurement of our interest rate swap contract agreement are recorded as a component of accumulated other comprehensive income (loss) and released into earnings as a component of interest expense during the period in which the hedged transaction takes place. There are no cash flow hedge interest rate swaps in place as of September 27, 2020.

We entered into various commodity forward contracts during fiscal 2021 and 2020. These contracts are used to hedge our exposure to price fluctuations on lead we purchase for raw material components in our ammunition manufacturing process and 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 transactions critical terms and counterparty credit quality.

The gains and losses on these hedges are included in accumulated other comprehensive income (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 27, 2020, we had outstanding lead forward contracts on approximately 21 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 income (loss) and recognized in earnings. As of September 27, 2020, there is a net asset balance related to the lead forward contracts. The balance is recorded as within other current and non-current assets and is immaterial.

5. Revenue Recognition

The following tables disaggregate our net sales by major category:

	Three months ended					
	September 27, 2020			September 29, 2019(1)		
	Shooting Sports	Outdoor Products	Total	Shooting Sports	Outdoor Products	Total
Ammunition	$ 272,219	$ —	$ 272,219	$ 210,172	$ —	$ 210,172
Firearms	—	—	—	560	—	560
Hunting and Shooting	107,468	—	107,468	89,592	—	89,592
Action Sports	—	97,447	97,447	—	83,961	83,961
Outdoor Recreation (2)	—	98,045	98,045	—	60,731	60,731
Total	$ 379,687	$ 195,492	$ 575,179	$ 300,324	$ 144,692	$ 445,016
Geographic Region:						
United States	$ 352,740	$ 151,783	$ 504,523	$ 272,409	$ 100,060	$ 372,469
Rest of the World	26,947	43,709	70,656	27,915	44,632	72,547
Total	$ 379,687	$ 195,492	$ 575,179	$ 300,324	$ 144,692	$ 445,016

	Six months ended					
	September 27, 2020			September 29, 2019(1)		
	Shooting Sports	Outdoor Products	Total	Shooting Sports	Outdoor Products	Total
Ammunition	$ 533,981	$ —	$ 533,981	$ 423,982	$ —	$ 423,982
Firearms	—	—	—	24,577	—	24,577
Hunting and Shooting	179,863	—	179,863	160,562	—	160,562
Action Sports	—	170,306	170,306	—	151,869	151,869
Outdoor Recreation (2)	—	170,169	170,169	—	143,800	143,800
Total	$ 713,844	$ 340,475	$ 1,054,319	$ 609,121	$ 295,669	$ 904,790
Geographic Region:						
United States	$ 660,127	$ 266,800	$ 926,927	$ 540,232	$ 213,393	$ 753,625
Rest of the World	53,717	73,675	127,392	68,889	82,276	151,165
Total	$ 713,844	$ 340,475	$ 1,054,319	$ 609,121	$ 295,669	$ 904,790

(1) We changed our operating segments during the fourth quarter of fiscal 2020 (see Note 17, *Operating Segment Information*). Accordingly, prior period amounts have been reclassified to conform with the current period presentation.

(2) Outdoor Recreation includes the operating segments: Hydration, Outdoor Cooking, and Golf.

Product Sales

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.

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, firearms and ammunition excise tax and other similar taxes are excluded from revenue.

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.

6. 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.

The following tables set forth the computation of basic and diluted earnings per share:

	Three months ended		Six months ended	
(Amounts in thousands except per share data)	**September 27, 2020**	**September 29, 2019**	**September 27, 2020**	**September 29, 2019**
Numerator:				
Net income (loss)	$ 79,645	$ (11,898)	$ 120,121	$ (28,513)
Denominator:				
Weighted-average number of common shares outstanding basic:	58,193	57,768	58,124	57,746
Dilutive effect of share-based awards (1)	1,121	—	942	—
Diluted shares	59,314	57,768	59,066	57,746
Earnings (loss) per common share:				
Basic	$ 1.37	$ (0.21)	$ 2.07	$ (0.49)
Diluted	$ 1.34	$ (0.21)	$ 2.03	$ (0.49)

(1) 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 26 for the three months ended September 27, 2020 and 296 for the six months ended September 27, 2020. Due to the loss from continuing operations for the three and six months ended, September 29, 2019, there are no common shares added to calculate dilutive EPS because the effect would be antidilutive.

7. Receivables

Our trade accounts receivable are recorded at net realizable value, which includes an appropriate allowance for estimated credit losses as described in Note 1, *Significant Accounting Policies*. Under ASC Topic 326, the "expected credit loss" model replaces the "incurred loss" model and will require consideration of a broader range of information to estimate expected credit losses over the life of the asset. Our prior methodology for estimating credit losses on trade accounts receivable did not differ significantly from the new requirements of ASC 326.

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. Our estimate of credit losses includes expected current and future economic and market conditions surrounding the COVID-19 pandemic, which did not significantly impact our allowance.

Net receivables are summarized as follows:

	September 27, 2020	March 31, 2020
Trade receivables	$ 343,410	$ 323,436
Other receivables	7,590	4,841
Less: allowance for estimated credit losses and discounts	(14,408)	(14,760)
Net receivables	$ 336,592	$ 313,517

Walmart represented 19% and 13% of our total trade receivables balance as of September 27, 2020 and March 31, 2020, respectively. No other customer represented more than 10% of our total trade receivables balance as of September 27, 2020 or March 31, 2020.

The following provides a reconciliation of the activity related to the allowance for estimated credit losses and discounts during the six months ended September 27, 2020:

Balance, March 31, 2020	$ 14,760
Provision for credit losses	1,146
Write-off of uncollectible amounts, net of recoveries	(523)
Discounts and other adjustments	(975)
Balance, September 27, 2020	$ 14,408

Note Receivable is summarized as follows:

	September 27, 2020	March 31, 2020
Principal	$ 12,000	$ 12,000
Less: unamortized discount	(3,599)	(3,990)
Note receivable, net, included within Deferred charges and other non-current assets	$ 8,401	$ 8,010

8. Inventories

Current net inventories consist of the following:

	September 27, 2020	March 31, 2020
Raw materials	$ 96,523	$ 85,609
Work in process	35,239	33,622
Finished goods	206,618	212,062
Net inventories	$ 338,380	$ 331,293

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 $18,637 and $27,984 as of September 27, 2020 and March 31, 2020, respectively.

9. Accumulated Other Comprehensive Loss (AOCL)

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

	September 27, 2020	March 31, 2020
Derivatives	$ 248	$ (1,426)
Pension and other postretirement benefits liabilities	(91,572)	(93,353)
Cumulative translation adjustment	(5,706)	(6,215)
Total AOCL	$ (97,030)	$ (100,994)

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, net of income tax:

	Three months ended September 27, 2020				Six months ended September 27, 2020			
	Derivatives	Pension and other postretirement benefits liabilities	Cumulative translation adjustment	Total	Derivatives	Pension and other postretirement benefits liabilities	Cumulative translation adjustment	Total
Beginning balance in AOCL	$ (445)	$ (92,463)	$ (5,866)	$ (98,774)	$ (1,426)	$ (93,353)	$ (6,215)	$ (100,994)
Change in fair value of derivatives	598	—	—	598	593	—	—	593
Net losses reclassified from AOCL	95	—	—	95	1,081	—	—	1,081
Net actuarial losses reclassified from AOCL (1)	—	970	—	970	—	1,938	—	1,938
Prior service costs reclassified from AOCL (1)	—	(79)	—	(79)	—	(157)	—	(157)
Net change in cumulative translation adjustment	—	—	160	160	—	—	509	509
Ending balance in AOCL	$ 248	$ (91,572)	$ (5,706)	$ (97,030)	$ 248	$ (91,572)	$ (5,706)	$ (97,030)

(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.

