



**STRICTLY PRIVATE & CONFIDENTIAL**

**Sent Via E-mail Delivery**

**November 22, 2023**

Board of Directors  
Vista Outdoor Inc.  
1 Vista Way  
Anoka, MN 55303

Dear Directors,

As you are aware from our multiple prior interactions, Colt CZ Group SE (“Colt CZ”) has long admired the historic and leading brands within the Vista portfolio and, as one of your largest shareholders, we are writing to propose a transaction which we believe will recapture shareholder value that has been lost over the 18 months since the initial announcement of your intent to spin off the Outdoor Products segment. Over this time Vista’s share price has declined approximately 32%, falling 14% between the spin announcement and the day before announcement of the sale of the Sporting Products segment to Czechoslovak Group and revised earnings guidance for 2024. The market’s view of the Czechoslovak Group transaction was clear in its reaction to the announcement, which resulted in the rapid fall in share price on October 16, 2023.

Our superior proposal consists of a strategic combination between our businesses that would value Vista at \$30/share and include a \$900m buyback program executed post-closing, funded by \$600m of new equity issued at the transaction price and an incremental \$300m of debt. We would keep the company together, allowing continued upside for current Vista shareholders with the “New Vista” retaining its listing in the U.S. The attached presentation outlines our proposal in more detail.

It is apparent to Colt CZ that, with the separation of the Sporting Products segment, the remaining Outdoor Products segment will be subscale as a standalone public company with substantial risks. Once the cash generative Sporting Products segment, with attractive EBITDA margins of over 30%, is separated, shareholders will be left with a business that currently has EBITDA margins of less than 8%. The Outdoor Products business will be overcapitalized and placed to continue its growth through acquisitions; however, based on history, your shareholders consider this strategy a substantial risk rather than an opportunity. Separation of the businesses may ultimately be the right path, but the timing is wrong today, and at least until confidence is re-established in the company and performance of the business is turned around.

Your shareholders also have concerns about the Sporting Products transaction. This deal poses regulatory risks and prolongs the time it will take to separate the businesses. Separation expenses have already exceeded \$50 million and this process has created significant distraction and turnover that needs to be addressed.

We believe we can bring enormous value to the Sporting Products segment through a combination and also assist you in turning around the performance of Vista as a whole. A combination of Colt CZ and Vista would bring together the most iconic western brands in the market, delivering a complete portfolio of sporting and outdoor brands to customers globally.

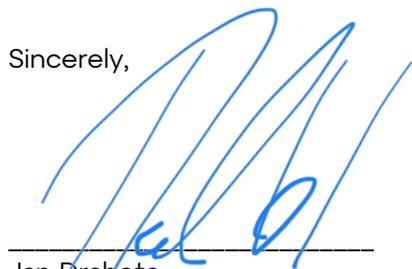
# COLT CZGROUP

Colt CZ has a strong management team with a track record of value creation for its shareholders, including successfully turning around the Colt's Manufacturing operations since its acquisition in 2021. As you have seen, we already received substantial commitments from our financing sources to underwrite a transaction with Vista.

Based on your current public valuation, your expectation that the multiples of each segment will be unlocked through separation has unfortunately not been borne out. As such, we propose that you engage with us regarding a superior alternative that enhances value for the current shareholders of Vista.

We look forward to promptly moving forward and, given the significant diligence we have already conducted on Vista, believe we could sign a transaction this calendar year. Please do not hesitate to reach out to me directly to discuss next steps.

Sincerely,



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Jan Drahotka  
Colt CZ Group SE, CEO & Chairman of the Board of Directors

Attached: Summary of Colt CZ proposal

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# Key transaction terms

## Win-win for all shareholders

- 1** Vista Outdoor and Colt CZ to combine in a cash and stock transaction to form and re-capitalize “New Vista”
- 2** Vista shares to be valued at \$30/share in the combination with a \$900m buyback authorization, funded at closing and to be executed post-closing
  - Implied premium for Vista shareholders of approximately 16% to both current and to 30-day average share price
  - Vista shareholders will own approximately 55% of New Vista post-closing
- 3** \$900m of new financing comprised of \$600m of new equity subscription at the transaction price and \$300m of incremental debt
  - Strong support expressed from existing Colt CZ lending relationships
- 4** Post transaction net leverage of approximately 1.8x LFY adjusted EBITDA
- 5** Significant cost and revenue synergy potential from the combination

# Transaction rationale

A deal that not only makes sense for Sporting Products today, but the whole of Vista

## New Vista



Recognition of value of Vista's underlying businesses



Superior cash proceeds to shareholders compared to Czechoslovak Group transaction



Vista shareholders participate in synergies generated through the combination



Removes risks regarding viability of separated Outdoor Products business



Eliminates separation distraction and refocuses on existing operations



Shared values, purpose and culture with a focus on employees

## Sporting Products



Elevated financial profile with significant free cash flow generation, through all economic environments



Unified player in the small arms industry, providing firearms and ammunition



Positions the combined company for continued growth



Comprehensive solution offering and expanded global reach to meet customer requirements



Accelerated capabilities for the next stages of innovation



Significant value creation and costs savings through synergies

*Bringing together the most iconic western brand portfolio in the market and delivering to customers globally a complete portfolio of sporting and outdoor products*

*Creating a global leader in the small arms industry, providing innovative and high-quality products on which our customers can rely*

# Combination overview

Enhanced scale, greater diversification and modest leverage



**New Vista**

Market capitalization	\$1.8bn	\$0.8bn	\$2.3bn
LFY revenue	\$3.1bn	\$0.6bn	\$3.7bn
LFY adj. EBITDA	\$622m	\$144m	\$765m
Leverage (Net debt / LFY adj. EBITDA)	1.5x	1.2x	1.8x
Segmental LFY revenue split			
Geographical LFY revenue split			