	Three months ended September 29, 2019				Six months ended September 29, 2019			
	Derivatives	Pension and other postretirement benefits liabilities	Cumulative translation adjustment	Total	Derivatives	Pension and other postretirement benefits liabilities	Cumulative translation adjustment	Total
Beginning balance in AOCL	$ (415)	$ (73,937)	$ (8,268)	$ (82,620)	$ 735	$ (74,670)	$ (9,032)	$ (82,967)
Change in fair value of derivatives	700	—	—	700	(450)	—	—	(450)
Net actuarial losses reclassified from AOCL (1)	—	812	—	812	—	1,623	—	1,623
Prior service costs reclassified from AOCL (1)	—	(78)	—	(78)	—	(156)	—	(156)
Currency translation gains reclassified from AOCL (2)	—	—	3,150	3,150	—	—	3,150	3,150
Net change in cumulative translation adjustment	—	—	(477)	(477)	—	—	287	287
Ending balance in AOCL	$ 285	$ (73,203)	$ (5,595)	$ (78,513)	$ 285	$ (73,203)	$ (5,595)	$ (78,513)

(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.

(2) Amounts related to the foreign currency translation gains realized upon the divestiture of our Firearms business in the three months ended September 29, 2019.

10. Goodwill and Intangible Assets

There were no changes in the carrying amount of goodwill during the six months ended September 27, 2020. The entire goodwill balance of $83,167 as of September 27, 2020 and March 31, 2020 is allocated to our Shooting Sports segment.

Intangible assets by major asset class consisted of the following:

	September 27, 2020			March 31, 2020		
	Gross carrying amount	Accumulated amortization	Total	Gross carrying amount	Accumulated amortization	Total
Trade names	$ 48,360	$ (16,294)	$ 32,066	$ 48,360	$ (14,428)	$ 33,932
Patented technology	16,684	(10,925)	5,759	16,684	(10,490)	6,194
Customer relationships and other	238,620	(91,122)	147,498	238,220	(83,349)	154,871
Total	303,664	(118,341)	185,323	303,264	(108,267)	194,997
Non-amortizing trade names	111,103	—	111,103	111,103	—	111,103
Net intangible assets	$ 414,767	$ (118,341)	$ 296,426	$ 414,367	$ (108,267)	$ 306,100

Amortization expense for the three months ended September 27, 2020 and September 29, 2019 was $4,946 and $4,685, respectively, and for the six months ended September 27, 2020 and September 29, 2019 was $9,899 and $9,782, respectively.

As of September 27, 2020, we expect amortization expense related to these assets to be as follows:

Remainder of fiscal 2021	$ 9,938
Fiscal 2022	19,831
Fiscal 2023	19,715
Fiscal 2024	19,663
Fiscal 2025	19,645
Thereafter	96,531
Total	$ 185,323

11. Other Current and Non-Current Liabilities

Other current and non-current liabilities consisted of the following:

	September 27, 2020	March 31, 2020
Rebates	$ 16,289	$ 16,225
Accrual for in-transit inventory	24,232	11,064
Other	87,569	70,908
Total other current liabilities	$ 128,090	$ 98,197
Long-term portion of accrued income tax liability	$ 34,915	$ 30,159
Other	21,349	13,345
Total other long-term liabilities	$ 56,264	$ 43,504

We provide consumer warranties against manufacturing defects on certain products with warranty periods ranging from one year to the expected lifetime of the product. The estimated costs of such product warranties are recorded at the time the sale is recorded based upon actual past experience, our current production environment as well as specific and identifiable warranties as applicable. The warranty liability recorded at each balance sheet date reflects the estimated liability for warranty coverage for products delivered based on historical information and current trends.

The following is a reconciliation of the changes in our product warranty liability during the periods presented:

Balance, March 31, 2020	$ 9,149
Payments made	(1,823)
Warranties issued	1,280
Changes related to pre-existing warranties and other adjustments	(254)
Balance, September 27, 2020	$ 8,352

12. Long-term Debt

Long-term debt consisted of the following:

	September 27, 2020	March 31, 2020
ABL Revolving Credit Facility	$ —	$ 167,256
5.875% Senior Notes	350,000	350,000
Principal amount of long-term debt	350,000	517,256
Less: unamortized deferred financing costs	(4,695)	(5,450)
Carrying amount of long-term debt	$ 345,305	$ 511,806

Credit Agreements—In fiscal 2019, we refinanced our Amended and Restated Credit Agreement dated April 1, 2016, by entering into the New Credit Facilities, which provide for (a) a $450,000 senior secured asset-based revolving credit facility (the "ABL Revolving Credit Facility"), comprised of $20,000 in first-in, last-out ("FILO") revolving credit commitments and $430,000 in non-FILO revolving credit commitments, (b) a $109,343 senior secured asset-based term loan facility (the "Term Loan") and (c) the $40,000 Junior Term Loan. The amount available under the ABL Revolving Credit Facility is the lesser of the total commitment of $450,000 or a borrowing base based on percentages of eligible receivables, inventory, and cash, minus certain reserves. As of September 27, 2020, based on the borrowing base less outstanding borrowings of $0 and outstanding letters of credit of $21,921, the amount available to us under the ABL Revolving Credit Facility was $348,774.

The New Credit Facilities each mature on November 19, 2023 (the "Maturity Date"), subject to a customary springing maturity in respect of the 5.875% Notes due 2023. The Term Loan was subject to quarterly principal repayments of $4,834 on the first business day of each January, April, July, and October, with the remaining balance due on the Maturity Date. The Term Loan and the Junior Term Loan have been paid in full, and have no future required principal payments. Debt issuance costs of approximately $6,300 are being amortized over the term of the New Credit Facilities. This expense is included in interest expense in the condensed consolidated statements of comprehensive income (loss).

The FILO commitments under the ABL Revolving Credit Facility are subject to reductions of $1,667 on the first business day of each fiscal quarter beginning on April 1, 2019. The balance of the FILO revolving credit commitment as of September 27, 2020 was $10,000. Any outstanding revolving loans under the ABL Revolving Credit Facility will be payable in full on the Maturity Date.

As of September 27, 2020, borrowings under the ABL Revolving Credit Facility bear interest at a rate equal to, in the case of (a) non-FILO revolving credit loans, either the sum of a base rate plus a margin ranging from 0.25% to 0.75% or the sum of a LIBO rate plus a margin ranging from 1.25% to 1.75%, and (b) FILO revolving credit loans, a rate that is 1.00% higher than the rate paid on the non-FILO revolving credit loans. All such rates vary based on our Average Excess Availability under the ABL Revolving Credit Facility. As of September 27, 2020, the margin under the (1) ABL Revolving Credit Facility was, in the case of (a) non-FILO revolving credit loans, 0.50% for base rate loans and 1.50% for LIBO rate loans and (b) FILO revolving credit loans, 1.50% for base rate loans and 2.50% for LIBO rate loans. We had no outstanding borrowings under the New Credit Facilities as of September 27, 2020. See Note 4, *Derivative Financial Instruments*, for additional information. We pay a commitment fee on the unused commitments under the ABL Revolving Credit Facility of 0.25% per annum.

Substantially all domestic tangible and intangible assets of Vista Outdoor and our domestic subsidiaries, as well as the tangible and intangible assets of Advanced Arrow S. de R.L. de C.V. and Hydrosport, S. de R.L. de C.V., are pledged as collateral under the New Credit Facilities.

5.875% Notes—In fiscal 2016, we issued $350,000 aggregate principal amount of 5.875% Senior Notes (the "5.875% Notes") that mature on October 1, 2023. These notes are unsecured and senior obligations. Interest on the notes is payable semi-annually in arrears on April 1 and October 1 of each year. We have the right to redeem some or all of these notes from time to time at specified redemption prices. Debt issuance costs of approximately $4,300 are being amortized to interest expense over eight years, the term of the notes.

Rank and guarantees—The New Credit Facilities' obligations are guaranteed on a secured basis, jointly and severally and fully and unconditionally by substantially all of our domestic subsidiaries and by Advanced Arrow S. de R.L. de C.V. and Hydrosport, S. de R.L. de C.V. Vista Outdoor (the parent company issuer) has no independent assets or operations. We own 100% of all of these guarantor subsidiaries. The 5.875% 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 5.875% Notes are fully and unconditionally guaranteed, jointly and severally, by our existing and future domestic subsidiaries that guarantee indebtedness under our New Credit Facilities or that guarantee certain of our other indebtedness, or indebtedness of any subsidiary guarantor, in an aggregate principal amount in excess of $50,000. These guarantees are senior unsecured obligations of the applicable subsidiary guarantors. The guarantee by any subsidiary guarantor of our obligations in respect of the 5.875% 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 5.875% Notes; or
- if such subsidiary guarantor has been released from its guarantees of indebtedness under the New Credit Facilities and all capital markets debt securities.

Covenants

New Credit Facilities— Our New Credit Facilities 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. The financial covenants of the New Credit Facilities require us to maintain Excess Availability under the ABL Revolving Credit Facility of $42,500 at all times. If Excess Availability falls below $42,500 we must maintain a Consolidated Fixed Charge Coverage Ratio ("FCCR"), as defined below, of not less than 1.00:1.00. As noted above, the Excess Availability under the ABL Revolving Credit Facility was $348,774 as of September 27, 2020. If we do not comply with the covenants in any one of the New Credit Facilities, the lenders may, subject to customary cure rights, require the immediate payment of all amounts outstanding under each of the New Credit Facilities.

The FCCR is Covenant EBITDA ("earnings before interest, taxes, depreciation, and amortization"), which includes adjustments for items such as non-recurring or extraordinary items, non-cash charges related to stock-based compensation, and intangible asset impairment charges, as well as adjustments for acquired or divested business units on a *pro forma* basis, less capital expenditures (subject to certain adjustments) for the past four fiscal quarters, divided by fixed charges, which includes debt principal and interest payments made over the past four fiscal quarters; plus income tax payments and restricted payments over the past four fiscal quarters.

5.875% Notes—The indenture governing the 5.875% 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 or make other distributions or repurchase or redeem our capital stock, prepay, redeem or repurchase certain debt and make loans and investments.

The New Credit Facilities and the indenture governing the 5.875% Notes contain cross-default provisions so that noncompliance with the covenants within one debt agreement could also cause a default under the other debt agreements. As of September 27, 2020, we were in compliance with the covenants of all of the debt agreements. However, we cannot provide assurance that we will be able to comply with such 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 New Credit Facilities may prevent us from drawing under the ABL Revolving Credit Facility and may result in an event of default under the New Credit Facilities, which default may allow the creditors to accelerate the related indebtedness and the indebtedness under our 5.875% Notes and proceed against the collateral that secures the indebtedness. We may not have sufficient liquidity to repay the indebtedness in such circumstances.

Cash paid for interest on debt—Cash paid for interest on debt, including commitment fees and prepayment premium fees, for the three months ended September 27, 2020 and September 29, 2019 totaled $654 and $4,378, respectively. Cash paid for interest on debt, including commitment fees and prepayment premium fees, for the six months ended September 27, 2020 and September 29, 2019 totaled $7,956 and $20,032, respectively.

13. Employee Benefit Plans

During the three months ended September 27, 2020, we recognized an aggregate net benefit for employee defined benefit plans of $22 compared to $101 during the three months ended September 29, 2019.

During the six months ended September 27, 2020, we recognized an aggregate net benefit for employee defined benefit plans of $43 compared to $204 during the six months ended September 29, 2019.

Employer contributions and distributions—We made the entire fiscal 2021 required contributions to our pension trust during the six months ended September 27, 2020 of $7,100, and we made $1,200 of required contributions during the six months ended September 29, 2019. 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 to be made to the pension trust for the remainder of fiscal 2021. 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 2021.

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 year-to-date effective tax rate for the prior year.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits businesses to offset 100% of taxable income with net operating loss ("NOL") carryovers and carrybacks for taxable years prior to 2021. In addition, the CARES Act allows NOLs incurred in tax years 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The CARES Act also raises the limit on business interest deductions for tax years beginning in 2019 and 2020.

Further, during the quarter ended September 27, 2020, the IRS issued additional regulations addressing interest expense deductions and net operating loss carry back rules. The combination of the CARES Act and IRS regulations favorably impacts our tax provision for the current quarter and tax year ended March 31, 2021. This is driven by the increased allowable interest expense deduction in the current and prior two tax years and the ability for Vista to submit NOL carryback refunds claims for the prior two tax years to higher tax rate years. Further, the tax law changes allow Vista to offset prior year income with tax attributes that result in a reduction in the valuation allowance.

The income tax provisions for the three months ended September 27, 2020 and September 29, 2019 represent effective tax rates of (14.5)% and (8.1)%, respectively. The decrease in the rate from the prior year quarter is primarily caused by the recognition in the current quarter of the benefit of loss carrybacks to prior profitable years as permitted under IRS regulations recently issued under the CARES Act. The income tax provisions for the six months ended September 27, 2020 and September 29, 2019 represent effective tax rates of (8.1)% and (6.1)%, respectively. The decrease in the rate from the prior year period is primarily caused by recognition in the current period of the benefit of loss carrybacks to prior profitable years as permitted under IRS regulations recently issued under the CARES Act.

The effective tax rate for the three and six months ended September 27, 2020 was lower than the statutory rate primarily due to the benefit of loss carrybacks to prior profitable years. This is permitted under IRS regulations recently issued under the CARES Act and the decrease to the valuation allowance as a result of current year pre-tax income. The effective tax rate for the three and six months ended September 29, 2019 was lower than the statutory rate primarily due to increased valuation allowance and interest expense on uncertain tax positions. Lower tax rates are unfavorable when you are incurring losses as it indicates a lower income tax benefit. As we reported a loss in the prior year period, our unfavorable tax adjustments reduced the tax rate.

On February 9, 2015, we entered into a Tax Matters Agreement with Orbital ATK that governs the respective rights, responsibilities and obligations of Vista Outdoor and Orbital ATK following the distribution of all of the shares of our common stock on a pro rata basis to the holders of Alliant Techsystems Inc. common stock (the "Spin-Off") with respect to tax liabilities and benefits, tax attributes, tax contests and other tax sharing regarding U.S. federal, state, local and foreign income taxes, other tax matters and related tax returns. We have joint and several liability with Orbital ATK to the IRS for the consolidated U.S. federal income taxes of the Orbital ATK consolidated group relating to the taxable periods in which we were part of that group. However, the Tax Matters Agreement specifies the portion, if any, of this tax liability for which we bear responsibility, and Orbital ATK agrees to indemnify us against any amounts for which we are not responsible. The Tax Matters Agreement also provides special rules for allocating tax liabilities in the event that the Spin-Off is determined not to be tax-free. Though valid between the parties, the Tax Matters Agreement is not binding on the IRS.

The allocation of tax liabilities for the period from April 1, 2014 through the date of the Spin-Off was settled on June 15, 2018. Orbital ATK paid Vista Outdoor $13,047 to settle this matter, which was reflected as an adjustment to the distribution from Vista Outdoor to Orbital ATK at the time of the Spin-Off.

Prior to the Spin-Off, Orbital ATK or one of its subsidiaries filed income tax returns in the U.S. federal and various U.S. state jurisdictions that included Vista Outdoor. In addition, certain of our subsidiaries filed income tax returns in foreign jurisdictions. Since the Spin-Off, we file income tax returns in the U.S. federal, foreign and various U.S. state jurisdictions. With a few exceptions, Orbital ATK and its subsidiaries and Vista are no longer subject to U.S. federal, state and local, or foreign income tax examinations by tax authorities prior to 2013. The IRS has completed the audits of Orbital ATK through fiscal 2014 and is currently auditing Orbital ATK's tax return for fiscal 2015. The IRS has also completed the audit of our tax return for the period that began after the Spin-Off (February 9, 2015) and ended on March 31, 2015. We believe appropriate provisions for all outstanding issues relating to our portion of these returns have been made for all remaining open years in all jurisdictions.

Income taxes paid, net of refunds, totaled $6,335 and $(139) for the six months ended September 27, 2020 and September 29, 2019, respectively.

Although the timing and outcome of income tax audit settlements are uncertain, it is reasonably possible that a $14,202 reduction of the uncertain tax benefits will occur in the next 12 months. The settlement of these unrecognized tax benefits could result in earnings from $0 to $13,265.

15. 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 potentially responsible parties ("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 condition, or cash flows. We have recorded a liability for environmental remediation of $705 and $710 as of September 27, 2020 and March 31, 2020, 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. Condensed Consolidating Financial Statements

In accordance with the provisions of the 5.875% Notes, the outstanding notes are guaranteed on an unsecured basis, jointly and severally and fully and unconditionally, by substantially all of Vista Outdoor domestic subsidiaries and by Advanced Arrow S. de R.L. de C.V. and Hydrosport, S. de R.L. de C.V. The parent company has no independent assets or operations. All of these guarantor subsidiaries are 100% owned by Vista Outdoor and any subsidiaries of the parent company other than the subsidiary guarantors are minor. There are no significant restrictions on the Company’s ability, or the ability of any guarantor, to obtain funds from its subsidiaries through dividends or loans, and there are no material restrictions on the ability of our consolidated and unconsolidated subsidiaries to transfer funds to the Company in the form of cash dividends, loans or advances. These guarantees are senior or senior subordinated obligations, as applicable, of the applicable subsidiary guarantors.

17. Operating Segment Information

During the fourth quarter of fiscal 2020, we realigned our internal reporting structure and modified our operating segment structure to provide investors with improved disclosure that is consistent with how our chief operating decision maker (CODM), our Chief Executive Officer, allocates resources and makes decisions. Based on these changes, management concluded that we had six operating segments, which have been aggregated into two reportable segments, Shooting Sports and Outdoor Products.

Shooting Sports is comprised of our Ammunition and Hunting and Shooting operating segments. Outdoor Products is comprised of our Action Sports, Outdoor Cooking, Hydration, and Golf operating segments. The operating segments comprising the Company’s respective reportable segments share numerous commonalities, including similar core consumers, distribution channels and supply chains.

Our CODM relies on internal management reporting that analyzes consolidated results to the net income level and operating segment's EBIT, which is defined as earnings (loss) before interest and income taxes. 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. These include impairment charges, restructuring related-costs, merger and acquisition costs, and other non-recurring items.

- Shooting Sports generated approximately 68% of our sales in the six months ended September 27, 2020. Shooting Sports is comprised of ammunition and hunting and shooting accessories product lines. Ammunition products include centerfire ammunition, rimfire ammunition, shotshell ammunition and reloading components. Hunting accessories products include high-performance hunting arrows, game calls, hunting blinds, game cameras, decoys, and optics products such as binoculars, riflescopes and telescopes. Shooting accessories products include reloading equipment, clay targets, premium gun care products and tactical products such as holsters, duty gear, bags and packs. Our Firearms business was divested early in the second quarter of fiscal 2020.
- Outdoor Products generated approximately 32% of our external sales in the six months ended September 27, 2020. Outdoor Products is comprised of sports protection, outdoor cooking, golf, and hydration product lines. Sports protection includes helmets, goggles, and accessories for cycling, snow sports, action sports and powersports. Outdoor cooking includes grills and stoves. Golf products include laser rangefinders and other golf technology products. Hydration products include hydration packs and water bottles.

Sales to Walmart represented 10% and 15% of our sales in the six months ended September 27, 2020 and September 29, 2019, respectively. No other single customer contributed 10% or more of our sales in the six months ended September 27, 2020 and September 29, 2019.

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

	Three months ended September 27, 2020				Six months ended September 27, 2020			
	Shooting Sports	Outdoor Products	(a) Corporate and other reconciling items	Total	Shooting Sports	Outdoor Products	(a) Corporate and other reconciling items	Total
Sales, net	$ 379,687	$ 195,492	$ —	$ 575,179	$ 713,844	$ 340,475	$ —	$ 1,054,319
Gross Profit	104,983	56,907	—	161,890	189,484	97,774	—	287,258
EBIT	70,337	26,385	(21,466)	75,256	124,901	37,892	(39,494)	123,299

	Three months ended September 29, 2019 (b)				Six months ended September 29, 2019 (b)			
	Shooting Sports	Outdoor Products	(a) Corporate and other reconciling items	Total	Shooting Sports	Outdoor Products	(a) Corporate and other reconciling items	Total
Sales, net	$ 300,324	$ 144,692	$ —	$ 445,016	$ 609,121	$ 295,669	$ —	$ 904,790
Gross Profit	50,069	40,917	(722)	90,264	105,463	80,602	(723)	185,342
EBIT	15,994	10,327	(25,014)	1,307	32,813	17,178	(53,438)	(3,447)

(a) There were no reconciling items for the three and six months ended September 27, 2020. Reconciling items for the three months ended September 29, 2019 include $6,569 of restructuring and asset impairment charges, contingent consideration expenses of $843 and transaction costs of $82. Reconciling items for the six months ended September 29, 2019 include $9,429 of held for sale impairment charges, $7,292 of restructuring and asset impairment charges, contingent consideration expenses of $1,685 and transaction costs of $483.

(b) We modified the structure of our reportable segments during the fourth quarter of fiscal 2020. Accordingly, prior period amounts have been reclassified to conform with the current period presentation.

There were no significant intersegment sales for the three and six months ended September 27, 2020 and September 29, 2019.

18. Subsequent Event

On October 12, 2020, Vista acquired certain assets related to Remington Outdoor Company, Inc.'s (ROC) ammunition and accessories businesses, including Remington's ammunition manufacturing facility in Lonoke, Arkansas and related intellectual property. The aggregate consideration of the transaction was approximately $81.4 million for the assets acquired, subject to certain customary closing adjustments. We funded the acquisition using a combination of approximately $51 million of cash on hand and approximately $30 million draw from our existing asset-based revolving credit facility. $12.2 million of the purchase price was deposited into an escrow account during the second quarter prior to closing, and is included in restricted cash and cash equivalents on the condensed consolidated balance sheet. The acquisition will allow us to leverage our current manufacturing infrastructure, distribution channels and scale to restore efficiency, profitable and sustainability to the Remington ammunition and accessories business. The Remington operations will be included in our Shooting Sports segment. During the six months ended September 27, 2020, we incurred a total of $1.8 million of acquisition related costs, including legal and other professional fees, related to the acquisition, all of which were reported in general and administrative expense in the condensed consolidated statement of operations.

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

(Dollar amounts in thousands 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," "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:

- impacts from the COVID-19 pandemic on our operations, the operations of our customers and suppliers and general economic conditions;
- general economic and business conditions in the United States and our markets outside the United States, including 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;
- our ability to attract and retain key personnel and maintain and grow our relationships with customers, suppliers, and other business partners, including our ability to obtain acceptable third-party licenses;
- our ability to adapt our products to changes in technology, the marketplace and customer preferences, including our ability to respond to shifting preferences of the end consumer from brick and mortar retail to online retail;
- our ability to maintain and enhance brand recognition and reputation;
- others' use of social media to disseminate negative commentary about us and boycotts;
- reductions in or unexpected changes in or our inability to accurately forecast demand for ammunition, accessories, or other outdoor sports and recreation products;
- risks associated with our sales to significant retail customers, including unexpected cancellations, delays, and other changes to purchase orders;
- supplier capacity constraints, production disruptions or quality or price issues affecting our operating costs;
- our competitive environment;
- risks associated with diversification into new international and commercial markets, including regulatory compliance;
- changes in the current tariff structures;
- the supply, availability and costs of raw materials and components;
- increases in commodity, energy, and production costs;
- changes in laws, rules and regulations relating to our business, such as federal and state ammunition regulations;
- our ability to realize expected benefits from acquisitions and integrate acquired businesses;
- our ability to execute our strategic transformation plan, including our ability to realize expected benefits from the divestiture of non-core brands and profitability improvement initiatives;
- our ability to take advantage of growth opportunities in international and commercial markets;
- foreign currency exchange rates and fluctuations in those rates;
- 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;
- risks associated with cybersecurity and other industrial and physical security threats;
- capital market volatility and the availability of financing;
- changes to accounting standards or policies; and
- changes in tax rules or pronouncements.

You are cautioned not to place undue reliance on any forward-looking statements we make. 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 2020 and in the filings we make with the SEC from time to time. We undertake no obligation to update any forward-looking statements, except as otherwise required by law.

Business Overview

We serve the outdoor sports and recreation markets through a diverse portfolio of nearly 40 well-recognized brands that provide consumers with a wide range of performance-driven, high-quality and innovative products, including sporting ammunition, golf rangefinders, hydration products, outdoor accessories, outdoor cooking solutions, and protective equipment for certain action sports. We serve a broad range of end consumers, including outdoor enthusiasts, hunters and recreational shooters, athletes, as well as law enforcement and military professionals. Our products are sold through a wide variety of mass, specialty and independent retailers and distributors, such as Academy, Amazon, Bass Pro Shops/Cabela's, Big Rock Sports, Sports South, Sportsman's Warehouse, Target, and Walmart. We also sell products directly to consumers through the relevant brand's website and third party e-tail websites. We have a scalable, integrated portfolio of brands that allows us to leverage our deep customer knowledge, product development and innovation, supply chain and distribution, and sales and marketing functions across product categories to better serve our partners in the channel as well as end consumers.

Organizational Structure

We conduct our operations through two reportable segments which are defined based on the reporting and review process used by the chief operating decision maker, our Chief Executive Officer. As of September 27, 2020, Vista Outdoor's two segments were Shooting Sports and Outdoor Products:

- Shooting Sports generated approximately 68% of our external sales in the six months ended September 27, 2020. Shooting Sports is comprised of ammunition and hunting and shooting accessories product lines. Ammunition products include centerfire ammunition, rimfire ammunition, shotshell ammunition and reloading components. Hunting accessories products include high-performance hunting arrows, game calls, hunting blinds, game cameras, decoys, and optics products such as binoculars, riflescopes and telescopes. Shooting accessories products include reloading equipment, clay targets, and premium gun care products and tactical products such as holsters, duty gear, bags and packs. Our Firearms business was divested early in the second quarter of fiscal 2020.

- Outdoor Products generated approximately 32% of our external sales in the six months ended September 27, 2020. Outdoor Products is comprised of sports protection, outdoor cooking, golf, and hydration product lines. Sports protection includes helmets, goggles, and accessories for cycling, snow sports, action sports and powersports. Outdoor cooking includes grills and stoves. Golf products include laser rangefinders and other golf technology products. Hydration products include hydration packs and water bottles.

Business Strategy

In fiscal year 2019, Vista Outdoor embarked on its multi-year strategic transformation plan to reposition the Company to be the leading designer, manufacturer, and marketer of consumer products in the outdoor sports and recreation markets. The primary goal of the transformation plan is to drive profitable growth by delivering innovative products and industry leading customer and online customer experiences. Cost savings delivered are re-invested into improvements needed in capabilities, systems, innovation and organic and inorganic growth opportunities. Vista Outdoor believes this plan will deliver long-term sustainable and profitable growth and ultimately create value for its shareholders.

To achieve its multi-year strategic transformation goals, we are relentlessly focused on the following five strategic pillars, which define key priorities and investment focus areas for the organization:

- **Optimize our Organizational Structure:** Invest in talent while reducing costs and building a culture of agility, efficiency, and innovation.
- **Create Leading Centers of Excellence in Operational Excellence and E-Commerce:** Leverage our shared resources, expertise and scale to:
    - achieve operational excellence and improve margins across each of our brands; and
    - accelerate and enhance e-commerce, direct-to-consumer and digital marketing capabilities across all of our brands.
- **Reduce Financial Leverage:** Strengthen the Company’s balance sheet, improve financial flexibility, and pay down debt through enhanced cash-flow generation and the divestiture of non-core businesses.

- **Return to Organic Growth:** Identify and capture opportunities for organic growth and market share expansion by:
  - Allocating capital to our brands to aid in their development of new and innovative products that serve the needs and preferences of their core consumers; and
  - Leveraging and expanding our distribution channels to expand the commercial presence of all of our brands and efficiently deliver product to meet consumer demand and shopping behavior.
- **Tuck-in Acquisitions**: With a stronger balance sheet in place complementing our organic growth initiatives, identify and acquire smaller, complimentary, synergistic businesses that, through the help of our Centers of Excellence, we can take to the next level in terms of sales and profitability.

The first phase of our strategic transformation plan focused on stabilizing our business and building a strong foundation for the future by improving profitability, enhancing operational efficiency, and reducing financial leverage through enhanced cash-flow generation and the divestiture of non-core businesses. Vista Outdoor has made significant progress to date toward these goals by making key leadership changes, investing in digital and e-commerce platforms, addressing the Company's cost structure and strengthening the Company's balance sheet. Lessons from the last two years have been incorporated into our forward-looking plans to continue to improve both financial and operational performance and accelerate value creation.

For the remainder of fiscal year 2021, we intend to build on the capabilities developed during the first two years of our transformation, with an additional emphasis going forward on driving long-term, profitable sales growth. Vista Outdoor has plans in place under each of its five strategic pillars to deliver long-term, sustainable, profitable growth and improved cash generation, solidifying our position as the outdoor sports and recreation market leader.

Financial Highlights and Notable Events

Certain notable events or activities affecting our second quarter fiscal 2021 financial results included the following:

- Quarterly sales increased $130,163 or 29.2% for the three months ended September 27, 2020 as compared to three months ended September 29, 2019. Shooting Sports increased $79,363 or 26.4% which was primarily driven by strong demand in the market for our products particularly centerfire rifle and pistol ammunition and hunting & shooting accessories, and improved pricing. Outdoor Products sales increased $50,800 or 35.1% driven by strong demand across all businesses.
- Gross profit increased $71,626 or 79.4% for the three months ended September 27, 2020 as compared to three months ended September 29, 2019. Gross profit for Shooting Sports increased $54,914 or 109.7% primarily driven by sales volume and pricing as described above and operating efficiencies. Gross profit for Outdoor Products increased $15,990 or 39.1%, primarily driven by sales volume and strong direct-to-consumer sales.
- EBIT increased $73,949 or 5,658% for the three months ended September 27, 2020 as compared to three months ended September 29, 2019. The increase is primarily due the reasons described above regarding gross profit.
- We are reporting $1.34 of diluted EPS for the three months ended September 27, 2020 as compared to diluted EPS of $(0.21) for the three months ended September 29, 2019.
- During the three months ended September 27, 2020, we reduced our principal balance to $0 on the ABL Revolving Credit Facility with cash generated from operations.
- Subsequent to quarter end, on October 12, 2020, Vista acquired certain assets related to Remington Outdoor Company, Inc.'s (ROC) ammunition and accessories businesses, including the ammunition manufacturing facility in Lonoke, Arkansas and related intellectual property. See Note 18, *Subsequent Event*, for additional information.

Outlook

Shooting Sports Industry

Hunting and shooting-sports related products currently represent a majority of our sales. We design, source, manufacture, and sell ammunition and hunting and shooting related optics and accessories through our Federal, CCI, Speer, Bushnell and Primos brands, among others. Among these categories, we derive the largest portion of our sales from ammunition, which is a consumable, repeat purchase product.

Sales of hunting and shooting-sports related products, including ammunition, are heavily influenced by participation rates and the political environment. The market for shooting sports products softened dramatically following the 2016 United States presidential election but began to recover in the third quarter of our fiscal year 2020. There continues to be a growing trend in the industry with our end users towards empowerment and personal protection. The extent and duration of this increase in demand for hunting and shooting-sports related products is uncertain. We expect that during our fiscal year 2021 demand for hunting and shooting-sports related products will be influenced by nationwide civil unrest, the COVID-19 pandemic, the 2020 United States presidential election cycle, and their associated impacts on general economic and retail conditions.

We believe that these long-term participation trends support our expectation of increasing demand for hunting and shooting-sports related products. Participation rates have remained strong despite the COVID-19 pandemic and nationwide civil unrest, and we are seeing an expanded demographic of users. We expect to see continued increases in participation as consumers look to local outdoor activities as a substitute for travel and other competing pursuits impacted by the COVID-19 pandemic. We believe we are well-positioned to succeed and capitalize on this demand given our scale and global operating platform, which we believe is particularly difficult to replicate in the highly regulated and capital-intensive ammunition manufacturing sector.

Outdoor Recreation Industry

The outdoor recreation industry represents a large and growing focus area of our business. We design, source, manufacture, and sell outdoor recreation products through our Bell, Giro, CamelBak, Camp Chef and Bushnell Golf brands, among others. These brands operate in highly competitive and global markets serving cycling, snow sports, hiking, camping, outdoor cooking and golf enthusiasts.

During fiscal 2020, our Outdoor Products brands experienced a challenging retail environment driven by a variety of factors, including the ongoing shift in consumer preferences to utilize online platforms, as well as other market pressures. Many of our brands have been able to respond and capitalize on the trend towards on-line shopping platforms, including our brands’ direct-to-consumer websites, but in some cases the shift away from in-person shopping experiences has resulted in a net decrease in sales. We expect that these trends will offset the impact of the ongoing COVID-19 pandemic on general economic and retail conditions, including store closures, shelter-in-place orders and social distancing. However, a return to widespread store closures, or COVID-19 pandemic related disruption, resulting in deterioration of general economic conditions may adversely affect the brands in our Outdoor Products segment for the remainder of fiscal 2021.

We believe that long-term participation trends support our expectation of increasing demand for the innovative outdoor recreation-related products produced by our Outdoor Products brands. Participation rates have remained strong and we are seeing an expanded demographic within our end users. We expect participation to continue to increase during the global recovery from the COVID-19 pandemic as consumers look to local outdoor activities as a substitute for travel and other competing pursuits. Our Outdoor Products brands hold a strong competitive position in the market-place, and we intend to further differentiate our brands through focused R&D and marketing investments including increased use of social media and other digital marketing. Following significant investments in our brands’ e-commerce capabilities, both directly and through our E-Commerce Center of Excellence, our brands are also well-positioned to benefit from the ongoing shift in consumer shopping behavior to utilize on-line channels.

Results of Operations

We have six operating segments which are aggregated into two reportable segments, Shooting Sports and Outdoor Products.

Shooting Sports is comprised of our Ammunition and Hunting and Shooting operating segments. Outdoor Products is comprised of our Action Sports, Outdoor Cooking, Hydration and Golf operating segments. The operating segments comprising the Company’s respective new reportable segments share numerous commonalities, including similar core consumers, distribution channels and supply chains.

The CODM evaluates the performance of our reportable segments based on sales, gross profit and EBIT, which is defined as earnings (loss) before interest and income taxes. Certain corporate-related costs and other non-recurring costs included in Corporate and other below are not allocated to the reporting segments in order to present comparable results from period to period. These costs include impairment charges, business transformation fees and restructuring related-costs, merger and acquisition costs, and other non-recurring items.

For further information about our segments, see Note 17, *Operating Segment Information*, to the Notes to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Fiscal 2021 Compared to Fiscal 2020

The Company's net sales, gross profit, and EBIT by reporting segment and by corporate and other (where applicable) are presented below (dollars in thousands):

	Three months ended				Six months ended			
Net Sales:	**September 27, 2020**	**September 29, 2019 (1)**	**$ Change**	**% Change**	**September 27, 2020**	**September 29, 2019 (1)**	**$ Change**	**% Change**
Shooting Sports	$ 379,687	$ 300,324	$ 79,363	26.4 %	713,844	609,121	$ 104,723	17.2 %
Outdoor Products	195,492	144,692	50,800	35.1 %	340,475	295,669	44,806	15.2 %
Total net sales	$ 575,179	$ 445,016	$ 130,163	29.2 %	$ 1,054,319	$ 904,790	$ 149,529	16.5 %

(1) We modified the structure of our reportable segments during the fourth quarter of fiscal 2020. Accordingly, prior period amounts have been reclassified to conform with the current period presentation.

Three months ended

Shooting Sports— The increase in sales was driven by continued consumer trends towards personal protection and resurgence in outdoor recreation activities. These trends were evident in our centerfire rifle and pistol ammunition and hunting and shooting accessories products, in combination with improved pricing.

Outdoor Products—The increase in sales was primarily driven by the resurgence in outdoor recreation activities and an increase in e-commerce channel across all brands, but particularly seen in our Outdoor Cooking and Golf businesses.

Six months ended

Shooting Sports— The increase in sales was primarily driven by strong demand in the market for our products particularly centerfire rifle and pistol ammunition and hunting and shooting accessories, and improved pricing. These increases were partially offset by the sale of our Firearms Business in July 2019, which accounted for approximately $25,000 of net sales.

Outdoor Products—The increase in sales was primarily driven by strong demand primarily in our Outdoor Cooking, Action Sports and Golf businesses. Partially offset by retail store closures and supply chain interruptions in our first quarter.

	Three months ended				Six months ended			
Gross Profit:	**September 27, 2020**	**September 29, 2019 (1)**	**$ Change**	**% Change**	**September 27, 2020**	**September 29, 2019 (1)**	**$ Change**	**% Change**
Shooting Sports	$ 104,983	$ 50,069	$ 54,914	109.7 %	$ 189,484	$ 105,463	$ 84,021	79.7 %
Outdoor Products	56,907	40,917	15,990	39.1 %	97,774	80,602	17,172	21.3 %
Corporate and other	—	(722)	722	100.0 %	$ —	$ (723)	$ 723	100.0 %
Total gross profit	$ 161,890	$ 90,264	$ 71,626	79.4 %	$ 287,258	$ 185,342	$ 101,916	55.0 %

Three months ended

Shooting Sports—The increase in gross profit was primarily driven by sales volume and pricing as described above and operating efficiencies.

Outdoor Products—The increase in our gross profit was primarily driven by sales volume as described above, and strong direct-to-consumer sales.

Six months ended

Shooting Sports—The increase in gross profit was primarily driven by sales volume and pricing as described above and operating efficiencies. These increases were partially offset by the sale of our Firearms Business in July 2019, which accounted for approximately $6,000 of gross profit.

Outdoor Products—The increase in our gross profit was primarily driven by sales volume as described above and strong direct-to-consumer sales.

EBIT:	Three months ended September 27, 2020	Three months ended September 29, 2019 (1)	$ Change	% Change	Six months ended September 27, 2020	Six months ended September 29, 2019 (1)	$ Change	% Change
Shooting Sports	$ 70,337	$ 15,994	$ 54,343	339.8 %	$ 124,901	$ 32,813	$ 92,088	280.6 %
Outdoor Products	26,385	10,327	16,058	155.5 %	37,892	17,178	20,714	120.6 %
Corporate and other	(21,466)	(25,014)	3,548	14.2 %	(39,494)	(53,438)	13,944	26.1 %
Total EBIT	$ 75,256	$ 1,307	$ 73,949	5,657.9 %	$ 123,299	$ (3,447)	$ 126,746	3,677.0 %

Three months ended

Shooting Sports—The increase in EBIT was primarily driven by the gross profit increase.

Outdoor Products—The increase in EBIT was primarily driven by the gross profit increase.

Corporate and Other—The operating expense reduction was primarily driven by the reduction of restructuring, asset impairments and contingent consideration, partially offset by incentive compensation accrual and higher transaction costs in the current year.

Six months ended

Shooting Sports—The increase in EBIT was primarily driven by the gross profit increase and an operating expense reduction of $8,067. The operating expense reduction was primarily driven by the sale of our Firearms Business in July 2019, which accounted for approximately $4,800 of EBIT, decreased travel and trade show expenses due to the COVID-19 pandemic, and the benefits from prior year cost savings initiatives, partially offset by increased incentive compensation accruals.

Outdoor Products—The increase in EBIT primarily driven by the gross profit increase and an operating expense reduction of $3,542. The operating expense reduction was primarily driven by decreased travel and trade show expenses due to the COVID-19 pandemic and the benefits from prior year cost savings initiatives, partially offset by higher selling and marketing costs due to higher sales volumes.

Corporate and Other—The operating expense reduction was primarily driven by prior year held for sales asset impairment of $9,429 in our Firearms business and reduction of prior year restructuring, asset impairments and contingent consideration, partially offset by incentive compensation accrual and higher transaction costs in the current year.

Interest expense, net:	Three months ended September 27, 2020	Three months ended September 29, 2019	$ Change	% Change	Six months ended September 27, 2020	Six months ended September 29, 2019	$ Change	% Change
Corporate and other	$ 5,715	$ 12,314	$ (6,599)	(53.6)%	$ 12,133	$ 23,438	$ (11,305)	(48.2)%

The decrease in interest expense was due to a reduction in our average principal debt balance and reduction in our interest rate on the ABL Revolving Credit Facility.

Income Tax Provision:	Three months ended September 27, 2020	Effective Rate	September 29, 2019	Effective Rate	$ Change	Six months ended September 27, 2020	Effective Rate	September 29, 2019	Effective Rate	$ Change
Corporate and other	$ (10,104)	(14.5) %	$ 891	(8.1) %	$ (10,995)	$ (8,955)	(8.1) %	$ 1,628	(6.1) %	$ (10,583)

See Note 14, *Income Taxes*, to the unaudited condensed consolidated financial statements in Item 1 of Part I of this report for information regarding income taxes.

Three and six months ended

The decrease in the tax rate from the prior year quarter and six-month period was primarily caused by recognition of the benefit of loss carrybacks to prior profitable years. This is allowed under recently issued IRS regulations due to the CARES Act. As of March 31, 2020, there were approximately $38 million of tax-effected operating loss, credits and interest deduction carryforwards included in our deferred tax assets. Over $17 million was utilized in the loss carrybacks and we anticipate that the remainder will be used to reduce our tax liability in fiscal 2021 and future years if qualifying taxable income is generated. Additionally we have $102 million gross and $26 million net of capital loss carryforwards at the beginning of the year. This amount could be utilized to reduce our cash taxes and our tax expense in the event we have qualifying capital gains.

We have filed for federal carryback claims of $43 million, which had a favorable rate impact of approximately $8 million in the prior year, and $35 million favorable impact on the tax rate in the current year.

In addition to the federal carryback claims, we have recognized a current year benefit of approximately $30 million gross and $6 million net due to the use of interest deduction carryforwards and other timing items. Additionally we have a current year benefit of approximately $110 million gross and $4 million net due to the use of state NOL carryforwards as a result of current year income and their related reduction of the valuation allowance. We have also recognized a current year benefit of approximately $1.2 million net due to the use of R&D credit carryforwards as a result of current year income and their related reduction of the valuation allowance.

We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient positive evidence to support the reversal of all or some portion of these allowances. However, given our current earnings and potential future earnings, we believe that there is a reasonable possibility that within the next twelve months, sufficient positive evidence may become available to allow us to reach a conclusion that a significant portion of the valuation allowance will no longer be needed. Reduction of any portion of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of any valuation allowance reduction is subject to change on the basis of the level of profitability that we are able to actually achieve.

Liquidity and Capital Resources

Liquidity

We manage our business to maximize operating cash flows as the primary source of liquidity. In addition to cash on hand and cash generated by operations, our sources of liquidity include committed credit facilities and access to the public debt and equity markets. We use our cash primarily to fund investments in our existing businesses and for debt payments, acquisitions, and other activities.

Our cash flows from operating, investing and financing activities are summarized as follows:

	Six months ended	
Cash Flows:	**September 27, 2020**	**September 29, 2019**
Cash provided by (used for) operating activities	$ 197,825	$ (8,238)
Cash (used for) provided by investing activities	(9,640)	139,107
Cash used for financing activities	(166,690)	(129,921)
Effect of foreign exchange rate fluctuations on cash and restricted cash	86	(72)
Net cash flows	$ 21,581	$ 876

Operating Activities—Cash provided by operating activities increased $206,063 in the six months ended September 27, 2020 compared to the prior year period. The change from the prior-year period was primarily driven by increased net income, as well as favorable changes in net working capital. The increased cash from net working capital was driven primarily by the reduction of inventory, the timing of vendor payments and the deferral of certain employer payroll tax payments under the CARES Act, which was partially offset by the timing of income tax refunds and increased accounts receivable due to increased sales, as compared to the prior year period.

Investing Activities—Cash used for investing activities was $9,640 for the six months ended September 27, 2020 compared to cash provided of $139,107 in the prior-year period. The change was driven by proceeds from the divestiture of our Firearms business in the prior year period.

Financing Activities—Cash used for financing activities increased by $36,769 for the six months ended September 27, 2020 compared to the prior year period. The change was primarily due to repayments of borrowings under the ABL Revolving Credit Facility.

Capital Resources

In addition to our normal operating cash requirements, our principal future cash requirements will be to fund capital expenditures, debt repayments, employee benefit obligations, any share repurchases, 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 the New Credit Facilities and our 5.875% Notes.

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 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 and as to service our currently anticipated long-term debt and pension obligations and make capital expenditures over the next 12 months. As of September 27, 2020, based on the borrowing base less outstanding borrowings of $0 and outstanding letters of credit of $21,921, the amount available to us under the ABL Revolving Credit Facility was $348,774.

We do not expect that our access to liquidity sources will be materially impacted in the near future. There can be no assurance, however, that the cost or availability of future borrowings, if any, will not be materially impacted by capital market conditions, including any disruptions to capital markets as a result of the COVID-19 pandemic, or our future financial condition and performance. Furthermore, because our ABL Revolving Credit Facility is secured in large part by receivables from our customers, a sustained deterioration in general economic conditions as a result of the COVID-19 pandemic that adversely affects the creditworthiness of our customers could have a negative effect on our future available liquidity under the ABL Revolving Credit Facility.

Our total debt as a percentage of total capitalization (total debt and stockholders' equity) was 37.9% as of September 27, 2020.

Additional information about our ABL Revolving Credit Facility, and long-term debt is presented in 12, *Long-term Debt*, to the Notes to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by this reference.

Contractual Obligations and Commitments

The Company leases certain warehouse, distribution and office facilities, vehicles and office equipment under operating leases. As of September 27, 2020, current and long-term operating lease liabilities of $10,457 and $69,852, respectively, were recorded in the accompanying unaudited condensed consolidated balance sheets. For further discussion on minimum lease payment obligations, see Note 3, *Leases,* to the unaudited condensed consolidated financial statements in Part I, Item 1 of this report.

There 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 2020.

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 potentially responsible parties (“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 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.

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.

Critical Accounting Policies and Estimates

There have been no material 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 the our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, except for our adoption of the Accounting Standards Update ("ASU") No 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which became effective as of April 1, 2020. For further discussion on the adoption of this new accounting standard please see Note 1, *Significant Accounting Policies*, to the unaudited condensed consolidated financial statements in Item 1 of Part I of this report.

Dependence on Key Customers; Concentration of Credit

The loss of any key customer and our inability to replace revenues provided by a key customer may have a material adverse effect on our business and financial condition. Sales to Walmart represented 10% and 15% of our sales in the six months ended September 27, 2020 and September 29, 2019, respectively. No other single customer contributed 10% or more of our sales in the six months ended September 27, 2020 and September 29, 2019.

If a key customer fails to meet payment obligations, our operating results and financial condition could be adversely affected.

Inflation and Commodity Price Risk

In management's opinion, inflation has not had a significant impact upon the results of our operations. However, 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, the prices of commodity metals, such as copper, zinc, and lead continue to be volatile. These prices generally impact our Shooting Sports Segment. See Note 4, *Derivative Financial Instruments,* for additional information.

We have a strategic sourcing, pricing and hedging strategy to mitigate risk from commodity price fluctuation. 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to our operations result primarily from changes in interest rates, commodity prices and foreign currency exchange rates. Our market risks at September 27, 2020 are similar to those disclosed in our Annual Report on Form 10-K for fiscal 2020. The information concerning market risk set forth in Part II, Item 7A. of our Annual Report on Form 10-K for fiscal 2020, as filed with the SEC on June 3, 2020, under the caption "Quantitative and Qualitative Disclosures About Market Risk," is hereby incorporated by reference into this Quarterly Report on Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of September 27, 2020, our Chief Executive Officer 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 Securities and Exchange Commission'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 Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the six months ended September 27, 2020, 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 potentially responsible parties ("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 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, 2020 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 have been no material changes to the Risk Factors disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020.

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

None.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit (and document from which incorporated by reference, if applicable)
2.1*	Transaction Agreement, dated as of April 28, 2014, among Alliant Techsystems Inc., Vista SpinCo Inc., Vista Merger Sub Inc. and Orbital Sciences Corporation (Exhibit 2.1 to Vista Outdoor Inc.'s Registration Statement on Form 10, filed with the Securities and Exchange Commission on August 13, 2014).
2.5*+	Tax Matters Agreement, dated as of February 9, 2015, among Alliant Techsystems Inc. and Vista Outdoor Inc. (Exhibit 2.5 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 10, 2014).
2.6*+	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).
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 Inc. Amended and Restated Bylaws (Exhibit 3.2 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 10, 2018).
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*	Indenture, dated as of August 11, 2015, among Vista Outdoor Inc., the subsidiaries of Vista Outdoor Inc. party thereto and U.S. Bank National Association, as trustee (Exhibit 4.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 11, 2015).
4.3*	Supplemental Indenture, dated as of August 11, 2015, among Vista Outdoor Inc., the subsidiaries of Vista Outdoor Inc. party thereto and U.S. Bank National Association, as trustee (Exhibit 4.2 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 11, 2015).
4.4*	Form of 5.875% Senior Note due 2023 (included as Exhibit A to the Supplemental Indenture filed as Exhibit 4.2 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 11, 2015).
4.5*	Second Supplemental Indenture, dated as of August 9, 2016, among Vista Outdoor Inc., the subsidiaries of Vista Outdoor Inc. party thereto and U.S. Bank National Association, as trustee (Exhibit 4.3 to Vista Outdoor Inc.'s Registration Statement on Form S-4, filed with the Securities and Exchange Commission on August 11, 2016).
4.6*	Third Supplemental Indenture, dated as of December 2, 2016, among Vista Outdoor Inc., the subsidiaries of Vista Outdoor Inc. party thereto and U.S. Bank National Association, as trustee (Exhibit 4.6 to Vista Outdoor Inc.'s Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on February 9, 2017).
4.7*	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).
10.1*	Vista Outdoor Inc. 2020 Stock Incentive Plan (Exhibit 10.1 to Vista Outdoor Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 7, 2020).
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 the Company's Quarterly Report on Form 10-Q for the quarter ended September 27, 2020, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) /Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Comprehensive Income (Loss), (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 the Company's Quarterly Report on Form 10-Q for the quarter ended September 27, 2020, 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.

			VISTA OUTDOOR INC.
Date:	November 5, 2020	By:	/s/ Sudhanshu Priyadarshi
		Name:	Sudhanshu Priyadarshi
		Title:	*Senior Vice President and Chief Financial Officer*
			(On behalf of the Registrant and as Principal Financial Officer)

Exhibit 31.1

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

I, Christopher T. Metz, 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 5, 2020	By:	/s/ Christopher T. Metz
		Name:	Christopher T. Metz
		Title:	*Chief Executive Officer*

Exhibit 31.2

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

I, Sudhanshu Priyadarshi, 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 5, 2020	By:	/s/ Sudhanshu Priyadarshi
		Name:	Sudhanshu Priyadarshi
		Title:	*Senior Vice President and 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, Christopher T. Metz, Chief Executive Officer, and Sudhanshu Priyadarshi, Chief Financial 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 27, 2020 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 5, 2020

By:	/s/ Christopher T. Metz
Name:	Christopher T. Metz
Title:	*Chief Executive Officer*
By:	/s/ Sudhanshu Priyadarshi
Name:	Sudhanshu Priyadarshi
Title:	*Senior Vice President and Chief Financial Officer*